

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

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

1. For the fiscal year ended
Dec 31, 2014
2. SEC Identification Number
142312
3. BIR Tax Identification No.
000-083-856-000
4. Exact name of issuer as specified in its charter
GINEBRA SAN MIGUEL INC.
5. Province, country or other jurisdiction of incorporation or organization
Philippines
6. Industry Classification Code(SEC Use Only)
7. Address of principal office
3rd and 6th Floors, San Miguel Properties Centre, St. Francis Street, Ortigas Center,
Mandaluyong City
Postal Code
1550
8. Issuer's telephone number, including area code
(+632) 841-5100
9. Former name or former address, and former fiscal year, if changed since last report
N/A
10. Securities registered pursuant to Sections 8 and 12 of the SRC or Sections 4 and 8 of the RSA

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

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

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

Yes No

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

Yes No

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

As of December 29, 2014 and March 30, 2015 is P933,983,089.28 and P881,049,538.88

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

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

Yes No

DOCUMENTS INCORPORATED BY REFERENCE

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

(a) Any annual report to security holders

None

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

None

(c) Any prospectus filed pursuant to SRC Rule 8.1

None

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



Ginebra San Miguel, Inc. GSMI

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

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

Balance Sheet

	Year Ending	Previous Year Ending
	Dec 31, 2014	Dec 31, 2013
Current Assets	8,522,858	9,473,496
Total Assets	17,951,691	19,868,957
Current Liabilities	12,747,871	13,327,428
Total Liabilities	13,309,504	14,326,591
Retained Earnings/(Deficit)	4,563,358	5,329,565
Stockholders' Equity	4,642,187	5,542,365
Stockholders' Equity - Parent	4,434,421	5,303,954
Book Value per Share	14.55	17.17

Income Statement

	Year Ending	Previous Year Ending
	Dec 31, 2014	Dec 31, 2013
Operating Revenue	14,920,577	13,676,986
Other Revenue	20,745	41,788
Gross Revenue	14,941,322	13,718,774
Operating Expense	14,369,197	14,319,794
Other Expense	626,578	732,662
Gross Expense	14,995,775	15,052,459
Net Income/(Loss) Before Tax	-54,453	-1,333,682
Income Tax Expense	578,055	-352,647

Net Income/(Loss) After Tax	-632,508	-981,035
Net Income/(Loss) Attributable to Parent Equity Holder	-597,541	-973,704
Earnings/(Loss) Per Share (Basic)	-2.84	-3.97
Earnings/(Loss) Per Share (Diluted)	-2.37	-3.55

Financial Ratios

	Formula	Fiscal Year Ended	Previous Fiscal Year
		Dec 31, 2014	Dec 31, 2013
Liquidity Analysis Ratios:			
Current Ratio or Working Capital Ratio	Current Assets / Current Liabilities	0.67	0.71
Quick Ratio	(Current Assets - Inventory - Prepayments) / Current Liabilities	0.46	0.43
Solvency Ratio	Total Assets / Total Liabilities	1.35	1.49
Financial Leverage Ratios			
Debt Ratio	Total Debt/Total Assets	0.74	0.72
Debt-to-Equity Ratio	Total Debt/Total Stockholders' Equity	2.87	2.58
Interest Coverage	Earnings Before Interest and Taxes (EBIT) / Interest Charges	1.73	-0.19
Asset to Equity Ratio	Total Assets / Total Stockholders' Equity	3.87	3.58
Profitability Ratios			
Gross Profit Margin	Sales - Cost of Goods Sold or Cost of Service / Sales	0.27	0.22
Net Profit Margin	Net Profit / Sales	-0.05	-0.08
Return on Assets	Net Income / Total Assets	-0.04	-0.06
Return on Equity	Net Income / Total Stockholders' Equity	0.17	-0.2
Price/Earnings Ratio	Price Per Share / Earnings Per Common Share	5.59	-5.79

Other Relevant Information

Income Statement is for Continuing Operations only.

Filed on behalf by:

Name	Conchita Jamora
Designation	General Counsel and Assistant Corporate Secretary

COVER SHEET

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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)

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P	R	O	P	E	R	T	I	E	S		C	E	N	T	R	E						
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M	A	N	D	A	L	U	Y	O	N	G		C	I	T	Y							

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

CONCHITA P. JAMORA

Contact Person

841-5100

Company Telephone Number

1	2
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Month

3	1
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Day

SEC Form 17-A

FORM TYPE

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Month

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Day

Annual Meeting

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Secondary License Type, If Applicable

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Dept. Requiring this Doc.

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Amended Articles Number/Section

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Total No. of Stockholders

Total Amount of Borrowings	
Domestic	Foreign

To be accomplished by SEC Personnel concerned

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File Number

_____ LCU

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Document I. D.

_____ Cashier

STAMPS

Remarks = pls. use black ink for scanning purposes

SEC FORM 17-A

ANNUAL REPORT PURSUANT TO SECTION 17
OF THE SECURITIES REGULATION CODE AND SECTION 141
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1. For the fiscal year ended December 31, 2014.
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3. BIR Tax Identification No. **000-083-856-00**
4. Exact name of issuer as specified in its charter **GINEBRA SAN MIGUEL INC.**
5. **Philippines**
Province, Country or other jurisdiction of
incorporation or organization
6. _____ (SEC Use Only)
Industry Classification Code:
7. **3rd & 6th Floors, San Miguel Properties Centre
St. Francis Street, Ortigas Center
Mandaluyong City, Philippines**
Address of principal office
- 1550
Postal Code
8. **(632) 841-5100**
Issuer's telephone number, including area code
9. **N/A**
Former name, former address, and former fiscal year, if changed since last report
10. Securities registered pursuant to Sections 8 and 12 of the SRC, or Sec. 4 and 8 of the RSA

Title of Each Class	Number of Shares of Stock Outstanding and Outstanding Debt as of December 31, 2014
Common	286,327,841
Preferred	<u>32,786,885</u>
	319,114,726
Short Term Borrowings	P12,747,870,168
Long Term Borrowings	<u>561,633,178</u>
	P13,309,503,346

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 29, 2014 and March 30, 2015 is P933,983,089.28 and P881,049,538.88, respectively.

DOCUMENTS INCORPORATED BY REFERENCE

14. The following documents are incorporated by reference:

PART I - BUSINESS AND GENERAL INFORMATION

Item 1. Business

Business Development

Ginebra San Miguel Inc. (the "Company" or "GSMI"), a majority-owned subsidiary of San Miguel Corporation ("SMC"), whose ultimate parent company is Top Frontier Investment Holdings, Inc. (Top Frontier), 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 Calamba, Laguna and Valenzuela City.

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, 2014, Agricrops has not yet started commercial operations.

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

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

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

On October 14, 2008, SHL acquired 49% ownership of the outstanding shares of Siam Wine and Liquor Ltd. ("SWL"), a limited company organized under the laws of Thailand. On the same date, SWL acquired 10% ownership of the outstanding capital stock of TSML and TGT. Accordingly, the share in TSML and TGT of the Company and its subsidiaries was increased from 40% to 44.9%.

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

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 executed an Asset Purchase Agreement ("APA") for the sale of the former's assets consisting of receivables and inventories as of February 28, 2009, including the trademark "Supremo" (collectively referred to as "Condiments Assets"). On May 31, 2009, the closing of the purchase and sale of Condiments Assets took place for a total consideration of P15 million, which is equivalent to the book value of the assets sold.

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

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

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

Products

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

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

Ginebra San Miguel, the flagship product of the Company, contributed 82% of the total revenues of the Company, while the other products that complete the local liquor business of the Company comprise 11% of its total revenues. These products are available nationwide.

Non-liquor business contributed 4% of total revenue of the Company for the year ended December 31, 2014.

Other products and businesses comprise the remaining 3% of total revenues.

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 and 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 and sales offices. Thereafter, the products are sold by routing these to retailers and consumers across their territories. The Company has ninety-one (91) dealers and twelve (12) sales offices as of year-end 2014. The Company utilizes third party services in the warehousing and delivery of its products.

Status of any publicly-announced new products

As of December 31, 2014, no new products were introduced as the Company continues its focus in strengthening its leadership in the gin market. The Company's existing products are listed in **Annex "A"** of this report.

Competition

Liquor Business

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

Major players compete in their development of brand equity, as the industry's consumers generally develop affinities and loyalty to the brands that they patronize. The Company effectively takes the lead as it continues to build upon the brand legacy that it had established in over a hundred years of operation thru effective advertising and 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 liquor industry is currently dependent on the supply of molasses, the raw material for alcohol production. The country's molasses supply is currently decreasing due to the demand for fuel alcohol with the Government's implementation of the Biofuel Act of 2006. Thus, the tight supply situation has resulted to importation of beverage alcohol to replace alcohol from molasses, thereby reducing molasses requirement. This eases pressure on hard liquor manufacturers since imported beverage alcohol is readily available from sources outside of the country. ASEAN countries are exempted to pay tariff or custom duty under the Common Effective Preferential Tariff scheme for imports and exports between ASEAN countries.

Liquor manufacturers also compete in terms of production efficiencies, as the price-sensitive nature of the industry's consumers makes them more reliant on cost improvements than on price increases to brace against profit squeezes from an inflationary operating environment. The Company implements strategies that maximize the retrieval of second-hand bottles, the usage of which in production may result to significant improvements in the Company's cost structure.

Lastly, manufacturers compete in the breadth of their distribution network. The Company's distribution network of ninety-one (91) dealers, twelve (12) sales offices, three (3) Company-owned liquor bottling plants, two (2) subsidiary-owned bottling plants and two (2) liquor toll-manufacturers are

strategically dispersed throughout the country, ensuring that consumers are immediately served with high-quality liquor products.

Non-liquor Business

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

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

Some of the ninety-one (91) dealers, twelve (12) sales offices comprising the distribution network of the Company also cater to the sales and distribution needs of the non-liquor business.

Raw Materials and Supplies

The Company uses the following materials in its products:

A. Alcohol

The alcohol used in the Company's liquor products is distilled alcohol produced from fermentation of molasses which is a by-product of raw sugar manufacturing from sugarcane. Generally, the Company purchases molasses from traders, which is then delivered to local distillers including its wholly-owned subsidiary, DBI, in Negros Occidental. 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 sources about 90% of its total alcohol requirement from DBI. The remaining alcohol requirement is sourced from other local distillers or from domestic and foreign open markets.

B. Sugar/Sugar Substitutes

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

C. Flavoring

Gin essences and other flavoring agents are used in the production of gin. In 2014, the Company purchased ingredients mainly from the following suppliers: Anstie Distillers, Givaudan Singapore, Mane Investissements, Symrise and Treasure Island Corporation.

D. Bottles

The Company's liquor products are packaged in glass bottles, majority of which are manufactured by San Miguel Yamamura Packaging Corporation ("SMYPC"), an SMC subsidiary. Glass bottles account for a significant portion of the cost of goods sold for the Company's liquor products. The cost is managed in part by maintaining a network of washed second-hand bottle suppliers across the country that retrieves the bottles from the market place for the Company.

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

Customers

The Company has ninety-one (91) dealers, twelve (12) sales offices as of year-end 2014 to serve its customers. The Company is not dependent upon a single or few customers, the loss of any of which will have a material adverse effect on the Company and its subsidiaries taken as a whole.

Transactions with and /or dependence on related parties

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

The Company's transactions with related parties are described in Note 28 of the Company's 2014 Audited Consolidated Financial Statements attached hereto as **Annex "D"**.

Registered Trademarks, Patents and Copyright

All marks used by the Company in its 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 of GSMI, has licensed GSMI to use some of its marks.

The Company has a patent/industrial design registration for its bottles Ginebra San Miguel (Frasco) and Ginebra San Miguel (Round/Bilog). The Company also enjoys protection for the bottle design of 350ml solo bottle for its product, Gran Matador, through SMC's patent/industrial design registration. It also has existing copyright over certain pictorial illustrations, periodicals and newspapers, and radio and cinema materials.

Maintenance and protection of the registered marks and other intellectual property rights that the Company uses or intends to use is important to the Company in ensuring its brand and market identities. Accordingly, the Company closely monitors the registration and maintenance of the said marks and other intellectual property rights and ensures that their registrations are renewed upon expiry of their respective terms.

Government Approval

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

Government Regulation

The Company and its subsidiaries are regulated by the government and other regulatory agencies. Their existence and business operations are governed by various laws, as well as rules and regulations issued by the relevant government agencies.

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

On matters relating to the operations of the Company and its subsidiaries which affect the environment, they are subject, among others, to the provisions of the Philippine Clean Water Act of 2004, and Toxic Substances and Hazardous and Nuclear Wastes Contract Act of 1990, implemented and enforced by the Department of Environment and Natural Resources and its related and/or attached agencies.

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

On the matter of taxation, the Company and its subsidiaries are subject to the National Internal Revenue Code of 1997, as amended by Republic Act No. 9334 and further amended by Republic Act No. 10351 (NIRC). The Company's liquor products are subject to excise taxes as provided for in the NIRC and the relevant issuances of the concerned government agencies such as those issued by the Bureau of Internal Revenue.

Research and Development

Research and development costs amounted to P35.9 million, P23.3 million and P53.1 million for 2014, 2013 and 2012, respectively.

Costs and Effects of Compliance with Environmental Laws

As part of its continuing compliance with and adherence to environmental laws, the Company and its relevant subsidiaries have collectively spent P3.9 million in 2014 and P67.8 million in 2013 for the improvement of the wastewater treatment facilities of their various plants. These investments, particularly in the distillery, created the opportunity to generate and use of methane gas in lieu of the traditional bunker fuel oil to supply its power requirement.

Human Resources and Labor Matters

As of December 31, 2014, the Company has a total of 709 regular employees, while DBI and EPSBPI have a total of 117 and 53 regular employees, respectively. The headcount of GSMI is expected to decrease by 10% to 15% in the next twelve (12) months as a result of the implementation and completion of the Transaction between GSMI and SMB. DBI and EPSBPI do not expect that their respective number of employees will materially change in the next twelve (12) months.

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

	Administrative				Operations				Total
	GSMI	DBI	EPSBP I	Total	GSMI	DBI	EPSBPI	Total	
No. of Employees	247	12	7	266	462	105	46	613	879
Under CBA	-	-	-	-	47	75	-	122	122
Non-CBA	247	12	7	266	415	30	46	491	757

The Company is a party to two (2) collective bargaining agreements ("CBAs"): one, with the daily-paid employees in its Mandaue, Cebu plant and two, with monthly-paid employees in its Sta. Barbara, Pangasinan plant. DBI is a party to a CBA with its monthly-paid employees. For the daily-paid employees of the Company in its Cabuyao, Laguna plant and Sta. Barbara, Pangasinan plant, the covered employees signed individual memoranda of agreement with the Company in lieu of negotiating a CBA for the economic and non-economic provisions. All other non-economic provisions of their previous memoranda of agreements were maintained.

The status of the CBAs and MOAs of GSMI and DBI as of December 31, 2014 is as follows:

BUSINESS UNIT / PLANT	UNION AFFILIATION	EXPIRATION OF ECONOMIC PROVISION	REMARKS
GSMI - Mandaue Plant (Dailies)	Free Workers Association	January 31, 2016	The eight (8) Union members signed the CBA on April 30, 2013, the effectivity of which is from February 1, 2013 to January 31, 2016. As of December 31, 2014, the total number of union members was reduced to six (6) due to the resignation

			from the Company of two (2) of its members.
GSMI - Cabuyao (Dailies)	Independent. Nagkakaisang Manggagawang LTDI	January 31, 2016	Nine (9) covered employees signed individual Memoranda of Agreement on February 3, 2013 for economic package effective February 1, 2013 up to January 31, 2016. Negotiation is conducted through the Labor Management Council.
GSMI - Sta. Barbara (Monthlies)	Independent La Tondeña Distillers Inc. Workers (LATODIWU)	December 31, 2016	The twenty-two (22) Union members signed the CBA on March 26, 2014, the effectivity of which is from January 1, 2014 to December 31, 2016.
GSMI - Sta. Barbara (Dailies)	CIO-ALU. Nagkakaisang Manggagawang LTDI-CIO-ALU	December 31, 2016	Ten (10) covered employees signed individual Memoranda of Agreement on March 26, 2014, the effectivity of which is from January 1, 2014 to December 31, 2016.
DBI-Bacolod (Monthlies)	(CIO - DBEU) - Congress of Independent Organizations Distileria Bago Employees Union	December 31, 2016	Seventy-five (75) Union members signed the CBA on April 4, 2014, the effectivity of which is from January 1, 2014 to December 31, 2016.

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 30 of the 2014 Audited Consolidated Financial Statements of the Company attached hereto as **Annex "D"**.

Major Risks

Competitor Risk

A. Alcoholic Beverage

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

B. Non - Alcoholic Beverage

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

Regulatory Risk

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

Raw Material Supply/Price Risk

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

Currency Risk

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

Credit Risk

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

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

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

For other risks material to the Company's operations, see Note 33 of the Company's 2014 Audited Consolidated Financial Statements attached hereto as **Annex "D"**.

Item 2. Properties

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

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

Item 3. Legal Proceedings

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

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

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

PART II - OPERATIONAL AND FINANCIAL INFORMATION

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

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

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

Quarter	2013		2014	
	High	Low	High	Low
1 st	17.98	15.00	23.00	18.30
2 nd	19.96	12.50	20.70	16.00
3 rd	25.40	13.60	20.75	17.20
4 th	27.40	21.00	18.50	15.10

For the first quarter of 2015, the Company's high and low prices are 15.88 and 14.00, respectively.

The closing price of the Company's common shares as of April 7, 2015, the latest practicable date, is P15.30.

The approximate number of shareholders of common shares and preferred shares as of December 31, 2014 is 737 and 1, respectively.

The top 20 stockholders, as of December 31, 2014, of the Company are as follows:

Rank	Name of Stockholders	Common	Preferred	Total No. of Shares	% of Total O/S
1	San Miguel Corporation	216,972,000	32,786,885	249,758,885	78.27%
2	PCD Nominee Corporation (Filipino)	51,357,304	0	51,357,304	16.09%
3	Ginebra San Miguel Inc. Retirement Plan	9,943,285	0	9,943,285	3.12%
4	PCD Nominee Corporation (Non-Filipino)	4,541,323	0	4,541,323	1.42%
5	La Suerte Cigar & Cigarette Factory	200,000	0	200,000	0.06%
6	Lim Tay	80,000	0	80,000	0.02%
7	Pua Yok Bing	55,000	0	55,000	0.02%
8	Dar B. Licanel	51,500	0	51,500	0.02%
9	Rosalina A. Lioanag	51,500	0	51,500	0.02%
10	Roman T. Yap	50,000	0	50,000	0.02%
11	Emmanuel B. Macalalag	46,500	0	46,500	0.01%
12	Leonardo P. Bico	46,500	0	46,500	0.01%
13	Novemia S. Bico	36,500	0	36,500	0.01%
14	Teodorico T. Lasin	36,500	0	36,500	0.01%
15	Ritchie B. Morta	35,000	0	35,000	0.01%
16	Nelson S. Elises	31,500	0	31,500	0.01%
17	Lucia C. Unsay	30,000	0	30,000	0.01%
18	Ariel G. Casem	30,000	0	30,000	0.01%

Rank	Name of Stockholders	Common	Preferred	Total No. of Shares	% of Total O/S
19	Kerwin P. Santos	30,000	0	30,000	0.01%
20	Monina N. Cortez	30,000	0	30,000	0.01%

As of December 31, 2014, the Company's public float or public ownership percentage is 20.54%, computed in accordance with the Revised Listing Rules dated June 9, 2004 issued by the PSE as well as the SEC-approved Amended Rule on Minimum Public Ownership under Memorandum Circular CN-No. 2012-003 dated January 3, 2012 issued by the PSE.

Dividends Per Share

Cash dividends per share amounted to P0.375 in 2011. For the years 2012, 2013 and 2014, the Company did not declare dividends. The dividends in respect of the preferred shares are paid in priority to any dividend or distribution in favor of holders of common shares.

Description of the following securities of the Company may be found in the indicated Notes to the 2014 Audited Consolidated Financial Statements, attached herein as **Annex "D"**:

Equity	Note 20
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 (the "Plan"), which as confirmed by the SEC in its Resolution dated January 21, 2008, is exempt from the registration requirement of the SRC. The shares covered by the Plan are no longer available for subscription as the offering period provided under the Plan expired on January 21, 2013.

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

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

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

The 2014 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-7" hereof.

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

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

Item 8. Information on Independent Accountants and Other Related Matters

(A) External Audit Fees and Services

The accounting firm of R.G. Manabat & Co. (formerly Manabat Sanagustin & Co., CPAs) served as the Company's external auditor for the last fiscal year. R.G. Manabat & Co. has been the Company's external auditor since 2006. As such, the Company complied 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 the re-engagement of the said audit firm.

Fees for the services rendered by the external auditor to the Company and its subsidiaries in connection with the Company's annual financial statements and other statutory and regulatory filings for 2014 and 2013 (inclusive of retainer fees and out-of-pocket expenses) amounted to about 7 Million per year.

The Company's Audit Committee, pursuant to its Duties and Responsibilities as set forth in the Audit Committee Charter, recommends to the Board the appointment of the Company's external auditor, which recommendation, upon approval of the Board, will thereafter be presented for the approval of the stockholders. The Audit Committee also reviews the audit scope and coverage, strategy and results for the approval of the Board and ensures that audit services rendered shall not impair or derogate the independence of the external auditor or violate SEC regulations.

(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 incumbent directors and senior 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, 79, is the Chairman and Chief Executive Officer of the Company, a position he has held since October 21, 1998. He is also the Chairman of the Company's Executive Committee. He also holds positions in the following listed companies: Chairman and Chief Executive Officer of San Miguel Corporation; Chairman of San Miguel Pure Foods Company, Inc. and Petron Corporation. He is also the Chairman of ECJ and Sons Agricultural Enterprises, Inc. and Eduardo Cojuangco, Jr. Foundation, Inc.; and Director of Caiñaman Farms, Inc. He was previously a director of various companies, including but not limited to Manila Electric Company (February 2009-May 2009). He attended the College of Agriculture, University of the Philippines – Los Baños and California Polytechnic College in San Luis, Obispo, U.S.A. He is a recipient of the LaSallian Master Award for his exemplary leadership in Business (November 20, 2010) and Order of Madame de Mallefer (October 28, 2011) both given by the De La Salle University.

Ramon S. Ang, Filipino, 61, 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 also holds positions in the following listed companies: Vice Chairman, President and Chief Operating Officer of San Miguel Corporation; Chief Executive Officer and President of Petron Corporation and Top Frontier Investment Holdings, Inc.; Vice Chairman of San Miguel Pure Foods Company, Inc. His other current positions, include among others, the following: Chairman and Chief Executive Officer of Petron Marketing Corporation and SMC Global Power Holdings Corp.; Vice Chairman of San Miguel Yamamura Haiphong Glass Co. Limited (Vietnam); Chairman and President of San Miguel Properties,

Inc., San Miguel Consolidated Power Corporation, Rapid Thoroughfares Inc., and Bell Telecommunications Philippines, Inc.; Chairman of San Miguel Brewery Inc., San Miguel Brewery Hongkong Limited, Distileria Bago, Inc., San Miguel Foods, Inc., The Pure Foods Hormel Company, Inc., San Miguel Yamamura Packaging Corporation, South Luzon Tollway Corporation, Liberty Telecoms Holdings, Inc., Anchor Insurance Brokerage Corp., Sea Refinery Corporation and Philippine Diamond Hotel & Resort Inc.; and President and Chief Executive Officer of Trustmark Holdings Corporation and Zuma Holdings and Management Corporation. Mr. Ang was previously the President and Chief Operating Officer of PAL Holdings, Inc. and Philippine Airlines, Inc., Director of Air Philippines Corporation, and Vice Chairman of Manila Electric Company. He has held directorships in various companies, including domestic and international subsidiaries of San Miguel Corporation in the last five years. He has a Bachelor of Science degree in Mechanical Engineering from Far Eastern University.

Bernard D. Marquez, Filipino, 46, is the President of the Company since May 12, 2011 and is a Member of the Company's Executive Committee, Executive Compensation Committee and Nomination and Hearing Committee. He is the incumbent President of Distileria Bago, Inc., East Pacific Star Bottlers Phils Inc., Agricrops Industries Inc. and Healthy Condiments, Inc. He is also a director of the following companies: Thai San Miguel Liquor Co., Ltd. (TSML), Thai Ginebra Trading, Siam Wine and Liquor Limited, Ginebra San Miguel International Limited, GSM International Holdings Limited, Siam Holdings Limited and Global Beverage Holdings Limited. He previously held the following positions: Vice President and General Manager of TSML (January 2010-March 2011) and Vice President and General Manager of San Miguel Beverages, Inc. (March 2007-December 2009). He holds a degree in B.A. Economics from Ateneo de Manila University and a master's degree in Business Management from the Asian Institute of Management. He has also completed his academic units for Master in Public Administration at the University of the Philippines.

Leo S. Alvez, Filipino, 72, has been a Director of the Company since April 24, 2002. He is also the Chairman of the Company's Nomination and Hearing Committee and a Member of the Company's Audit Committee and Executive Compensation Committee. He is also an incumbent Director of San Miguel Corporation. Retired Major General Alvez has held various positions in the government. He earned his Bachelor of Science Degree at the Philippine Military Academy and Masters in Business Administration at the University of the Philippines.

Gabriel S. Claudio, Filipino, 60, has been a Director of the Company since November 11, 2010 and a Member of the Company's Nomination and Hearing Committee. He has served as political advisor to two Philippine Presidents. He occupied several cabinet positions: Presidential Political Adviser, Presidential Legislative Adviser, Head of the Presidential Legislative Liaison Office, Acting Executive Secretary and Cabinet Coordinating Officer for Regional Development. He is presently Chairman of the Board of Trustees of the Conflict Resolution Group Foundation, Inc., a Member of the Board of Trustees of TOBY's Sports and Youth Foundation, and a Director of the Risks and Opportunities Assessment Management, Inc. He was Chairman of the Board of Trustees of the Metropolitan Waterworks & Sewerage System (MWSS) and a Director of the Development Bank of the Philippines (DBP) and the Philippine Charity Sweepstakes Office (PCSO). He earned his AB Communications Arts degree from the Ateneo de Manila University.

Minita V. Chico-Nazario, Filipino, 75, is an Independent Director of the Company since March 9, 2012, Chairperson of the Company's Audit Committee and Member of the Company's Executive Compensation Committee. She is also an Independent Director of San Miguel Properties, Inc. and Top Frontier Investment Holdings, Inc. She is currently a Director of Banco San Juan (Rural Bank) and Legal Consultant of Union Bank of the Philippines. She is also the incumbent Dean of the College of Law of the University of Perpetual Help in Las Piñas City. She has previously held the following positions: Legal Consultant of Philippine Amusement and Gaming Corporation (January 2010-June 2010) and Metro Manila Development Authority (March 2010-June 2010); and Chairman of the Board of Directors (June 2010-August 2010) and Director (September 2010-September 2011) of PNOG Exploration Corporation. She has served the judiciary in various capacities for forty-seven years, as Presiding Justice of the Sandiganbayan (February 2003-February 2004) and Associate Justice of the Supreme Court (February 10, 2004-December 5, 2009). She obtained her law degree from the University of the Philippines and is a member of the New York State Bar.

Francisco H. Villaruz, Jr.,¹ Filipino, 71, is an Independent Director of the Company since November 6, 2014 and a Member of the Audit Committee and Nomination and Hearing Committee. He was recently elected as Independent Director of South Luzon Tollway Corporation (March 16, 2015). He has served the judiciary as Associate Justice in Sandiganbayan (October 8, 2001 – October 9, 2011) and as Presiding Justice (October 10, 2011 – June 8, 2013). He was previously appointed as Director of the Securities and Exchange Commission. He obtained his law degree at the University of the Philippines and was a consistent member and officer of the Order of The Purple Feather (UP Law Honor Society). He has attended various trainings, seminars and conferences in the Philippines and abroad.

Ferdinand K. Constantino, Filipino, 63, has been a Director of the Company since May 10, 2012 and is the Chairman of the Company's Executive Compensation Committee and a Member of the Company's Executive Committee and Audit Committee. He holds, among others, the following positions: Director, Senior Vice President, Chief Finance Officer and Treasurer of San Miguel Corporation; Vice Chairman of San Miguel Global Power; Director of San Miguel Brewery Inc., San Miguel Yamamura Packaging Corporation, Magnolia, Inc., Petron Malaysia, San Miguel Super Coffeemix Co., Inc. and Citra Metro Manila & Tollways Corporation; and President of Anchor Insurance Brokerage Corporation. He was a Director of Bank of Commerce, Philippine Airlines, Inc. and PAL Holdings, Inc. Mr. Constantino has held directorships in various subsidiaries of San Miguel Corporation during the last five years. He holds a degree in AB Economics from the University of the Philippines and completed academic requirements for an MA Economics degree in the same university. He also took a strategic Finance Course in IMD-Lausanne, Switzerland.

Joseph N. Pineda, Filipino, 51, has been a Director of the Company since May 9, 2013 and is a Member of the Company's Nomination and Hearing Committee. He is the Senior Vice President and Deputy Chief Finance Officer of San Miguel Corporation. He is currently the Chairman of the Board of Directors of SMC Shipping and Lighterage Corporation and Process Synergy, Inc. He also holds, among others, the following positions: Director and Treasurer of San Miguel Holdings Corp., San Miguel Energy Corporation, SMC Stock Transfer Service Corporation and SMITS, Inc.; and Director of Sea Refinery Corporation, Anchor Insurance Brokerage Corp., A.G.N. Philippines, Inc. and Rapid Thoroughfares Inc. He holds directorships in various domestic and international subsidiaries of San Miguel Corporation. He is a graduate of San Beda College with a degree in AB- Economics and has earned MBA units at De La Salle University.

Virgilio S. Jacinto, Filipino, 58, 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; and Director of San Miguel Brewery Inc. and Petron Corporation., FILSOV Shipping Company, Inc. and Northern Cement Corporation. Atty. Jacinto is also the Corporate Secretary and Compliance Officer of Top Frontier Investment Holdings, Inc. and Corporate Secretary of Ecofarm Systems and Resources, Inc., J & E Development Corporation, Jewelmer International Corporation and Terramar Aqua Resources, Inc. He also holds directorships in various domestic and international subsidiaries of San Miguel Corporation. He is also an Associate Professor at the College of Law of the University of the Philippines. Atty. Jacinto obtained his law degree from the University of the Philippines where he was class salutatorian and placed sixth in the 1981 Bar Examinations. He holds a Master of Laws degree from Harvard University.

Cynthia M. Baroy, Filipino, 51, is Assistant Vice President and Chief Finance Officer of the Company. She is also the Chief Finance Officer of Distileria Bago, Inc. and East Pacific Star Bottlers Phils Inc., which are operating subsidiaries of the Company. She is also an incumbent Director of GSM International Holdings Limited and Siam Holding Limited. She previously held the following positions: Financial Planning and Analysis Manager of San Miguel Yamamura Packaging

¹ Justice Villaruz (Ret.) was elected as Independent Director on November 6, 2014, vice Justice Angelina S. Gutierrez (Ret.) who resigned as Independent Director of the Company effective October 8, 2014. Justice Gutierrez has been appointed as member of the Judicial and Bar Council.

Corporation; Finance Manager of Metal Closures & Lithography Business; and, Finance Manager of San Miguel Rengo Packaging Corporation.

Nelson S. Elises, Filipino, 56, is Vice President and Marketing Manager of the Company. He is also a Director of GSM International Holdings Limited. Mr. Elises's work experience includes: Assistant Vice President and National Sales Manager and Area Sales Manager of the Company; Sales and Sales Services Manager of Philippine Beverage Partners, Inc.; and General Manager for Sugarland Corporation.

Clemente O. Alburro, Filipino, 64 is Vice President and Manufacturing and Engineering Services Manager of the Company. Mr. Alburro was previously a Technical Operations Manager of San Miguel Beverages, Inc. and Technical Operations Director of Coca-Cola Bottlers Philippines, Inc.

Rosalina A. Lioanag, Filipino, 51, is Assistant Vice President and Business Procurement Group Manager of the Company. Ms. Lioanag was previously the Company's Product Supply and Planning Manager, Non-Alcoholic Beverages Sales Manager, Supply Chain Group Manager, Supply Chain Area Operations for North Luzon and Logistics Manager.

Independent Directors

The Independent Directors of the Company in 2014² are:

1. Minita V. Chico-Nazario; and
2. Francisco H. Villaruz, Jr.

Significant Employees

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

Family Relationships

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

Parent Company

As of December 31, 2014, the Company is 78.27% 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/her involvement in any type of business, securities, commodities or banking activities, which is not subsequently reversed, suspended or vacated, or (d) judgment of violation of a securities or commodities law or regulation by a domestic or foreign court of competent jurisdiction (in a civil action), the SEC or comparable foreign body, or a domestic or foreign exchange or other organized trading market or self-regulatory organization, which has not been reversed, suspended or vacated, for the past five (5) years up to the latest date that is material to the evaluation of his/her ability or integrity to hold the relevant position in the Company.

² Justice Angelina S. Gutierrez (Ret.) served as an Independent Director of the Company in 2014 until her resignation which was effective on October 8, 2014, when she was appointed as member of the Judicial and Bar Council.

Item 10. Executive Compensation

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

NAME	YEAR	SALARY	BONUS	OTHERS	TOTAL
Total Compensation of the President and Senior Executive Officers ³	2015 (estimated)	P29.2 Million	P8.2 Million	8.2 Million	45.6 Million
	2014	P26.5 Million	P5.5 Million	P7.7 Million	P39.7 Million
	2013	P 25.5 Million	P 3.1 Million	P6.8 Million	P 35.4 Million
All other officers and directors as a group unnamed	2015 (estimated)	P31.3 Million	P8.8 Million	P11.1 Million	51.2 Million
	2014	P28.8 Million	P6.1 Million	P11.0 Million	P45.9 Million
	2013	P33.6 Million	P4.0 Million	P13.0 Million	P50.6 Million
TOTAL	2015 (estimated)	P60.5 Million	P17.0 Million	P19.3 Million	P96.8 Million
	2014	P55.3 Million	P11.6 Million	P18.7 Million	85.6 Million
	2013	P59.1 Million	P7.1 Million	P19.8 Million	P86.0 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.

In 2014, 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.

The named executive officers of the Company, just like other full-time and permanent employees of the Company, subject to certain requirements,⁴ are eligible to subscribe to Company shares under the Company's Employees Stock Purchase Plan (the "Plan"). As of December 31, 2013, the current named officers have an aggregate subscription of 158,000 shares under the Plan.

³ The President and senior officers of the Company from 2013 to the present are the following: Bernard D. Marquez, Clemente O. Alburo, Rosalina A. Lioanag, Cynthia M. Baroy and Nelson S. Elises. 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.

⁴ All full-time and permanent employees of the Company and its subsidiaries, who have rendered at least one (1) year of continuous service on a regular status (one year after regularization) at the Exercise Date (defined under the Plan), are entitled to subscribe to shares of the capital stock of the Company under the Plan, subject to the terms and conditions provided therein, which subscription shall be subject to the employees' credit profile. Members of the Board of Directors who are not employees of the Company or its subsidiaries are not eligible to participate in the Plan.

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

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

Item 11. Security Ownership of Certain Beneficial Owners and Management

Owners of record of more than 5% of the Company's voting securities as of December 31, 2014 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 ⁶	San Miguel Corporation ⁵ No. 40 San Miguel Avenue, Mandaluyong City, parent company of the issuer	San Miguel Corporation	Filipino	216,972,000 32,786,885	78.27%
Common	PCD Nominee Corporation (Filipino) Ground Floor, Makati Stock Exchange Ayala, Ave., Makati City ⁷	various	Filipino	51,357,304	16.09%

⁵ The Board of Directors of San Miguel Corporation ("SMC") authorizes any Group A signatory, singly, or any two Group B signatories, jointly, to act and vote in person or by proxy, shares held by SMC in other corporations. The Group A signatories of SMC are Eduardo M. Cojuangco, Jr., Ramon S. Ang, Ferdinand K. Constantino, Virgilio S. Jacinto, Joseph N. Pineda, Aurora T. Calderon and Sergio G. Edeza. The Group B signatories of SMC are Bella O. Navarra, Cecile Caroline U. de Ocampo, Manuel M. Agustin, Virgilio S. de Guzman, Lorenzo G. Formoso III, Almira C. Dalusung and Ma. Raquel Paula G. Lichauco.

⁶ The Preferred Shareholders shall be entitled to vote in the same manner as Common Shareholders in accordance with the Company's Amended By-Laws.

⁷ Registered owner of shares held by participants in the Philippine Depository & Trust Corp., a private company organized to implement an automated book entry of handling securities in the Philippines.

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, 2014:

(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) ⁸	Filipino	0.00%
Common	Ramon S. Ang	5,000 (D)	Filipino	0.00%
Common	Ferdinand K. Constantino	5,000 (D)	Filipino	0.00%
Common	Bernard D. Marquez	30,000 (D)	Filipino	0.00%
Common	Joseph N. Pineda	5,000 (D)	Filipino	0.00%
Common	Leo S. Alvez	5,000 (D)	Filipino	0.00%
Common	Gabriel L. Claudio	5,000 (D)	Filipino	0.00%
Common	Minita V. Chico Nazario	5,000 (D)	Filipino	0.00%
Common	Francisco H. Villaruz, Jr.	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, 2014 is 70,000 shares or approximately 0.0219% of the Company's outstanding capital stock.

The aggregate number of shares owned of record by all officers and directors as a group as of December 31, 2014 is 388,000 shares or approximately 0.1216% of the Company's outstanding capital stock.

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

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

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

Item 12. Certain Relationships and Related Transactions

See Note 28 (Related Party Disclosures) to the 2014 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

Please refer to the Consolidated Changes in the Annual Corporate Governance Report for 2014 attached as Annex "F".

⁸ (D)-Direct

PART V - EXHIBITS AND SCHEDULES

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

(a) Exhibits

The 2014 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-7"**. 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"**.

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SIGNATURES

Pursuant to the requirements of Section 17 of the Code and Section 141 of the Corporation Code, this report is signed on behalf of the issuer by the undersigned, thereunto duly authorized, in the City of Mandaluyong on April APR 14 2015, 2015.

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

SUBSCRIBED AND SWORN to before me this APR 14 2015 day of April, 2015 affiants exhibiting to me their respective passports as follows:

NAME	PASSPORT NO.	DATE OF ISSUE	PLACE OF ISSUE
Eduardo M. Cojuangco, Jr.	XX0410612	February 16, 2012	DFA Manila
Bernard D. Marquez	EC2448395	October 17, 2014	DFA NCR East
Cynthia M. Baroy	EB7884362	April 16, 2013	DFA Manila
Virgilio S. Jacinto	EC3608156	March 6, 2015	DFA Manila

Doc. No. 146 ;
Page No. 31 ;
Book No. V ;
Series of 2015.



RICARDO P. BERNABE III
Commission No. 0416-14
Notary Public for Mandaluyong City
Until Dec. 31, 2015
SMC, 40 San Miguel Ave., Mandaluyong City
Roll No. 61400
PTR No. 2253811; 01/07/15; Mandaluyong City
IBP Lifetime Member No. 011669; 03/08/13; RSM

Annex "A"

**GINEBRA SAN MIGUEL INC.
LIST OF PRODUCTS
AS OF DECEMBER 31, 2014**

ALCOHOLIC BEVERAGES

1. GINEBRA SAN MIGUEL
2. GINEBRA SAN MIGUEL FLAVORED GIN - Dalandan and Melon
3. GINEBRA SAN MIGUEL PREMIUM GIN
4. G.S.M. BLUE
5. G.S.M. BLUE LIGHT
6. G.S.M. BLUE FLAVORS - Mojito and Brown Coffee
7. GRAN MATADOR BRANDY SOLERA RICH & SMOOTH
8. GRAN MATADOR LIGHT
9. VINO KULAFU
10. ANTONOV VODKA MIXED DRINK - Ice
11. ANTONOV VODKA
12. DON ENRIQUE MIXKILA DISTILLED SPIRIT
13. TONDENA MANILA RUM - Gold, Silver and Dark (for Export only)

NON-ALCOHOLIC BEVERAGES

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

Annex "B"

**LIST OF PROPERTIES OWNED
BY GINEBRA SAN MIGUEL INC.
AND ITS SUBSIDIARIES
AS OF DECEMBER 31, 2014**

	<i>Owner</i>	<i>Classification</i>	<i>Address</i>	<i>Condition</i>
1	East Pacific Star Bottlers Phils Inc. <i>(Wholly-owned subsidiary of GSMI)</i>	Plant (Buildings and Machineries only)	San Fermin, Cauayan, Isabela	Good
2	Ginebra San Miguel Inc.	Plant (Land, Buildings and Machineries)	Tebag West, Sta. Barbara, Pangasinan	Good
3	Ginebra San Miguel Inc.	Land	Libsong East, Lingayen, Pangasinan	Good
4	Ginebra San Miguel Inc.	Land	Sta. Rita, Olongapo City, Zambales	Good
5	Ginebra San Miguel Inc.	Land	Balungao, Calumpit Bulacan	Good
6	Ginebra San Miguel Inc.	Division Office	3 rd and 6 th Floors SMPC Bldg., St. Francis Ave., Ortigas Centre, Mandaluyong City	Good
7	Ginebra San Miguel Inc.	Machineries	SMBI Polo Brewery, BBB Valenzuela City	Good
8	Ginebra San Miguel Inc.	Plant (Land, Buildings and Machineries)	Silangan Industrial Estate, Brgy Pittland, Terelay Phase, Cabuyao, Laguna	Good
9	Ginebra San Miguel Inc.	Plant (Land, Buildings and Machineries)	Brgy. Gulang-gulang, Lucena City	Good
10	Ginebra San Miguel Inc.	Alcohol Depot (Land and Depot)	Brgy. Cotta, Lucena City	Good
11	East Pacific Star Bottlers Phils Inc. <i>(Wholly-owned subsidiary of GSMI)</i>	Plant (Buildings and Machineries)	Km. 503, Hacienda Mitra, Paulog, Ligao City, Albay	Good
12	Ginebra San Miguel Inc.	Machineries	Hearty Beverage Options, Sitio Pulang, Makiling, Calamba, Laguna	Good
13	Ginebra San Miguel Inc.	Tabangao Alcohol Depot	National Hi-way, Brgy. Tabangao, Aplaya, Batangas City	Good
14	Ginebra San Miguel Inc.	Plant (Land, Buildings and Machineries) Alcohol Depot	Subangdaku, Mandaue City, Cebu	Good
15	Ginebra San Miguel Inc.	Land and Machineries	Brgy. Calumangan, Bago City, Negros Occidental	Good
16	Distileria Bago, Inc. <i>(Wholly-owned subsidiary of GSMI)</i>	Plant (Land, Deepwell, Machineries and Buildings)	Km. 13.5, Brgy. Taloc, Bago City, Negros Occidental	Good
17	Distileria Bago, Inc. <i>(Wholly-owned subsidiary of GSMI)</i>	Land (Relocation Site)	Brgy. Calumangan, Bago City, Negros Occidental	Good
18	Ginebra San Miguel Inc.	Leasehold Improvements and Storage Tanks	Phividec Industrial Estate Gracia Tagoloan, Misamis Oriental	Good
19	Ginebra San Miguel Inc.	Machineries	San Miguel Brewery Plant, Darong, Sta. Cruz, Davao Del Sur	Good

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

Annex "B"

**EAST PACIFIC STAR BOTTLERS PHILS, INC.
LIST OF PROPERTIES - RENTED
AS OF DECEMBER 31, 2014**

<i>Lessor</i>	<i>Classification of Leased Property</i>	<i>Address</i>	<i>Condition</i>	<i>Monthly Rental</i>	<i>Expiry of the Lease based on the Contract</i>	<i>Terms of Renewal/ Options</i>	
NORTH LUZON							
1	San Miguel Properties, Inc.	Land	San Fermin, Cauayan Isabela	Good	115,762.50 (March 2013 to February 2014) 121,550.67 (March 2014 to February 2015)	February 28, 2019	Renewable at Lessee's discretion with consent of the Lessor on a month to month basis.
SOUTH LUZON							
1	Navotas Ridge Realty Corp.	Land	Brgy. Batang, Ligao City, Albay	Good	120,760.55 (5% increase every year until end of term)	December 31, 2019	Renewable upon mutually agreed terms and conditions by both Lessee and Lessor.
2	Navotas Ridge Realty Corp.	Land	Brgy. Batang, Ligao City, Albay	Good	76,499.16 (April 2013 to March 2014) 80,324.11 (April 2014 to March 2015) (5% increase every year until end of term)	March 31, 2017	The Lessee shall have the option to renew the Term upon such terms and conditions as may be mutually agreed upon by the parties.

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

Annex "B"

**GINEBRA SAN MIGUEL INC.
LIST OF PROPERTIES - RENTED
AS OF DECEMBER 31, 2014**

<i>Lessor</i>	<i>Classification of Leased Property</i>	<i>Address</i>	<i>Condition</i>	<i>Monthly Rental (In PHP)</i>	<i>Expiry of the Lease Contract</i>	<i>Terms of Renewal</i>	
NORTH LUZON							
1	SMC Shipping & Lighterage Corp.	Alcohol Depot #1	Brgy. Namonitan, Sto. Tomas (Damortis), La Union	Good	223,214.29	October 31, 2016	Renewable at such terms and conditions mutually acceptable to both Lessee and Lessor or Extended without having executed a written renewal but on a month to month basis under the same contract.
2	SMC Shipping & Lighterage Corp.	Alcohol Depot # 2	Brgy. Namonitan, Sto. Tomas (Damortis), La Union	Good	232,142.86	October 31, 2016	
3	SMC Shipping & Lighterage Corp.	Warehouse	Tebag West, Sta. Barbara, Pangasinan	Good	1,300,000.00 (July 1, 2013 to June 30, 2014) 1,355,000.00 (July 1, 2014 to June 30, 2015)	June 30, 2016	Renewable at such terms and conditions mutually acceptable to both Lessee and Lessor or Extended without having executed a written renewal but on a month to month basis under the same contract.
4	SMC Shipping & Lighterage Corp.	Land	Tebag West, Sta. Barbara, Pangasinan	Good	200,000.00	June 30, 2016	
5	Isabela Leaf Tobacco Co. Inc.	Warehouse (Kerwin Pua) 1	Don Jose Canciller St., Cauayan City, Isabela	Good	202,560.00	December 31, 2014 (Renewed up to December 31, 2015 @ P215,220/mo)	Renewable at such terms and conditions mutually acceptable to both Lessee and Lessor or Extended without having executed a written renewal but on a month to month basis under the same contract.
6	Isabela Leaf Tobacco Co. Inc.	Warehouse (Kerwin Pua) 3	Don Jose Canciller St., Cauayan City, Isabela	Good	125,760.00 (Sept. 1, 2013 to Aug. 31, 2014) 133,620.00 (Sept. 1, 2014 to Aug. 31, 2015)	August 31, 2015	Renewable at such terms and conditions mutually acceptable to both Lessee and Lessor or Extended without having executed a written renewal but on a month to month basis under the same contract.

Annex "B"

**GINEBRA SAN MIGUEL INC.
LIST OF PROPERTIES - RENTED
AS OF DECEMBER 31, 2014**

<i>Lessor</i>	<i>Classification of Leased Property</i>	<i>Address</i>	<i>Condition</i>	<i>Monthly Rental (In PHP)</i>	<i>Expiry of the Lease Contract</i>	<i>Terms of Renewal</i>	
NORTH LUZON							
7	Helen Tan, Editha Lee Co, Alicia Lee Dixon, Anita Lee Flores, Maria Lee, Lilibeth Lee Dela Pena, represented by Jean Annabel Lee (AIF)	Territory Office	Lee Bldg., Nat'l. Hiway, Brgy. Carlatan, San Fernando City, La Union.	Good	15,789.47	December 31, 2015	Renewable at such terms and conditions mutually acceptable to both Lessee and Lessor or Extended without having executed a written renewal but on a month to month basis under the same contract.
8	East Pacific Star Bottlers Phils., Inc.	Sales Office	San Fermin, Cauayan, Isabela	Good	20,000.00	December 31, 2015	Renewable at such terms and conditions mutually acceptable to both Lessee and Lessor or Extended without having executed a written renewal but on a month to month basis under the same contract.
CENTRAL LUZON							
1	Lin Ai Trading	Warehouse and Sales Office	Sitio Torres, Brgy. Sta. Cruz, Porac, Pampanga	Good	275,250.00 (Warehouse-250,250, Office-25,000)	December 31, 2014 (Renewed up to December 31, 2015)	Renewable after expiration upon mutual written agreement of both Lessee and Lessor.
2	De Jesus Building Rental	Territory Office	Maharlika Hiway, Barangay Baloc Sto Domingo, Nueva Ecija	Good	18,000.00	April 30, 2014 (Terminated)	Renewable after expiration upon mutual written agreement of both Lessee and Lessor.
3	San Miguel Corporation	Warehouse	Barrio Maimpis, San Fernando, Pampanga	Good	90,000.00	February 28, 2015	Subject to renewal or extension upon expiration of such period on such terms and conditions as may mutually be agreed upon between the Lessee and Lessor.

Annex "B"

**GINEBRA SAN MIGUEL INC.
LIST OF PROPERTIES - RENTED
AS OF DECEMBER 31, 2014**

	<i>Lessor</i>	<i>Classification of Leased Property</i>	<i>Address</i>	<i>Condition</i>	<i>Monthly Rental (In PHP)</i>	<i>Expiry of the Lease Contract</i>	<i>Terms of Renewal</i>
GMA/NCR							
1	Platinum 168, Inc.	Office Space	5 th Floors SMPC Bldg., St. Francis Ave., Ortigas Centre, Mandaluyong City	Good	659,013.66 (September 1, 2013 to August 31, 2014) 698,554.48 (September 1, 2014 to August 31, 2015)	August 31, 2015	Renewable after expiration upon mutual written agreement of the Lessee and Lessor.
2	Inland Container Corporation	Warehouse and Sales Office	Valenzuela Depot, Plastic City Compound, Brgy. Canumay, Valenzuela City	Good	304,204.14	December 31, 2014 (Terminated)	Renewable at such terms and conditions mutually acceptable to both Lessee and Lessor or Extended without having executed a written renewal but on a month to month basis under the same contract.
3	KMC Realty Corporation	Warehouse and Sales Office	Warehouse 5B, A. Correa St. Extension, Paco, Manila	Good	269,055.69 (Warehouse, Parking, and Common Usage Service Area)	June 30, 2016	Renewable after expiration upon mutual written agreement of the Lessee and Lessor.
4	Integrated Manufacturing Services Providers, Inc. (IMSPI)	Warehouse and Sales Office	IMSPI Units 12 & 14, Vita Realty Compound, #98 Marcos Alvarez Street, Barrio Talon Uno, Las Pinas City	Good	181,767.00	April 14, 2015 (Terminated)	Renewable at such terms and conditions mutually acceptable to both Lessee and Lessor or Extended without having executed a written renewal but on a month to month basis under the same contract.
5	Supa Nova Foods, Inc.	Equipment	SMBI Polo Brewery, Brgy. BBB Valenzuela City	Good	910,000.00	December 31, 2014 (Terminated)	Renewable after expiration upon mutual written agreement of the Lessee and Lessor.

Annex "B"

**GINEBRA SAN MIGUEL INC.
LIST OF PROPERTIES - RENTED
AS OF DECEMBER 31, 2014**

<i>Lessor</i>	<i>Classification of Leased Property</i>	<i>Address</i>	<i>Condition</i>	<i>Monthly Rental (In PHP)</i>	<i>Expiry of the Lease Contract</i>	<i>Terms of Renewal</i>
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GMA/NCR							
6	Quicksource Logistics, Inc.	Warehouse and Sales Office	167 Felix Ave., Brgy. Sto Domingo, Cainta, Rizal	Good	667,700.00	March 31, 2014 (Terminated)	Renewable after expiration upon mutual written agreement of the Lessee and Lessor.
7	CTA Starke Property Corporation	Warehouse & Sales Office	80 Marcos Highway, Brgy. Mayamot, Antipolo City	Good	700,000.00	March 31, 2015	Renewable at such terms and conditions mutually acceptable to both Lessee and Lessor or Extended without having executed a written renewal but on a month to month basis under the same contract.

SOUTH LUZON							
1	SMC Shipping & Lighterage Corp.	Warehouse	Silangan Industrial Estate, Brgy Pittland, Terelay Phase, Cabuyao, Laguna	Good	1,092,752.80 (February 1, 2014 to January 31, 2015)	January 31, 2016	Renewable at such terms and conditions mutually acceptable to both Lessee and Lessor or Extended without having executed a written renewal but on a month to month basis under the same contract.
2	Southern Textile Mills, Inc.	Warehouse	Bgy. Lawa, Calamba City, Laguna	Good	475,200.00	February 29, 2016	Renewal at discretion of the Lessee under the terms and conditions as may be mutually agreeable to both parties.

Annex "B"

**GINEBRA SAN MIGUEL INC.
LIST OF PROPERTIES - RENTED
AS OF DECEMBER 31, 2014**

	<i>Lessor</i>	<i>Classification of Leased Property</i>	<i>Address</i>	<i>Condition</i>	<i>Monthly Rental (In PHP)</i>	<i>Expiry of the Lease Contract</i>	<i>Terms of Renewal</i>
3	GMV Coldkeepers, Inc.	Chiller Storage	107 North Main Avenue, LTI, Brgy. Binan, Binan Laguna	Good	P50.00/pallet per day (based on actual volume)	March 14, 2015	Renewable at such terms and conditions mutually acceptable to both Lessee and Lessor or Extended without having executed a written renewal but on a month to month basis under the same contract.
4	GMV Coldkeepers, Inc.	Freezer Storage	107 North Main Avenue, LTI, Binan Laguna	Good	P50.00/pallet per day (based on actual volume)	March 14, 2015	
5	SMC Shipping and Lighterage Corp.	Alcohol Depot (Tanks 1,2,3)	BBTI, Bauan, Batangas	Good	589,285,71	September 30, 2014 (Terminated)	Renewable by GSMI at terms and conditions mutually acceptable to the parties herein, by providing SMCSL its written intention to renew the agreement at least thirty (30) days prior to expiration of its Term.
6	International Developments Management Corp.	Alcohol Depot (Tanks 1,2,3)	BBTI, Bauan, Batangas	Good	500,000.00	September 30, 2016	Renewable by GSMI at terms and conditions mutually acceptable to the parties herein, by providing IDMC its written intention to renew the agreement at least thirty (30) days prior to expiration of its Term.
7	International Developments Management Corp.	Alcohol Depot (Tanks 5 & 7)	BBTI, Bauan, Batangas	Good	600,000.00	April 30, 2015	
8	South Bay Bulk Terminal, Inc.	Alcohol Depot	Calaca, Batangas	Good	746,253.00	June 30, 2014 (Terminated)	Renewable at the option of the Lessee
9	Newport Industries & Manufacturing Corporation	Land	Sitio Pulang Lupa, Makiling, Calamba, Laguna	Good	1,470,000.00	December 31, 2020	Subject to renewal or extension upon expiration of such period on such terms and conditions as may mutually be agreed upon between the parties.

Annex "B"

**GINEBRA SAN MIGUEL INC.
LIST OF PROPERTIES - RENTED
AS OF DECEMBER 31, 2014**

	<i>Lessor</i>	<i>Classification of Leased Property</i>	<i>Address</i>	<i>Condition</i>	<i>Monthly Rental (In PHP)</i>	<i>Expiry of the Lease Contract</i>	<i>Terms of Renewal</i>
SOUTH LUZON							
10	East Pacific Star Bottlers Phils. Inc.	Warehouse	Ha. Mitra, Brgy. Paulog, Ligao City	Good	187,200.00	January 31, 2015	Renewable at such terms and conditions mutually acceptable to both Lessee and Lessor or Extended without having executed a written renewal but on a month to month basis under the same contract.
11	Benson O. Baritua Jr.	Sales Office	Cruzada, Legazpi City, Albay	Good	17,000.00	June 30, 2014 (Terminated)	The lease may be renewed upon mutual consent of both parties, after written notice to renew is given by the Lessee to the Lessors at least thirty (30) days before the expiry
12	Millenium Sino Synergy Corp.	Warehouse	Brgy. Gogon, Legaspi City, Albay	Good	81000	March 20, 2015 (Pre-terminated September 14, 2014)	Renewable upon mutual agreement of both parties.
13	Broad Concept Landholdings, Inc.	Sales Office	1080 Doña Aurora Boulevard, Gulang Gulang, Lucena City	Good	20,000.00	November 30, 2017	Renewable at such terms and conditions mutually acceptable to both Lessee and Lessor or Extended without having executed a written renewal but on a month to month basis under the same contract.

Annex "B"

**GINEBRA SAN MIGUEL INC.
LIST OF PROPERTIES - RENTED
AS OF DECEMBER 31, 2014**

	<i>Lessor</i>	<i>Classification of Leased Property</i>	<i>Address</i>	<i>Condition</i>	<i>Monthly Rental (In PHP)</i>	<i>Expiry of the Lease Contract</i>	<i>Terms of Renewal</i>
VISAYAS							
1	San Miguel Corporation	Alcohol Depot	Ouano, Mandaue City	Good	57,319.00	December 31, 2014 (Renewed on monthly)	Renewable upon mutual agreement of both parties.
2	SMC Shipping and Lighterage Corp.	Warehouse (K & I)	Mandaue Port, J. Cenniza St., Looc, Mandaue City	Good	203,200.00	December 31, 2014 (Renewed up to December 31, 2015)	Renewable at such terms and conditions mutually acceptable to both Lessee and Lessor or Extended without having executed a written renewal but on a month to month basis under the same contract.
3	Wadsons Realty	Warehouse	Brgy. 91 Abucay, Tacloban City	Good	16,380.00	April 30, 2014 (Terminated)	Renewable at such terms and conditions mutually acceptable to both Lessee and Lessor or Extended without having executed a written renewal but on a month to month basis under the same contract.
MINDANAO							
1	Phividec Industrial Authority	Land	Gracia Tagoloan, Misamis Oriental	Good	44,769.31	March 7, 2053 (49 years upon signing the agreement executed March 8, 2004)	The Lessee shall have the option to renew this lease for a similar period upon such terms and conditions as may be mutually agreed upon by the parties.
2	VENSU Ventures Inc.	Warehouse & Territory Office	National Highway, Brgy. City Heights, General Santos City	Good	30,000.00	August 31, 2014 (Terminated)	Renewable upon mutual agreement of the parties.

Annex "B"

**GINEBRA SAN MIGUEL INC.
LIST OF PROPERTIES - RENTED
AS OF DECEMBER 31, 2014**

<i>Lessor</i>	<i>Classification of Leased Property</i>	<i>Address</i>	<i>Condition</i>	<i>Monthly Rental (In PHP)</i>	<i>Expiry of the Lease Contract</i>	<i>Terms of Renewal</i>
3 San Miguel Corporation	Warehouse & Sales Office	Brgy. Talomo, Ulas, Davao City	Good	45,000.00	February 28, 2015	Subject to renewal or extension upon expiration of such period on such terms and conditions as may be mutually agreed upon between the parties.
4 Tessie J. Yu	Territory Office	Amethyl Enterprises Compound, BF Arao St., Tiguma, Pagadian City	Good	8,500.00	December 31, 2014 (Renewed up to December 31, 2015)	The lease may be renewed upon mutual consent of both parties, after written notice to renew is given by the Lessee to the Lessor at least thirty (30) days before the expiry date.
5 LYL Development Corporation	Territory Office	Unit 118, LYL Apartment, Kimwa Compound, Brgy Baloy, Cagayan De Oro City	Good	12,785.71	December 31, 2014 (Extended monthly)	Renewable at such terms and conditions mutually acceptable to both Lessee and Lessor or Extended without having executed a written renewal but on a month to month basis under the same contract.

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



GINEBRA SAN MIGUEL INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL POSITION AND PERFORMANCE

The following discussion should be read in conjunction with the attached audited consolidated financial statements of Ginebra San Miguel Inc. (the Parent Company or GSMI) and its subsidiaries (collectively referred to as the Group) as of and for the period ended December 31, 2014 (with comparative figures as of December 31, 2013 and for the period ended December 31, 2012). All necessary adjustments to present fairly the consolidated financial position, financial performance and cash flows of the Group as of December 31, 2014, and for all the other periods presented, have been made. Certain information and footnote disclosure normally included in the audited consolidated financial statements prepared in accordance with Philippine Financial Reporting Standards have been omitted.

I. FINANCIAL PERFORMANCE

2014 vs. 2013

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

Higher volumes of liquor, higher selling prices and lower production cost resulted in a 33% increase in gross profit over 2013.

Managed spending for advertising and promotion programs trimmed down selling and marketing expenses by 13%. While, general and administrative expenses grew 5% mainly due to increase in rent and taxes and licenses.

Early settlement of long-term debt resulted in a 17% decline in interest expense, net of interest income.

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

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

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

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

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

On December 5, 2014, the Company's Board authorized the sale and transfer to San Miguel Brewery Inc. of certain non-alcoholic beverage assets consisting of property, plant and equipment as of

Annex “C”

December 31, 2014, and inventories as of March 31, 2015 (the “Transaction”) and delegated to Management the negotiation and conclusion of the terms and conditions of the Transaction.

2013 vs. 2012

Revenues grew 3% due to the recovery of liquor volumes in the second semester driven by flagship Ginebra San Miguel and the price increase implemented to cover higher excise tax.

Cost of sales increased by 6% resulting from the significant increase in excise tax.

The effect of higher retail prices on liquor volumes and the significant increase in excise tax resulted to an 8% decline in gross profit from last year’s level.

Interest expense, net of interest income, grew by 11% due to the increase in short-term borrowings used to fund operational requirements.

Lower volumes and higher fixed costs of TSML resulted in 40% increase in equity in net losses of joint ventures.

Lower sales of scrap and liquid carbon dioxide trimmed down other income, net of other charges, by 67%.

The effect of the substantial increase in excise tax on liquor products and higher financing charges, partly reduced by price increase and lower selling and administrative expenses, resulted in net loss 32% higher than 2012.

The Group’s sales and marketing programs focusing on gin brands, which induced consumer consumption, led volumes to an upward trend in the last two quarters. These were complemented by improvements in distillery operations as well as the implementation of programs to reduce cost, resulting to a significant improvement in the second-semester bottom-line results. However, these gains were insufficient to offset the first semester deficit, resulting to a higher than year ago net loss.

With the profit growth momentum in the second semester, the Group’s prospects for 2014 are viewed with much optimism as it continues its focus in strengthening its leadership in the gin market and further reducing costs. Further, the Group is in the process of new product development for Gin, Brandy and Rum categories to complement the current portfolio. With these programs, the Group expects to gain an improvement in profitability which will reduce dependency on short-term borrowings to fund working capital requirements.

II. FINANCIAL POSITION

2014 vs. 2013

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

Higher collection in spite of an increase in revenue from customers resulted to a 14% reduction in trade and other receivables – net.

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

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

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

Advances extended to TSML in the first semester of the year led to an 8% increase in net other non-current assets.

Annex “C”

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

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

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

2013 vs. 2012

Inventories declined by 35% owing to the reduced purchases of raw materials coupled by depletion of finished goods inventories.

Prepaid taxes and other current assets increased by 9% on account mainly of the increase in excise tax on finished products.

Recognition of the Group’s share in the net loss of TSML reduced investment in joint ventures by 9%.

The decline in investment property – net was on account of the reclassification to property, plant and equipment since the property was no longer held to earn rentals.

The 49% increase in deferred tax assets – net was due to the increase in recognized income tax benefit from NOLCO and MCIT.

Notes payable grew by 6% to fund the Group’s working capital requirements.

The decline in trade and other payables by 25% resulted mainly from the reduced purchases of materials and supplies particularly alcohol and molasses.

Income and other taxes payable increased by 198% due to higher output tax largely brought about by the implemented price increase for liquor products.

Retirement liabilities declined by 37% on account of higher benefits from plan assets.

Long-term debt – net of current maturities declined by 39% mainly on account of the payment of maturities of the long-term debt.

Deferred tax liabilities decreased by 39% due to the amortization of borrowing costs.

Reserve for retirement plan decreased by 34% due to recognition of actuarial gain on re-measurement of the defined benefit obligation of GSMI and Distileria Bago, Inc. (DBI).

The debit balance cumulative translation adjustments decreased by P6 million due to the share in other comprehensive income of joint ventures.

Equity

The decrease in equity for the period ended December 31, 2014 and 2013 are due to:

	December 31	
	2014	2013
	<i>(In Millions)</i>	
Net loss for the period	(P766)	(P1,101)
Share in other comprehensive income of joint ventures	6	6
Equity reserve for retirement plan	(49)	44
Cancellation of Employee Stock Purchase Plan reverted to treasury shares	(91)	-
	(P900)	(P1,051)

Annex “C”

III. Sources and Uses of Cash

A brief summary of cash flow movements is shown below:

	December 31	
	2014	2013
	<i>(In Millions)</i>	
Net cash flows provided by operating activities	P2,030	P967
Net cash flows used in investing activities	(566)	(329)
Net cash flows used in financing activities	(1,400)	(627)

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

Net cash flows used in investing activities include the following:

	December 31	
	2014	2013
	<i>(In Millions)</i>	
Additions to property, plant and equipment	(P213)	(P257)
Increase in other noncurrent assets	(354)	(72)
Proceeds from sale of property, plant and equipment	1	0

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

	December 31	
	2014	2013
	<i>(In Millions)</i>	
Proceeds from:		
Short-term borrowings	P100,826	P101,992
Issuance of common shares	10	33
Payments of:		
Short-term borrowings	(100,722)	(101,444)
Long-term borrowings	(929)	(543)
Interest	(585)	(665)

The effect of exchange rate changes on cash and cash equivalents amounted to (P2.88 million) and (P3.88 million) for the periods ended December 31, 2014 and 2013, respectively.

Annex “C”

IV. KEY PERFORMANCE INDICATORS

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

KPI	December 31, 2014	December 31, 2013
Liquidity: Current Ratio	0.67	0.71
Solvency: Debt to Equity Ratio	2.87	2.58
Asset to Equity Ratio	3.87	3.58
Profitability: Return on Average Equity	(15%)	(18%)
Interest Rate Coverage Ratio	1.73	(0.19)

KPI	Period Ended December 31	
	2014	2013
Operating Efficiency: Volume Growth	4%	(11%)
Revenue Growth	9%	3%
Operating Margin	2%	(6%)

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

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

V. OTHER MATTERS

a. *Commitments*

- The Company has a Toll Manufacturing Agreement with third parties for the production of its alcoholic and non-alcoholic products. Toll manufacturing expense amounting to P245,368, P286,962 and P239,492 in 2014, 2013 and 2012, respectively, were included as part of outside services under the "Cost of sales" account.
- The outstanding purchase commitments of the Company as of December 31, 2014 and 2013 amounted to US\$19,837 (P887,113) and US\$80,534 (P3,575,294), respectively.

b. *Contingencies*

The Group is a party to certain lawsuits or claims (mostly labor related cases) filed by third parties which are either pending decision by the courts or are subject to settlement agreements. The outcome of these lawsuits or claims cannot be presently determined. In the opinion of management and its legal counsel, the eventual liability from these lawsuits or claims, if any, will not have a material effect on the consolidated financial statements of the Group. No provision was recognized in 2014, 2013 and 2012.

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

GINEBRA SAN MIGUEL INC. AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2014, 2013 and 2012



**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, 2014, 2013 and 2012, including the additional components attached therein, in accordance with the prescribed financial reporting framework indicated therein. This responsibility includes designing and implementing internal controls relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

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

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

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

CYNTHIA M. BAROY
Chief Finance Officer

BERNARD D. MARQUEZ
President

GINEBRA SAN MIGUEL, INC.

SUBSCRIBED AND SWORN to before me this APR 07 2015, affiant exhibiting to me their Passport, as follow:

<u>NAME</u>	<u>PASSPORT NO.</u>	<u>DATE OF ISSUE</u>	<u>PLACE OF ISSUE</u>
Eduardo M. Cojuangco Jr.	XX0410612	February 16, 2012	Manila
Bernard D. Marquez	EC2448395	October 17, 2014	Manila
Cynthia M. Baroy	EB7884362	April 16, 2013	Manila

Doc. No. 196;
Page No. 41;
Book No. #;
Series of 2015.

MEINHART A. DIÑA
Commission No. 0415-14
Notary Public for Mandaluyong City
Until December 31, 2015
SMYPC, 8th Floor, San Miguel Properties Centre,
No. 7 St. Francis Street, Mandaluyong City
Roll No. 61239
PTR No. 2281526; 01/08/15; Mandaluyong City
IBP Lifetime Member No. 012342; Batangas City



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Branches: Subic · Cebu · Bacolod · Iloilo

REPORT OF INDEPENDENT AUDITORS

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

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Ginebra San Miguel Inc. and Subsidiaries which comprise the consolidated statements of financial position as at December 31, 2014 and 2013, 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, 2014, 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, 2014 and 2013, and its consolidated financial performance and its consolidated cash flows for each of the three years in the period ended December 31, 2014, in accordance with Philippine Financial Reporting Standards.

R.G. MANABAT & CO.

ALICIA S. COLUMERES

Partner

CPA License No. 069679

SEC Accreditation No. 1181-A, Group A, valid until April 30, 2015

Tax Identification No. 120-964-156

BIR Accreditation No. 08-001987-27-2014

Issued September 26, 2014; valid until September 25, 2017

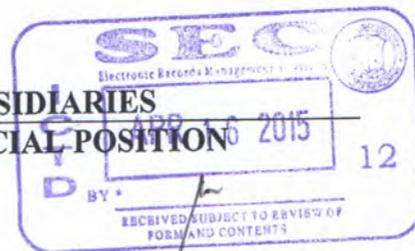
PTR No. 4748104MC

Issued January 5, 2015 at Makati City

March 25, 2015

Makati City, Metro Manila

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



December 31

	<i>Note</i>	2014	2013
ASSETS			
Current Assets			
Cash and cash equivalents	8, 33, 34	P579,917	P513,312
Trade and other receivables - net	4, 9, 28, 32, 33, 34	3,259,859	3,770,087
Inventories	4, 10	2,657,224	3,747,328
Prepaid taxes and other current assets	11, 33, 34	1,478,152	1,442,769
		7,975,152	9,473,496
Assets held for sale	7	547,706	-
Total Current Assets		8,522,858	9,473,496
Noncurrent Assets			
Investments in joint ventures	12	659,488	720,189
Property, plant and equipment - net	4, 13	5,936,826	6,537,944
Goodwill	4, 5	226,863	226,863
Deferred tax assets	4, 19	1,116,010	1,510,886
Other noncurrent assets - net	4, 15, 28, 33, 34	1,489,646	1,399,578
Total Noncurrent Assets		9,428,833	10,395,460
		P17,951,691	P19,868,956
LIABILITIES AND EQUITY			
Current Liabilities			
Notes payable	16, 33, 34	P10,084,440	P9,980,800
Trade and other payables	17, 28, 33, 34	2,329,193	2,570,579
Income and other taxes payable		219,952	234,763
Current maturities of long-term debt - net of debt issue costs	18, 33, 34	114,286	541,286
Total Current Liabilities		12,747,871	13,327,428
Noncurrent Liabilities			
Retirement liabilities	30	218,776	156,691
Long-term debt - net of current maturities and debt issue costs	18, 33, 34	342,857	842,262
Deferred tax liabilities	19	-	210
Total Noncurrent Liabilities		561,633	999,163
Total Liabilities		13,309,504	14,326,591

Forward

	December 31		
	<i>Note</i>	2014	2013
Equity	<i>20</i>		
Capital stock		P399,063	P399,063
Additional paid-in capital		2,539,454	2,539,454
Reserve for retirement plan		(135,675)	(86,704)
Cumulative translation adjustments		(54,040)	(59,604)
Retained earnings:			
Appropriated		2,500,000	2,500,000
Unappropriated		2,063,358	2,829,565
Treasury stock		(2,669,973)	(2,579,409)
Total Equity		4,642,187	5,542,365
		P17,951,691	P19,868,956

See Notes to the Consolidated Financial Statements.

GINEBRA SAN MIGUEL INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME
FOR THE YEARS ENDED DECEMBER 31, 2014, 2013 AND 2012
(In Thousands, Except Per Share Data)

	<i>Note</i>	2014	2013	2012
CONTINUING OPERATIONS				
SALES	28	P14,920,577	P13,676,986	P13,340,029
COST OF SALES	21, 35	10,947,315	10,735,408	10,104,187
GROSS PROFIT		3,973,262	2,941,578	3,235,842
SELLING AND MARKETING EXPENSES	22	(1,840,490)	(2,116,413)	(2,226,372)
GENERAL AND ADMINISTRATIVE EXPENSES	23	(1,581,392)	(1,467,973)	(1,453,736)
INTEREST EXPENSE AND OTHER FINANCING CHARGES	16, 18, 26	(560,313)	(657,899)	(591,264)
EQUITY IN NET LOSSES OF JOINT VENTURES	12	(66,265)	(74,763)	(53,467)
INTEREST INCOME		22,810	10,944	8,515
OTHER INCOME (CHARGES) - Net	27	(2,065)	30,844	93,661
LOSS BEFORE INCOME TAX		(54,453)	(1,333,682)	(986,821)
INCOME TAX EXPENSE (BENEFIT)	19	578,055	(352,647)	(264,515)
NET LOSS FROM CONTINUING OPERATIONS		(632,508)	(981,035)	(722,306)
DISCONTINUED OPERATIONS				
LOSS FROM DISCONTINUED OPERATIONS - Net of tax	7	(133,699)	(120,160)	(114,863)
NET LOSS		(P766,207)	(P1,101,195)	(P837,169)
Basic and Diluted Loss Per Share	31	(P2.84)	(P3.97)	(P3.06)
Basic and Diluted Loss Per Share - Continuing Operations	31	(P2.37)	(P3.55)	(P2.66)

See Notes to the Consolidated Financial Statements.

GINEBRA SAN MIGUEL INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2014, 2013 AND 2012
(In Thousands)

	<i>Note</i>	2014	2013	2012
NET LOSS		(P766,207)	(P1,101,195)	(P837,169)
OTHER COMPREHENSIVE INCOME (LOSS)				
ITEM THAT MAY BE RECLASSIFIED TO PROFIT OR LOSS				
Share in other comprehensive income (loss) of joint ventures	<i>12</i>	5,564	6,219	(29,150)
ITEMS THAT WILL NOT BE RECLASSIFIED TO PROFIT OR LOSS				
Equity reserve for retirement plan	<i>30</i>	(69,958)	62,609	(35,770)
Income tax expense (benefit)		(20,987)	18,783	(10,731)
OTHER COMPREHENSIVE INCOME (LOSS) - Net of tax		(43,407)	50,045	(54,189)
TOTAL COMPREHENSIVE LOSS - Net of tax		(P809,614)	(P1,051,150)	(P891,358)

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, 2014, 2013 AND 2012
(In Thousands)

	Note	Capital Stock		Additional Paid-in Capital	Reserve for Retirement Plan	Cumulative Translation Adjustments	Retained Earnings		Treasury Stock	Total
		Common	Preferred				Appropriated	Unappropriated		
As of January 1, 2014		P345,625	P53,438	P2,539,454	(P86,704)	(P59,604)	P2,500,000	P2,829,565	(P2,579,409)	P5,542,365
Share in other comprehensive income of joint ventures	12	-	-	-	-	5,564	-	-	-	5,564
Equity reserve for retirement plan	30	-	-	-	(48,971)	-	-	-	-	(48,971)
Other comprehensive income (loss)		-	-	-	(48,971)	5,564	-	-	-	(43,407)
Net loss		-	-	-	-	-	-	(766,207)	-	(766,207)
Total comprehensive income (loss)		-	-	-	(48,971)	5,564	-	(766,207)	-	(809,614)
Cancellation of Employee Stock Purchase Plan reverted to treasury shares		-	-	-	-	-	-	-	(90,564)	(90,564)
As of December 31, 2014	20	P345,625	P53,438	P2,539,454	(P135,675)	(P54,040)	P2,500,000	P2,063,358	(P2,669,973)	P4,642,187
As of January 1, 2013		P345,625	P53,438	P2,539,447	(P130,530)	(P65,823)	P2,500,000	P3,930,760	(P2,579,409)	P6,593,508
Share in other comprehensive income of joint ventures	12	-	-	-	-	6,219	-	-	-	6,219
Equity reserve for retirement plan	30	-	-	-	43,826	-	-	-	-	43,826
Other comprehensive income		-	-	-	43,826	6,219	-	-	-	50,045
Net loss		-	-	-	-	-	-	(1,101,195)	-	(1,101,195)
Total comprehensive income (loss)		-	-	-	43,826	6,219	-	(1,101,195)	-	(1,051,150)
Stock options		-	-	7	-	-	-	-	-	7
As of December 31, 2013	20	P345,625	P53,438	P2,539,454	(P86,704)	(P59,604)	P2,500,000	P2,829,565	(P2,579,409)	P5,542,365

Forward

	<i>Note</i>	Capital Stock		Additional Paid-in Capital	Reserve for Retirement Plan	Cumulative Translation Adjustments	Retained Earnings		Treasury Stock	Total
		Common	Preferred				Appropriated	Unappropriated		
As of January 1, 2012		P345,625	P53,438	P2,526,625	(P105,491)	(P36,673)	P2,500,000	P4,767,929	(P2,579,409)	P7,472,044
Share in other comprehensive loss of joint ventures	<i>12</i>	-	-	-	-	(29,150)	-	-	-	(29,150)
Equity reserve for retirement plan		-	-	-	(25,039)	-	-	-	-	(25,039)
Other comprehensive loss		-	-	-	(25,039)	(29,150)	-	-	-	(54,189)
Net loss		-	-	-	-	-	-	(837,169)	-	(837,169)
Total comprehensive loss		-	-	-	(25,039)	(29,150)	-	(837,169)	-	(891,358)
Stock options		-	-	12,822	-	-	-	-	-	12,822
As of December 31, 2012		P345,625	P53,438	P2,539,447	(P130,530)	(P65,823)	P2,500,000	P3,930,760	(P2,579,409)	P6,593,508

See Notes to the Consolidated Financial Statements.

GINEBRA SAN MIGUEL INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2014, 2013 AND 2012
(In Thousands)

	<i>Note</i>	2014	2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES				
Loss before income tax from:				
Continuing operations		(P54,453)	(P1,333,682)	(P986,821)
Discontinued operations	7	(190,998)	(171,657)	(164,090)
		(245,451)	(1,505,339)	(1,150,911)
Adjustments for:				
Depreciation, amortization and impairment	13, 14, 24	720,014	742,214	653,790
Interest expense and other financing charges	16, 18, 26	560,313	657,899	591,264
Provision for impairment losses on receivables	9, 22	81,080	-	-
Write-down of inventories to net realizable value	10, 21	68,000	-	-
Equity in net losses of joint ventures	12	66,265	74,763	53,467
Net derivative loss (gain)	27	2,459	(1,007)	(11,283)
Loss (gain) on sale of property and equipment	27	103	(705)	(199)
Net unrealized foreign exchange gain	27	(2,778)	(7,980)	(1,785)
Interest income		(22,810)	(10,947)	(8,516)
Operating income (loss) before working capital changes		1,227,195	(51,102)	125,827
Decrease (increase) in:				
Trade and other receivables		216,329	(148,509)	(1,388,803)
Inventories		797,749	1,974,149	590,495
Prepaid taxes and other current assets		7,074	(287,120)	(430,575)
Increase (decrease) in:				
Trade and other payables		(154,721)	(721,519)	1,275,117
Other taxes payable		(5,808)	144,998	(37,180)
Retirement liabilities		(68,951)	45,730	1,339
Cash generated from operations		2,018,867	956,627	136,220
Interest received		22,810	10,947	8,516
Income taxes paid		(11,793)	(490)	(613)
Net cash flows provided by operating activities		2,029,884	967,084	144,123
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from sale of property and equipment		882	590	150
Additions to property, plant and equipment	13	(212,887)	(256,908)	(308,470)
Acquisition of a subsidiary, net of cash and cash equivalents acquired	5	-	-	(142,672)
Increase in other noncurrent assets		(353,769)	(72,330)	(135,825)
Net cash flows used in investing activities		(565,774)	(328,648)	(586,817)

Forward

	<i>Note</i>	2014	2013	2012
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from:				
Short-term borrowing		P100,825,924	P101,992,376	P129,445,172
Issuance of common shares		9,639	33,448	28,978
Payments of:				
Short-term borrowings		(100,722,284)	(101,443,776)	(127,697,659)
Long-term borrowings		(928,571)	(542,857)	(371,429)
Interest expense and other financing charges		(585,041)	(665,239)	(596,394)
Cash dividends		(55)	(456)	(117,975)
Net cash flows provided by (used in) financing activities		(1,400,388)	(626,504)	690,693
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS				
		2,883	3,877	(5,745)
NET INCREASE IN CASH AND CASH EQUIVALENTS				
		66,605	15,809	242,254
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR				
		513,312	497,503	255,249
CASH AND CASH EQUIVALENTS AT END OF YEAR				
	8	P579,917	P513,312	P497,503

See Notes to the Consolidated Financial Statements.

GINEBRA SAN MIGUEL INC. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

1. Reporting Entity

Ginebra San Miguel Inc. (GSMI or the Company), a subsidiary of San Miguel Corporation (SMC), was incorporated in the Philippines on July 10, 1987. Top Frontier Investment Holdings, Inc. (Top Frontier) is the ultimate parent company of the Group. The accompanying consolidated financial statements comprise the financial statements of the Company and its Subsidiaries (collectively referred to as the “Group”) and the Group’s interests in joint ventures. The Company is a public company under Section 17.2 of the Securities Regulation Code and its shares are listed on The Philippine Stock Exchange, Inc.

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

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

2. Basis of Preparation

Statement of Compliance

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

The consolidated financial statements were authorized for issue by the Board of Directors (BOD) on March 25, 2015.

Basis of Measurement

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

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

Functional and Presentation Currency

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

Basis of Consolidation

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

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

(a) Consolidated starting January 27, 2012 (Note 5)

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

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

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

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

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

3. Significant Accounting Policies

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

Adoption of New and Amended Standards and Interpretation

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

Amendments to Standards and Interpretation Adopted in 2014

The Group has adopted the following PFRS effective January 1, 2014 and accordingly, changed its accounting policies in the following areas:

- Recoverable Amount Disclosures for Non-Financial Assets (*Amendments to PAS 36, Impairment of Assets*). These narrow-scope amendments to PAS 36 address the disclosure of information about the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal. The amendments clarified that the scope of those disclosures is limited to the recoverable amount of impaired assets that is based on fair value less costs of disposal. The adoption of these amendments did not have an effect on the consolidated financial statements.
- Offsetting Financial Assets and Financial Liabilities (*Amendments to PAS 32, Financial Instruments*). The amendments clarify that: (a) an entity currently has a legally enforceable right to set-off if that right is: (i) not contingent on a future event; and (ii) enforceable both in the normal course of business and in the event of default, insolvency or bankruptcy of the entity and all counterparties; and (b) gross settlement is equivalent to net settlement if and only if the gross settlement mechanism has features that: (i) eliminate or result in insignificant credit and liquidity risk; and (ii) process receivables and payables in a single settlement process or cycle. The adoption of these amendments did not have an effect on the consolidated financial statements.
- Novation of Derivatives and Continuation of Hedge Accounting (*Amendments to PAS 39, Financial Instruments: Recognition and Measurement*). The amendments allow hedge accounting to continue in a situation where a derivative, which has been designated as a hedging instrument, is novated to effect clearing with a central counterparty as a result of laws or regulation, if specific conditions are met (in this context, a novation indicates that parties to a contract agree to replace their original counterparty with a new one). The adoption of these amendments did not have an effect on the consolidated financial statements.
- Philippine Interpretation IFRIC 21, *Levies*. The interpretation provides guidance on accounting for levies in accordance with the requirements of PAS 37, *Provisions, Contingent Liabilities and Contingent Assets*. The interpretation confirms that an entity recognizes a liability for a levy when, and only when, the triggering event specified in the legislation occurs. An entity does not recognize a liability at an earlier date even if it has no realistic opportunity to avoid the triggering event. Other standards should be applied to determine whether the debit side is an asset or expense. Outflows within the scope of PAS 12, *Income Taxes*, fines and penalties and liabilities arising from emission trading schemes are explicitly excluded from the scope. The adoption of this interpretation did not have an effect on the consolidated financial statements.

- Measurement of Short-term Receivables and Payables (*Amendment to PFRS 13, Fair Value Measurement*). The amendment clarifies that, in issuing PFRS 13 and making consequential amendments to PAS 39, *Financial Instruments: Recognition and Measurement* and PFRS 9, *Financial Instruments*, the intention is not to prevent entities from measuring short-term receivables and payables that have no stated interest rate at their invoiced amounts without discounting, if the effect of not discounting is immaterial. The adoption of this amendment did not have an effect on the consolidated financial statements.

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

New and Amended Standards and Interpretations Not Yet Adopted

A number of new and amended standards and interpretations are effective for annual periods beginning after January 1, 2014 and have not been applied in preparing these consolidated financial statements. Unless otherwise indicated, none of these is expected to have a significant effect on the consolidated financial statements.

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

- *Annual Improvements to PFRS Cycles 2010-2012 and 2011-2013* contain 11 changes to nine standards with consequential amendments to other standards and interpretations, of which only the following are applicable to the Group.
 - Meaning of ‘Vesting Condition’ (*Amendment to PFRS 2, Share-based Payment*). PFRS 2 has been amended to clarify the definition of ‘vesting condition’ by separately defining ‘performance condition’ and ‘service condition.’ The amendment also clarifies the following: (i) how to distinguish between a market and a non-market performance condition; and (ii) the basis on which a performance condition can be differentiated from a non-vesting condition. The amendment is required to be applied prospectively for annual periods beginning on or after July 1, 2014.
 - Scope Exclusion for the Formation of Joint Arrangements (*Amendment to PFRS 3, Business Combinations*). PFRS 3 has been amended to clarify that the standard does not apply to the accounting for the formation of all types of joint arrangements in PFRS 11, *Joint Arrangements* - i.e., including joint operations - in the financial statements of the joint arrangements themselves. The amendment is required to be applied prospectively for annual periods beginning on or after July 1, 2014.
 - Disclosures on the Aggregation of Operating Segments (*Amendments to PFRS 8, Operating Segments*). PFRS 8 has been amended to explicitly require the disclosure of judgments made by management in applying the aggregation criteria. The disclosures include: (i) a brief description of the operating segments that have been aggregated; and (ii) the economic indicators that have been assessed in determining that the operating segments share similar economic characteristics. In addition, the amendments clarify that a reconciliation of the total of the reportable segments’ assets to the entity’s assets is required only if this information is regularly provided to the entity’s chief operating decision maker. This change aligns the disclosure requirements with those for segment liabilities. The amendments are required to be applied prospectively for annual periods beginning on or after July 1, 2014.

- Scope of Portfolio Exception (*Amendment to PFRS 13*). The amendment clarifies that the scope of the exception for measuring the fair value of a group of financial assets and financial liabilities with offsetting risk positions on a net basis (portfolio exception) applies to contracts within the scope of PAS 39 and PFRS 9, regardless of whether they meet the definition of financial assets or financial liabilities under PAS 32 - e.g., certain contracts to buy or sell non-financial items that can be settled net in cash or another financial instrument. The amendment required to be applied prospectively for annual periods beginning on or after July 1, 2014.
- Definition of 'Related Party' (*Amendment to PAS 24, Related Parties*). The definition of a 'related party' is extended to include a management entity that provides key management personnel (KMP) services to the reporting entity, either directly or through a group entity. For related party transactions that arise when KMP services are provided to a reporting entity, the reporting entity is required to separately disclose the amounts that it has recognized as an expense for those services that are provided by a management entity; however, it is not required to 'look through' the management entity and disclose compensation paid by the management entity to the individuals providing the KMP services. The reporting entity will also need to disclose other transactions with the management entity under the existing disclosure requirements of PAS 24 - e.g. loans. The amendments are required to be applied prospectively for annual periods beginning on or after July 1, 2014.
- Accounting for Acquisitions of Interests in Joint Operations (*Amendment to PFRS 11*). The amendment require business combination accounting to be applied to acquisitions of interests in a joint operation that constitutes a business. Business combination accounting also applies to the acquisition of additional interests in a joint operation while the joint operator retains joint control. The additional interest acquired will be measured at fair value. The previously held interests in the joint operation will not be remeasured. The amendment place the focus firmly on the definition of a business, because this is key to determining whether the acquisition is accounted for as a business combination or as the acquisition of a collection of assets. As a result, this places pressure on the judgment applied in making this determination. The amendment required to be applied prospectively for annual periods beginning on or after January 1, 2016. Early adoption is permitted.
- Classification and Measurement of Contingent Consideration (*Amendment to PFRS 3*). The amendment clarify the classification and measurement of contingent consideration in a business combination. When contingent consideration is a financial instrument, its classification as a liability or equity is determined by reference to PAS 32, rather than to any other PFRS. Contingent consideration that is classified as an asset or a liability is always subsequently measured at fair value, with changes in fair value recognized in profit or loss. Consequential amendments are also made to PAS 39 and PFRS 9 to prohibit contingent consideration from subsequently being measured at amortized cost. In addition, PAS 37 is amended to exclude provisions related to contingent consideration. The amendment required to be applied prospectively for annual periods beginning on or after July 1, 2014.

- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (*Amendments to PFRS 10, Consolidated Financial Statements and PAS 28, Investments in Associates*). The amendments address an inconsistency in dealing with the sale or contribution of assets between an investor and its associate or joint venture between the requirements in PFRS 10 and in PAS 28. The amendments require that a full gain or loss is recognized when a transaction involves a business whether it is housed in a subsidiary or not. A partial gain or loss is recognized when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary. The amendments are required to be applied prospectively for annual periods beginning on or after January 1, 2016. Early adoption is permitted.
- *Annual Improvements to PFRS Cycles 2012-2014* contain changes to four standards, of which only the following are applicable to the Group.
 - Changes in Method for Disposal (*Amendments to PFRS 5, Noncurrent Assets Held for Sale and Discontinued Operations*). PFRS 5 is amended to clarify that: (a) if an entity changes the method of disposal of an asset or disposal group - i.e., reclassifies an asset or disposal group from held-for-distribution to owners to held-for-sale or vice versa, without any time lag - the change in classification is considered a continuation of the original plan of disposal and the entity continues to apply held-for-distribution or held-for-sale accounting. At the time of the change in method, the entity measures the carrying amount of the asset or disposal group and recognizes any write-down (impairment loss) or subsequent increase in the fair value less costs to sell or distribute of the asset or disposal group; and (b) if an entity determines that an asset or disposal group no longer meets the criteria to be classified as held-for-distribution, then it ceases held-for-distribution accounting in the same way as it would cease held-for-sale accounting. Any change in method of disposal or distribution does not, in itself, extend the period in which a sale has to be completed. The amendments to PFRS 5 are applied prospectively in accordance with PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors* to changes in methods of disposal that occur on or after January 1, 2016.
- PFRS 9 (2014) replaces PAS 39 and supersedes the previously published versions of PFRS 9 that introduced new classifications and measurement requirements (in 2009 and 2010) and a new hedge accounting model (in 2013). PFRS 9 includes revised guidance on the classification and measurement of financial assets, including a new expected credit loss model for calculating impairment of all financial assets that are not measured at fair value through profit or loss, which generally depends on whether there has been a significant increase in credit risk since initial recognition of a financial asset, and supplements the new general hedge accounting requirements published in 2013. The new model on hedge accounting requirements provides significant improvements by aligning hedge accounting more closely with risk management. The new standard is required to be applied retrospectively for annual periods beginning on or after January 1, 2018. Early adoption is permitted.

Financial Assets and Financial Liabilities

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

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

Financial Assets

The Group classifies its financial assets, at initial recognition, in the following categories: financial assets at FVPL, loans and receivables, available-for-sale (AFS) financial assets and held-to-maturity (HTM) investments. The classification depends on the purpose for which the investments are acquired and whether they are quoted in an active market. 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.

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

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

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

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

The Group carries financial assets at FVPL using their fair values. Attributable transaction costs are recognized in 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 cash flow hedge are recognized in other comprehensive income and presented in the consolidated statements of changes in equity. Any interest earned is recognized as part of “Interest income” account in the consolidated statements of income. Any dividend income from equity securities classified as at FVPL is recognized in profit or loss when the right to receive payment has been established.

The Group’s derivative assets are classified under this category (Notes 11 and 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 method, less any impairment loss. Any interest earned on loans and receivables is recognized as part of “Interest income” account in the consolidated statements of income on an accrual basis. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees that are an integral part of the effective interest rate. The periodic amortization is also included as part of “Interest income” account in the consolidated statements of income. Gains or losses are recognized in profit or loss when loans and receivables are derecognized or impaired.

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

The Group’s cash and cash equivalents, trade and other receivables and noncurrent receivables and deposits are included under this category (Notes 8, 9, 15 and 34).

The Group has no financial assets classified as HTM investments and AFS financial assets as of December 31, 2014 and 2013.

‘Day 1’ Profit. Where the transaction price in a non-active market is different from the fair value of other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from observable market, the Group recognizes the difference between the transaction price and the fair value (a ‘Day 1’ profit) in profit or loss unless it qualifies for recognition as some other type of asset. In cases where data used is not observable, the difference between the transaction price and model value is only recognized in 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 Liabilities

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

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

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

The Group’s derivative liabilities are classified under this category (Notes 17 and 34).

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

The Group's liabilities arising from its trade or borrowings such as notes payable, trade and other payables and long-term debt are included under this category (Notes 16, 17, 18 and 34).

Derivative Financial Instrument and Hedging

Embedded Derivatives

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

An embedded derivative is separated from the host contract and accounted for as a derivative if all of the following conditions are met: a) the economic characteristics and risks of the embedded derivative are not closely related to the economic characteristics and risks of the host contract; b) a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and c) the hybrid or combined instrument is not recognized as at FVPL. Reassessment only occurs if there is a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required.

Derecognition of Financial Assets and Financial Liabilities

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

- the rights to receive cash flows from the asset have expired; or
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay them in full without material delay to a third party under a "pass-through" arrangement; and either: (a) has transferred substantially all the risks and rewards of the asset; or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognize the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognizes the associated liability. The transferred asset and the associated liability are measured on the basis that reflects the rights and obligations that the Group has retained.

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

Impairment of Financial Assets

The Group assesses, at the reporting date, whether there is objective evidence that 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 financial assets carried at amortized cost such as loans and receivables, the Group first assesses whether impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If no objective evidence of impairment has been identified for a particular financial asset that was individually assessed, the Group includes the asset as part of a group of financial assets with similar credit risk characteristics and collectively assesses the group for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognized are not included in the collective impairment assessment.

Evidence of impairment 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 is reduced either directly or through the use of an allowance account. The impairment loss for the period is 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.

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.

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.

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 condition are accounted for as follows:

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

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

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

Any write-down of inventories to net realizable value and all losses of inventories are recognized as expense in the year of write-down or loss occurrence. The amount of reversals, if any, of write-down of inventories arising from an increase in net realizable value are recognized as reduction in the amount of inventories recognized as expense in the year in which the reversal occurs.

Containers (i.e., Returnable Bottles and Shells). These are stated at deposit values less any impairment in value. The excess of the acquisition cost of the containers over their deposit value is presented 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 years. Amortization of deferred containers is included under “General and administrative expenses” account in the consolidated statements of income.

Assets Held for Sale and Discontinued Operation

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

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

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

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

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

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

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

Business Combination

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

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

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

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 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.

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

Transactions under Common Control

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

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

Investments in Joint Ventures

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

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

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

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

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

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

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

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

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

Property, Plant and Equipment

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

Construction in progress (CIP) 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 plant and equipment are capitalized during the construction period. CIP is not depreciated until such time that the relevant assets are ready for use.

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

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

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

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

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

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

Investment Property

Investment property consists of property 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 property, except for land, is 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, which commences when the assets are available for their intended use, are computed using the straight-line method over the following estimated useful lives of the assets:

	<u>Number of Years</u>
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 depreciation and amortization method are reviewed and adjusted, if appropriate, at each reporting date.

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 and 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 sell.

For a transfer from investment property to owner-occupied property 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.

Impairment of Non-financial Assets

The carrying amounts of investments in joint venture, property, plant and equipment, deferred containers and idle assets are reviewed for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable. Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the cash-generating unit level. If any such indication exists, and if the carrying amount exceeds the estimated recoverable amount, the assets or cash-generating units are written down to their recoverable amounts. The recoverable amount of the asset is the greater of fair value less costs to sell and value in use. The fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less costs of disposal. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. Impairment losses are recognized in 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.

Fair Value Measurements

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

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

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

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

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

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

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

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

Provisions

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

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

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

Treasury Shares

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

Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits associated with the transaction will flow to the Group and the amount of revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognized:

Revenue from Sale of Goods

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

Revenue from Services

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

Others

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

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

Rent income is recognized on a straight-line basis over the term of the lease.

Cost and Expense Recognition

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

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

Share-based Payment Transactions

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 expenses recognized for share-based payment transactions at each reporting date until the vesting date reflect the extent to which the vesting period has expired and the Company’s best estimate of the number of equity instruments that will ultimately vest. Where the terms of a share-based award are modified, as a minimum, an expense is recognized as if the terms had not been modified. In addition, an expense is recognized for any modification, which increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee as measured at the date of modification.

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

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

Leases

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

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

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

Operating Lease

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

Borrowing Costs

Borrowing costs 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.

Research Costs

Research costs are expensed as incurred.

Employee Benefits

Short-term Employee Benefits

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

Retirement Costs

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

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

Defined benefit costs comprise of the following:

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

Service costs which include current service costs, past service costs and gains or losses on non-routine settlements are recognized as expense in profit or loss. Past service costs are recognized when plan amendment or curtailment occurs. These amounts are calculated periodically by independent qualified actuary using the projected unit credit method.

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

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

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

Foreign Currency

Foreign Currency Translations

Transactions in foreign currencies are translated to the respective functional currencies of the Group entities at exchange rates at the dates of the transactions. Monetary assets and monetary liabilities denominated in foreign currencies 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 nonmonetary liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date the fair value was determined. Nonmonetary items in foreign currencies that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction.

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

Foreign Operations

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

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

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

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

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

Taxes

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

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

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

- where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- with respect to taxable temporary differences associated with investments in 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.

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

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

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

Current tax and deferred tax are recognized in 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” accounts in the consolidated statements of financial position.

Related Parties

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

Basic and Diluted Earnings Per Common Share (EPS)

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

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

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

Operating Segments

The Group's operating segments are organized and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. Financial information on operating segments is presented in Note 6 to the consolidated financial statements. The President (the chief operating decision maker) reviews management reports on a regular basis.

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

Contingencies

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

Events After the Reporting Date

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

4. Significant Accounting Judgments, Estimates and Assumptions

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

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

Judgments

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

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

Rent income recognized in the consolidated statements of income amounted to P8,072 in 2014 (Notes 27 and 29).

Rent expense recognized in the consolidated statements of income from continuing and discontinued operations amounted to P153,827, P166,032 and P233,768 in 2014, 2013 and 2012, respectively (Notes 21, 22, 23 and 29).

Classification of Joint Arrangements. The Group has determined that it has rights only to the net assets of TSML and TGT based on the structure, legal form, contractual terms and other facts and circumstances of the arrangement. As such, the Group classified its joint arrangements as joint ventures (Note 12).

Distinguishing between Property, Plant and Equipment and Investment Property

The Group determines whether a property qualifies as an investment property. In making its judgment, the Group considers whether the property generates cash flows largely independent of the other assets held by an entity. Owner-occupied property generate cash flows that are attributable not only to the property but also to other assets used in the production or supply process.

Some property comprises a portion that is held to earn rental or for capital appreciation and another portion that is held for use in the production and supply of goods and services or for administrative purposes. If these portions can be sold separately (or lease out separately under finance lease), the Group accounts for the portions separately. If the portion cannot be sold separately, the property is accounted for as investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes. Judgment is applied in determining whether ancillary services are so significant that a property does not qualify as investment property. The Group considers each property separately in making its judgment.

As a result of the change in use of investment property, from being held to earn rental to owner-occupied, the investment property was transferred to property, plant and equipment in 2013.

Contingencies. The Group is currently involved in various pending claims and lawsuits which could be decided in favor of or against the Group. The Group's estimate of the probable costs for the resolution of these pending claims and lawsuits has been developed in consultation with in-house as well as outside legal counsel handling the prosecution and defense of these matters and is based on an analysis of potential results. The Group currently does not believe that these pending claims and lawsuits will have a material adverse effect on its financial position and financial performance. It is possible, however, that future financial performance could be materially affected by the changes in the estimates or in the effectiveness of strategies relating to these proceedings. No accruals were made in relation to these proceedings (Note 35).

Estimates and Assumptions

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

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

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

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

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

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

The methods and assumptions used to estimate the fair values for both financial and non-financial assets and liabilities are discussed in Note 34.

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 collectability of the accounts. These factors include, but are not limited to, the length of the Group's relationship with the customers and counterparties, the current credit status based on third party credit reports and known market forces, average age of accounts, collection experience and historical loss experience. The amount and timing of the recorded expenses for any period would differ if the Group made different judgments or utilized different methodologies. An increase in the allowance for impairment losses would increase the recorded selling and marketing expenses and decrease current assets.

The allowance for impairment losses on trade and other receivables amounted to P189,274 and P108,194 as of December 31, 2014 and 2013, respectively (Note 9).

The carrying amounts of trade and other receivables amounted to P3,259,859 and P3,770,087 as of December 31, 2014 and 2013, respectively (Note 9).

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

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

The write-down of inventories amounted to P137,904 and P69,904 as of December 31, 2014 and 2013, respectively.

The carrying amount of inventories amounted to P2,657,224 and P3,747,328 as of December 31, 2014 and 2013, respectively (Note 10).

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

In addition, estimation of the useful lives of property, plant and equipment and deferred containers is based on collective assessment of industry practice, internal technical evaluation and experience with similar assets. It is possible, however, that future financial performance could be materially affected by changes in estimates brought about by changes in factors mentioned above. The amounts and timing of recorded expenses for any period would be affected by changes in these factors and circumstances. A reduction in the estimated useful lives of property, plant and equipment and deferred containers would increase the recorded cost of sales, selling and marketing expenses, general and administrative expenses and decrease noncurrent assets.

Property, plant and equipment, net of accumulated depreciation and amortization amounted to P6,244,426 and P6,845,544 as of December 31, 2014 and 2013, respectively. Accumulated depreciation and amortization of property, plant and equipment amounted to P6,885,820 and P6,645,143 as of December 31, 2014 and 2013, respectively (Note 13).

Deferred containers, net of accumulated amortization, included as part of “Other noncurrent assets” account in the consolidated statements of financial position amounted to P334,548 and P551,217 as of December 31, 2014 and 2013, respectively (Note 15).

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

The carrying amount of goodwill amounted to P226,863 as of December 31, 2014 and 2013 (Note 5).

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

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

The carrying amount of goodwill arising from business combinations in 2012 amounted to P226,863 (Note 5).

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 P1,116,010 and P1,510,886 as of December 31, 2014 and 2013, respectively (Note 19).

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

Accumulated impairment losses on property, plant and equipment amounted to P307,600 as of December 31, 2014 and 2013 (Note 13).

The combined carrying amounts of investments in joint ventures, property, plant and equipment, deferred containers and idle assets amounted to P6,930,862 and P7,820,902 as of December 31, 2014 and 2013, respectively (Notes 12, 13 and 15).

Present Value of Defined Benefit Retirement Obligation. The present value of the defined benefit retirement obligation depends on a number of factors that are determined on an actuarial basis using a number of assumptions. These assumptions are described in Note 30 to the consolidated financial statements and include discount rate and salary increase rate.

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

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

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

The present value of defined benefit retirement obligation amounted to P763,688 and P844,432 as of December 31, 2014 and 2013, respectively (Note 30).

Asset Retirement Obligation. Determining the ARO requires estimation of the costs of dismantling, installing and restoring leased properties to their original condition. The Group determined that there are no significant ARO as of December 31, 2014 and 2013. While it is believed that the assumptions used in the estimation of such costs are reasonable, significant changes in these assumptions may materially affect the recorded expense or obligation in future periods.

5. Goodwill

On January 27, 2012, GSMI acquired 100% of the outstanding capital stock of EPSBPI for P200,000. EPSBPI, which is considered a CGU, is a company primarily engaged in the manufacturing and bottling of alcoholic and nonalcoholic beverages.

Goodwill was recognized as a result of the acquisition as follows:

	2012
Total consideration transferred	P200,000
Total identifiable net liabilities at fair value	26,863
Goodwill	P226,863

Goodwill arising from the acquisition is attributable to the benefit of expected synergies with the Group's beverage business, revenue growth and future development specifically on tolling services with third parties.

The recoverable amount of goodwill has been determined based on a valuation using cash flow projections covering a five-year period based on long range plans approved by management. Cash flows beyond the five-year period are extrapolated using a constant growth rate determined per individual cash-generating unit. This growth rate is consistent with the long-term average growth rate for the industry. The discount rate applied to after tax cash flow projections is 12% in 2014 and 2013. The discount rate also imputes the risk of the cash-generating units compared to the respective risk of the overall market and equity risk premium.

No impairment loss was recognized in 2014 and 2013.

Management believes that any reasonably possible change in the key assumptions on which the recoverable amount is based would not cause its carrying amount to exceed its recoverable amount.

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

- *Gross Margins.* Gross margins are based on average values achieved in the period immediately before the budget period. These are increases over the budget period for anticipated efficiency improvements. Values assigned to key assumptions reflect past experience, except for efficiency improvement.
- *Discount Rates.* The Group uses the weighted-average cost of capital as the discount rate, which reflects management's estimate of the risk specific to each unit. This is the benchmark used by management to assess operating performance and to evaluate future investments proposals.

Raw Material Price Inflation. Consumer price forecast is obtained from indices during the budget period from which raw materials are purchased. Values assigned to key assumptions are consistent with external sources of information.

6. Segment Information

Operating Segments

The reporting format of the Group's operating segments is determined based on the Group's risks and rates of return which are affected predominantly by differences in the products and services produced. The operating businesses are organized and managed separately according to the nature of the products produced and services provided, with each segment representing a strategic business unit that offers different products and serves different markets.

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

The alcoholic segment produces and markets alcoholic beverages.

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

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

Segment Assets and Liabilities

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

Major Customer

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

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

Financial information about operating segments follows:

	For the Years Ended December 31, 2014, 2013 and 2012								
	Alcoholic			Nonalcoholic (discontinued)**			Total		
	2014	2013	2012	2014	2013	2012	2014	2013	2012
Sales	P14,875,418	P13,637,680	P13,339,987	P635,253	P761,396	P662,208	P15,510,671	P14,399,076	P14,002,195
Result									
Segment result	P526,079	(P667,070)	(P444,133)	(P166,075)	(P158,957)	(P172,189)	P360,004	(P826,027)	(P616,322)
Interest expense and other financing charges							(560,313)	(657,899)	(591,264)
Interest income							22,810	10,947	8,516
Equity in net losses of joint ventures							(66,265)	(74,763)	(53,467)
Other income (losses) - net							(1,687)	42,403	101,626
Income tax expense (benefit)							520,756	(404,144)	(313,742)
Net Loss							(P766,207)	(P1,101,195)	(P837,169)
Other Information									
Segment assets	P13,734,753	P14,461,681	P17,237,311	P724,931	P1,549,759	P1,357,522	P14,459,684	P16,011,440	P18,594,833
Investments in joint ventures							659,488	720,189	788,732
Goodwill							226,863	226,863	226,863
Other noncurrent assets - net							1,489,646	1,399,578	1,064,181
Deferred tax assets							1,116,010	1,510,886	1,015,735
Consolidated Total Assets							P17,951,691	P19,868,956	P21,690,344
Segment liabilities	P2,431,314	P2,574,296	P3,546,598	P116,655	P152,974	P113,908	P2,547,969	P2,727,270	P3,660,506
Notes payable							10,084,440	9,980,800	9,432,200
Long-term debt - net of debt issue costs							457,143	1,383,548	1,924,834
Deferred tax liabilities							-	210	419
Income and other taxes payable							219,952	234,763	78,877
Consolidated Total Liabilities							P13,309,504	P14,326,591	P15,096,836
Capital expenditures	P183,036	P170,695	P239,222	P29,851	P86,213	P69,248	P212,887	P256,908	P308,470
Depreciation, amortization and impairment							720,014	742,214	653,790
Noncash items other than depreciation							146,302	(7,980)	(1,785)

** see Note 7

7. Discontinued Operation

On December 5, 2014, the BOD of GSMI authorized the sale and transfer of certain NAB assets of the Company to a related party to dispose the NAB assets consisting of property, plant and equipment as of December 31, 2014 and finished goods and other inventories as of March 31, 2015 (“Transaction”). The sale of these assets is expected to be completed in the second quarter of 2015.

As of December 31, 2014, the NAB segment was classified as a disposal group held for sale and as discontinued operations.

The NAB segment was not previously classified as held-for-sale or as a discontinued operation. The comparative consolidated statements of income has been restated to show the discontinued operation separately from continuing operations.

	2014	2013	2012
Sales	P590,094	P722,090	P662,166
Cost of sales	413,173	496,920	456,970
Gross profit	176,921	225,170	205,196
Selling and marketing expenses	(323,149)	(362,792)	(330,006)
General and administrative expense	(45,148)	(45,597)	(47,246)
Other income - net	378	11,562	7,966
Loss before income tax	(190,998)	(171,657)	(164,090)
Income tax benefit	(57,299)	(51,497)	(49,227)
Net loss	(P133,699)	(P120,160)	(P114,863)
Basic and Diluted Loss Per Share	(P0.47)	(P0.42)	(P0.40)

The major classes of NAB assets classified as held for sale as of December 31, 2014 are as follows:

	Note	2014
Property, plant and equipment - net	13	P193,941
Finished goods and other inventories		353,765
Assets held for sale		P547,706

The net cash flows provided by (used in) operating activities of NAB segment amounted to (P2,756), (P2,084) and P4,895 in 2014, 2013 and 2012, respectively.

8. Cash and Cash Equivalents

Cash and cash equivalents consist of:

	Note	2014	2013
Cash in banks and on hand		P289,731	P472,949
Short-term investments		290,186	40,363
	33, 34	P579,917	P513,312

Cash in banks earns interest at the respective bank deposit rates. Short-term investments include demand deposits made for varying periods up to three months which can be withdrawn at anytime depending on the immediate cash requirements of the Group and earn interest at the respective short-term investment rates.

9. Trade and Other Receivables

Trade and other receivables consist of:

	<i>Note</i>	2014	2013
Trade		P2,988,257	P3,177,490
Non-trade	32	204,549	458,718
Amounts owed by related parties	28	256,327	242,073
		3,449,133	3,878,281
Less allowance for impairment losses		189,274	108,194
	33, 34	P3,259,859	P3,770,087

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

Non-trade receivables consist of advances to supplier amounting to P1,252 and P458 as of December 31, 2014 and 2013, respectively, subscription receivables amounting to P4,975 and P105,195 as of December 31, 2014 and 2013, respectively, receivable from employees amounting to P26,452 and P20,778 as of December 31, 2014 and 2013, respectively, sale of raw materials amounting to P130,781 and P107,880 as of December 31, 2014 and 2013, respectively and miscellaneous receivables amounting to P41,089 and P224,407 as of December 31, 2014 and 2013, respectively. These are generally collectible on demand.

The movement in allowance for impairment losses is as follow:

	<i>Note</i>	2014	2013
Balance at beginning of year		P108,194	P108,194
Provision for impairment losses	22	81,080	-
Balance at end of year		P189,274	P108,194

The aging of receivables is as follows:

December 31, 2014	Trade	Non-trade	Amounts Owed by Related Parties	Total
Current	P1,755,719	P7,526	P17,770	P1,781,015
Past due:				
Less than 30 days	567,311	3,595	18,859	589,765
30 - 60 days	114,324	8,068	10,040	132,432
61 - 90 days	59,355	2,296	22,632	84,283
Over 90 days	491,548	183,064	187,026	861,638
	P2,988,257	P204,549	P256,327	P3,449,133

December 31, 2013	Trade	Non-trade	Amounts Owed by Related Parties	Total
Current	P1,865,949	P55,615	P51,156	P1,972,720
Past due:				
Less than 30 days	669,900	6,864	75,811	752,575
30 - 60 days	138,259	7,907	34,022	180,188
61 - 90 days	38,966	33,848	1,433	74,247
Over 90 days	464,416	354,484	79,651	898,551
	P3,177,490	P458,718	P242,073	P3,878,281

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

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

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 P3,192 and P3,751 as of December 31, 2014 and 2013, respectively, is included in trade receivables from terminated dealers under the "Other noncurrent assets" account in the consolidated statements of financial position (Note 15).

10. Inventories

Inventories consist of:

	2014	2013
Finished goods at NRV	P863,650	P1,072,365
Materials and supplies at NRV	1,793,574	2,591,354
Containers - net	-	83,609
	P2,657,224	P3,747,328

The cost of finished goods and materials and supplies amounted to P2,795,128 and P3,733,623 as of December 31, 2014 and 2013, respectively.

Containers at deposit value amounted to P83,609 as of December 31, 2013.

The write-down of inventories to net realizable value amounted to P68,000 in 2014 and is included as part of "Cost of Sales" account in the consolidated statements of income (Note 21). No inventories were written down to net realizable value in 2013 and 2012.

The accumulated value of inventory write-down amounted to P137,904 and P69,904 as of December 31, 2014 and 2013, respectively.

11. Prepaid Taxes and Other Current Assets

Prepaid taxes and other current assets consist of:

	<i>Note</i>	2014	2013
Prepaid taxes		P1,426,224	P1,390,863
Derivative assets	33, 34	52	768
Others		51,876	51,138
		P1,478,152	P1,442,769

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

12. Investments in Joint Ventures

a. TSML

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

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

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

	2014	2013	2012
Current assets (including cash and cash equivalents - 2014: P103,873, 2013: P141,673 and 2012: P237,556)	P1,282,143	P1,319,308	P1,372,279
Noncurrent assets	1,510,106	1,612,052	1,636,099
Current liabilities (including current financial liabilities excluding trade and other payables and provisions - 2013: P660,479 and 2012: P648,988)	29,659	718,254	719,787
Noncurrent liabilities (including noncurrent financial liabilities excluding trade and other payables and provisions - 2014: P1,292,950, 2013: P607,815 and 2012: P530,213)	1,293,798	609,122	531,949
Net assets	1,468,792	1,603,984	1,756,642
Percentage of ownership	44.9%	44.9%	44.9%
Carrying amount of investment in joint venture	P659,488	P720,189	P788,732

	2014	2013	2012
Sales	P847,596	P1,124,174	P1,220,334
Cost of sales (including depreciation - 2014: P114,843, 2013: P115,788 and 2012: P114,036)	866,195	1,171,279	1,192,124
Operating expenses (including depreciation - 2014: P4,630, 2013: P4,783 and 2012: P5,053)	72,070	101,628	91,216
Other charges (including interest expense - 2014: P58,054, 2013: P47,492 and 2012: P57,883)	56,914	17,777	56,074
Net loss	(147,583)	(166,510)	(119,080)
Percentage of ownership	44.9%	44.9%	44.9%
Share in net loss	(66,265)	(74,763)	(53,467)
Share in other comprehensive income (loss)	5,564	6,219	(29,150)
Total comprehensive loss	(P60,701)	(P68,544)	(P82,617)

b. TGT

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

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

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

	2014	2013	2012
Current assets (including cash and cash equivalents - 2014: P80,571, 2013: P61,904 and 2012: P38,674)	P95,262	P105,156	P97,639
Noncurrent assets	5,634	5,781	179
Current liabilities	857,947	838,907	744,726
Noncurrent liabilities (including noncurrent financial liabilities excluding trade and other payables and provisions - 2014: P136, 2013: P219 and 2012: P188)	136	219	188
Net liabilities	(757,187)	(728,189)	(647,096)
Percentage of ownership	44.9%	44.9%	44.9%
Carrying amount of investment in joint venture	(P339,977)	(P326,957)	(P290,546)
Sales	P174,908	P268,140	P252,220
Cost of sales	157,805	237,871	234,978
Operating expenses (including depreciation - 2014: P158, 2013: P229 and 2012: P1,320)	41,314	110,610	86,139
Other income (including interest expense - 2012: P5)	695	1,223	20,475
Net loss	(23,516)	(79,118)	(48,422)
Percentage of ownership	44.9%	44.9%	44.9%
Share in net loss	(10,559)	(35,524)	(21,741)
Share in other comprehensive income (loss)	2,463	887	(10,365)
Total comprehensive loss	(P8,096)	(P34,637)	(P32,106)

The Group discontinued recognizing its share in the net liabilities of TGT since the cumulative losses including the share in other comprehensive loss already exceed the cost of investment. If TGT reports profits subsequently, the Group resumes recognizing its share of those profits after its share of the profits equals the share of net losses not recognized. As of December 31, 2014, 2013 and 2012, unrecognized share in net liabilities amounted to P339,977, P326,957 and P290,546, respectively.

13. 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	Leasehold Improvements	Construction in Progress	Total
Cost									
January 1, 2013	P708,069	P1,756,967	P241,287	P8,552,085	P111,331	P705,170	P138,684	P333,931	P12,547,524
Additions	-	-	-	-	-	-	-	256,908	256,908
Disposals/reclassifications	19,623	753,718	7,238	130,146	15,961	81,020	2,705	(324,156)	686,255
December 31, 2013	727,692	2,510,685	248,525	8,682,231	127,292	786,190	141,389	266,683	13,490,687
Additions	-	10	2,242	75,236	86	-	-	135,313	212,887
Disposals/reclassifications	55	16,451	(19,800)	102,262	2,366	64,303	263	(320,084)	(154,184)
Reclassification to assets held for sale	-	-	(18,060)	(297,544)	-	(103,540)	-	-	(419,144)
December 31, 2014	727,747	2,527,146	212,907	8,562,185	129,744	746,953	141,652	81,912	13,130,246
Accumulated Depreciation and Amortization									
January 1, 2013	150,129	712,902	151,507	3,726,273	82,346	556,845	11,705	-	5,391,707
Additions	5,306	53,195	33,302	449,370	15,574	60,839	7,224	-	624,810
Disposals/reclassifications	17,649	75,073	(10,190)	560,086	815	(14,465)	(342)	-	628,626
December 31, 2013	173,084	841,170	174,619	4,735,729	98,735	603,219	18,587	-	6,645,143
Additions	3,969	53,833	33,076	430,437	15,696	72,386	6,668	-	616,065
Disposals/reclassifications	16	88	(24,853)	(12,527)	(3,944)	(108,982)	17	-	(150,185)
Reclassification to assets held for sale	-	-	(9,679)	(171,822)	-	(43,702)	-	-	(225,203)
December 31, 2014	177,069	895,091	173,163	4,981,817	110,487	522,921	25,272	-	6,885,820
Accumulated Impairment Losses									
January 1, 2013	-	-	-	269,600	-	-	-	-	269,600
Additions	-	-	-	38,000	-	-	-	-	38,000
December 31, 2013 and 2014	-	-	-	307,600	-	-	-	-	307,600
Carrying Amount									
December 31, 2013	P554,608	P1,669,515	P73,906	P3,638,902	P28,557	P182,971	P122,802	P266,683	P6,537,944
December 31, 2014	P550,678	P1,632,055	P39,744	P3,272,768	P19,257	P224,032	P116,380	P81,912	P5,936,826

Additions in 2014 amounting to P212,887 pertain to the new production facility and improvements of concrete perimeter fence in Cabuyao, new building and blending facility in Mandaue, acquisition of pallets and software upgrade.

Additions in 2013 amounting to P256,908 pertain to the new blending and packaging facility in Mandaue, acquisitions of NAB crates and software upgrade.

Property, plant and equipment include unutilized machinery and equipment consisting of distillation equipment of the Company stored in DBI plant. In 2014, unutilized machinery and equipment amounting to P67,586 was used in current year's operations. Impairment loss amounting to P38,000 was provided for these unutilized machinery and equipment in 2013. The carrying amounts of unutilized machinery and equipment, net of accumulated impairment losses of P307,600 in 2014 and 2013, amounted to P68,630 and P145,565 as of December 31, 2014 and 2013, respectively.

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

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

In December 2013, the Company's bottling plant had been transferred from investment property to property, plant and equipment since the property was no longer held to earn rentals and the Company is not actively searching for any lessee. Further, the bottling plant is currently used by the Company as a warehouse. Amount transferred was measured at cost less accumulated depreciation (Note 14).

Depreciation, amortization and impairment loss recognized in profit or loss amounted to P616,065, P662,810 and P596,737 in 2014, 2013 and 2012, respectively. These amounts include annual amortizations of capitalized interest amounting to P11,841, P11,637 and P11,034 in 2014, 2013 and 2012, respectively.

Interest amounting to P2,310, P2,042 and P9,038 were capitalized to machinery and equipment in 2014, 2013 and 2012, respectively (Note 26). The capitalization rate used to determine the amount of interest eligible for capitalization was 4.88% in 2014, 5.69% in 2013 and 5.65% in 2012. As of December 31, 2014 and 2013, the unamortized capitalized borrowing costs amounted to P63,237 and P73,467, respectively.

14. Investment Property

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.

The movements in investment property are as follows:

	Land and Land Improvements	Buildings and Building Improvements	Machinery and Equipment	Other Equipment	Total
Cost					
January 1, 2013	P49,297	P116,300	P633,837	P9,247	P808,681
Reclassifications	(49,297)	(116,300)	(633,837)	(9,247)	(808,681)
December 31, 2013 and 2014	-	-	-	-	-
Accumulated Depreciation and Amortization					
January 1, 2013	17,589	74,126	558,793	9,247	659,755
Additions	65	2,892	5,895	-	8,852
Reclassifications	(17,654)	(77,018)	(564,688)	(9,247)	(668,607)
December 31, 2013 and 2014	-	-	-	-	-
Carrying Amount					
December 31, 2013 and 2014	P -	P -	P -	P -	P -

There are no other direct general and administrative expenses other than depreciation and amortization and real property taxes arising from investment property that generated income in 2013.

The fair value of investment property was determined by external, independent property appraisers having appropriate recognized professional qualifications and recent experience in the location and category of the property being valued. The independent appraisers provide the fair value of the Group's investment property annually.

Valuation Technique and Significant Unobservable Inputs

The valuation of investment property applied one or more or a combination of the two approaches below:

Cost Approach. This approach is based on the principle of substitution, which holds that an informed buyer would not pay more for a given property than the cost of an equally desirable alternative. The methodology of this approach is a set of procedures that estimate the current reproduction cost of the improvements, deducts accrued depreciation from all sources, and adds the value of investment property.

Sales Comparison Approach. The market value was determined using the Sales Comparison Approach. The comparative approach considers the sale of similar or substitute property, registered within the vicinity, and the related market data. The estimated value is established by process involving comparison. The property being valued is then compared with sales of similar property that have been transacted in the market. Listings and offerings may also be considered. The observable inputs to determine the market value of the property are the following: location characteristics, size, time element, quality and prospective use, bargaining allowance and marketability.

The fair value of investment property amounting to P235,100 as of December 31, 2012, has been categorized as Level 3 in the fair value hierarchy based on the inputs used in the valuation techniques (Note 3).

15. Other Noncurrent Assets

Other noncurrent assets consist of:

	<i>Note</i>	2014	2013
Deferred containers - net		P334,548	P551,217
Trade receivables referred to legal counsel - net	33, 34	32,166	32,707
Trade receivables from terminated dealers - net of current portion	9, 33, 34	3,192	3,751
Advances	33, 34	122,915	122,915
Deposits and others	28, 33, 34	996,825	688,988
		P1,489,646	P1,399,578

Advances represent outstanding amounts granted to external suppliers.

Deposits and others include: (a) idle assets with carrying amount of P11,552 as of December 31, 2013 was fully depreciated in 2014; (b) input taxes on the acquisition of capitalizable assets amounting to P33,240 and P65,367 as of December 31, 2014 and 2013, respectively; (c) advances by the Company to TSML amounting to P663,941 and P316,778 as of December 31, 2014 and 2013, respectively (Note 28); (d) advances for a project that is temporarily put on hold amounting to P264,146 as of December 31, 2014 and 2013 and (e) security deposits of EPSBPI to related parties on lease of land amounting to P485 as of December 31, 2014 and 2013.

16. 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 3% to 5.75% and 1.25% to 5.75% in 2014 and 2013, respectively.

Interest expense and other financing charges on notes payable amounted to P495,963, P556,641 and P457,447 in 2014, 2013 and 2012, respectively (Note 26).

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

17. Trade and Other Payables

Trade and other payables consist of:

	<i>Note</i>	2014	2013
Trade		P1,679,576	P1,751,254
Amounts owed to related parties	28	649,257	818,298
Derivative liabilities	33, 34	360	1,027
		P2,329,193	P2,570,579

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

18. Long-term Debt

Long-term debt consists of:

	2014	2013
Fixed interest rate of 7.89% and 7.25% maturing in 2015 (a)	P -	P812,119
Floating interest rate based on PDST-F plus margin or BSP overnight rate, whichever is higher, with maturities up to 2018 (b)	457,143	571,429
	457,143	1,383,548
Less current maturities	114,286	541,286
	P342,857	P842,262

- a. On May 25, 2010, the 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, were drawn down from the said credit facility. The loans are payable in equal semi-annual installments which commenced in 2012 and was fully paid in December 2014.
- b. GSMI, through EPSBPI, has an unsecured, long-term interest bearing loan with the Development Bank of the Philippines amounting to P800,000. The proceeds of the loan was used to finance the construction of the bottling facilities in Ligao, Albay and Cauayan, Isabela.

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

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

The movements in debt issue costs are as follows:

	2014	2013
Balance at beginning of year	P2,166	P3,737
Amortization	(2,166)	(1,571)
Balance at end of year	P -	P2,166

Repayment Schedule

As of December 31, 2014, the annual maturities of this long-term debt are as follows:

<u>Year</u>	<u>Gross Amount</u>
2015	P114,286
2016	114,286
2017	114,286
2018	114,285
	P457,143

Contractual terms of the Group's interest-bearing loans and exposure to interest rate and liquidity risks are discussed in Note 33.

19. Income Taxes

Deferred tax assets and liabilities arise from the following:

	<u>2014</u>	<u>2013</u>
Items recognized in profit or loss		
NOLCO	P673,367	P1,116,381
MCIT	78,458	185,788
Impairment losses on non-operating machinery and equipment	94,848	94,848
Various accruals	85,594	-
Allowance for impairment losses on trade and other receivables	76,561	52,237
Allowance for write-down of inventories	41,371	20,971
Past service costs	19,890	17,799
Net defined benefit retirement obligation	7,486	9,848
Derivative liabilities - net	93	78
Unrealized foreign exchange gain - net	(833)	(2,393)
Unamortized capitalized borrowing costs	(18,971)	(22,040)
Items recognized directly in other comprehensive income		
Equity reserve for retirement plan	58,146	37,159
	P1,116,010	P1,510,676

The above amounts are reported in the consolidated statements of financial position as follows:

	<u>2014</u>	<u>2013</u>
Deferred tax assets	P1,116,010	P1,510,886
Deferred tax liabilities	-	(210)
	P1,116,010	P1,510,676

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

	2014	2013
Amount charged to profit or loss	(P415,653)	P514,143
Amount charged to other comprehensive income	20,987	(18,783)
	(P394,666)	P495,360

As of December 31, 2014, deferred tax asset has not been recognized in respect of NOLCO and MCIT amounting to P498,441 and P123,788, respectively, as management believes it is not probable that future taxable income will be available against which the Company can utilize the benefit therefrom.

As of December 31, 2014, the NOLCO and MCIT of the Group that can be claimed as deduction from future taxable income and deduction from corporate income tax due, respectively, are as follows:

Year Incurred/Paid	Carryforward Benefits Up To	NOLCO	MCIT
2012	December 31, 2015	P1,216,544	P66,215
2013	December 31, 2016	1,508,367	57,903
2014	December 31, 2017	18,085	78,128
		P2,742,996	P202,246

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

	2014	2013	2012
Current	P105,102	P109,999	P94,254
Deferred	472,953	(462,646)	(358,769)
	P578,055	(P352,647)	(P264,515)

The income tax expense in continuing operations exclude the Group's share of the income tax benefit from the discontinued operation of P57,299, P51,497 and P49,227 in 2014, 2013 and 2012, respectively, which have been included in loss from discontinued operation, net of tax (Note 7).

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

	2014	2013	2012
Statutory income tax rate	30.00%	30.00%	30.00%
Decrease in income tax rate resulting from:			
Interest income subject to final tax	(0.10%)	(0.10%)	(0.10%)
Nondeductible expenses and others	(1,091.47%)	(3.46%)	(3.10%)
Effective income tax rate	(1,061.57%)	26.44%	26.80%

20. Equity

a. Capital Stock

Common Shares

As of December 31, 2014 and 2013, the 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 Company.

As of December 31, 2014 and 2013, the Company offer price is P15.88 and P23.00, respectively. The Company has a total of 738 and 762 stockholders in 2014 and 2013, respectively.

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

	2014	2013
Issued and outstanding shares at beginning of year	345,625,332	345,625,332
Less treasury shares	59,297,491	55,549,391
Issued and outstanding shares at end of year	286,327,841	290,075,941

Preferred Shares

As of December 31, 2014 and 2013, the 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.

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

	2014	2013
Issued and outstanding shares at beginning of year	53,437,585	53,437,585
Less treasury shares	20,650,700	20,650,700
Issued and outstanding shares at end of year	32,786,885	32,786,885

b. Treasury Shares

Treasury shares consist of:

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

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

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

c. Unappropriated Retained Earnings

No dividends were declared in 2014 and 2013.

The Group's unappropriated retained earnings includes the accumulated earnings in subsidiaries and equity in net losses of joint ventures amounting to P272,329, P307,296 and P314,627 in 2014, 2013 and 2012, respectively. Such amounts are not available for declaration as dividends until declared by the respective investees.

The unappropriated retained earnings of the Company is restricted in the amount of P2,669,973 in 2014 and P2,579,409 in 2013 and 2012, representing the cost of common and preferred shares held in treasury.

d. Appropriated Retained Earnings

As of December 31, 2014 and 2013, the Company has appropriated retained earnings amounting to P2,500,000 for the purpose of capital investment for the expansion of the plant facilities, including but not limited to equipment rehabilitation, to accommodate new product line and the increase in volume requirements in the next three to five years.

21. Cost of Sales

Cost of sales consists of:

	<i>Note</i>	2014	2013	2012
Inventories		P9,439,825	P9,140,314	P8,283,204
Utilities and supplies		615,674	538,438	835,091
Depreciation, amortization and impairment	<i>13, 14, 24</i>	300,250	430,521	340,114
Outside services	<i>35</i>	223,614	205,385	229,497
Personnel	<i>25, 30</i>	145,209	179,445	182,503
Repairs and maintenance		96,480	105,573	121,154
Write-down of inventories to net realizable value	<i>10</i>	68,000	-	-
Rent	<i>29</i>	35,956	83,878	76,994
Research		5,458	6,548	6,417
Insurance		4,203	4,428	5,600
Others		12,646	40,878	23,613
		P10,947,315	P10,735,408	P10,104,187

22. Selling and Marketing Expenses

Selling and marketing expenses consist of:

	<i>Note</i>	2014	2013	2012
Advertising and promotions		P727,348	P943,373	P1,137,130
Delivery and marketing		544,831	531,082	463,149
Personnel	25, 30	181,475	203,473	200,512
Outside services		94,198	121,335	106,183
Provision for impairment losses on receivables	9	81,080	-	-
Rent	29	58,258	61,206	85,745
Utilities and supplies		54,205	60,461	72,679
Depreciation, amortization and impairment	13, 14, 24	28,265	49,916	34,081
Repairs and maintenance		24,078	25,067	26,695
Travel and transportation		19,863	26,016	31,232
Corporate special program		15,859	84,227	22,489
Research		-	557	38,764
Others		11,030	9,700	7,713
		P1,840,490	P2,116,413	P2,226,372

23. General and Administrative Expenses

General and administrative expenses consist of:

	<i>Note</i>	2014	2013	2012
Personnel	25, 30	P571,237	P543,938	P646,566
Depreciation, amortization and impairment	13, 14, 24	296,933	188,144	204,620
Outside services	28	272,915	367,706	237,084
Taxes and licenses		146,571	108,056	84,814
Insurance		84,035	70,329	76,661
Rent	29	52,255	16,870	55,093
Corporate special program		37,163	71,198	37,653
Utilities and supplies		34,896	31,523	33,462
Research		30,443	15,726	5,408
Repairs and maintenance		25,916	31,195	43,447
Travel and transportation		19,947	20,903	19,018
Others		9,081	2,385	9,910
		P1,581,392	P1,467,973	P1,453,736

24. Depreciation, Amortization and Impairment

Depreciation, amortization and impairment from continuing operations consist of:

	<i>Note</i>	2014	2013	2012
Property, plant and equipment		P566,648	P634,224	P566,849
Pallets		45,982	24,265	1,654
Computer software		1,266	-	-
Investment property	<i>14</i>	-	8,852	9,072
Others		11,552	1,240	1,240
		P625,448	P668,581	P578,815

Depreciation, amortization and impairment from continuing operations are distributed as follows:

	<i>Note</i>	2014	2013	2012
Cost of sales	<i>21</i>	P300,250	P430,521	P340,114
Selling and marketing expenses	<i>22</i>	28,265	49,916	34,081
General and administrative expenses	<i>23</i>	296,933	188,144	204,620
		P625,448	P668,581	P578,815

25. Personnel Expenses

Personnel expenses from continuing operations consist of:

	<i>Note</i>	2014	2013	2012
Salaries and wages		P587,382	P603,306	P607,267
Employee benefits		252,043	259,859	358,613
Retirement costs	<i>30</i>	58,496	63,691	63,701
		P897,921	P926,856	P1,029,581

Personnel expenses from continuing operations are distributed as follows:

	<i>Note</i>	2014	2013	2012
Cost of sales	<i>21</i>	P145,209	P179,445	P182,503
Selling and marketing expenses	<i>22</i>	181,475	203,473	200,512
General and administrative expenses	<i>23</i>	571,237	543,938	646,566
		P897,921	P926,856	P1,029,581

26. Interest Expense and Other Financing Charges

Interest expense and other financing charges consist of:

	<i>Note</i>	2014	2013	2012
Interest on notes payable	16	P495,963	P556,641	P457,447
Interest on long-term debt		66,660	103,300	142,855
Capitalized borrowing costs	13	(2,310)	(2,042)	(9,038)
		P560,313	P657,899	P591,264

27. Other Income (Charges)

Other income (charges) consist of:

	<i>Note</i>	2014	2013	2012
Gain on sale of scrap		P29,360	P27,864	P88,435
Rental income	29	8,072	-	-
Foreign exchange gain (loss)		2,778	3,441	(3,391)
Loss on sale of molasses and alcohol		(46,343)	-	-
Gain (loss) on derivatives	34	(2,459)	1,007	11,283
Gain (loss) on sale of property and equipment		(89)	512	129
Loss on sale of cassava chips and ENA crystalline		-	-	(2,828)
Others		6,616	(1,980)	33
		(P2,065)	P30,844	P93,661

28. Related Party Disclosures

The Group, in the normal course of business, purchase products and services from and sells products to related parties. An assessment is undertaken at each financial year by examining the financial position of the related party and the market in which the related party operates.

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

	Year	Revenue from Related Parties	Purchases from Related Parties	Amounts Owed by Related Parties	Amounts Owed to Related Parties	Terms	Conditions
Parent Company	2014	P10,913	P263,184	P23,399	P95,998	On demand; Non-interest bearing	Unsecured; No impairment
	2013	20,805	193,568	31,487	123,911		
	2012	28,059	189,355	27,306	81,714		
Under Common Control	2014	249,456	3,088,207	233,413	553,259	On demand; Non-interest bearing	Unsecured; No impairment
	2013	480,192	2,817,997	211,071	694,387		
	2012	118,852	3,749,977	132,932	1,082,247		
Joint Venture	2014	-	-	663,941	-	On demand; Interest bearing	Unsecured; No impairment
	2013	-	-	316,778	-		
	2012	-	-	214,870	-		
Retirement Plan	2014	-	-	-	-	On demand; Non-interest bearing	Unsecured; No impairment
	2013	-	-	-	-		
	2012	-	-	77,025	-		
Associates of the Parent Company	2014	-	-	-	-	On demand; Non-interest bearing	Unsecured
	2013	-	-	-	-		
	2012	-	21,837	-	-		
	2014	-	-	-	3,047,665	3 months; Interest bearing	Unsecured
	2013	-	-	-	2,177,200		
	2012	-	-	-	2,600,000		
	2014	P260,369	P3,351,391	P920,753	P3,696,922		
	2013	P500,997	P3,011,565	P559,336	P2,995,498		
	2012	P146,911	P3,961,169	P452,133	P3,763,961		

- a. The Group, in the normal course of business, has significant transactions with related parties pertaining to purchases of containers, bottles and other packaging materials and sale of liquor and by-products. The sales to and purchases from related parties are made at market prices. There have been no guarantees provided or received for any amounts owed by and owed to related parties. The Group has not made any provision for impairment losses relating to amounts owed by related parties for the years ended December 31, 2014, 2013 and 2012.
- b. Management fees for the years ended December 31, 2014, 2013 and 2012 amounting to P181,825, P170,567 and P164,237, respectively, are included in outside services account under “General and administrative expenses” (Note 23).
- c. Security deposits for the years ended December 31, 2014 and 2013 amounting to P485 are included in deposit and others account under “Other noncurrent assets” (Note 15).
- d. TSML executed various promissory notes in favor of the Company. The details of which are as follows:
 - o Principal sum of THB250,000,000 together with interest of 5.5% per annum, which interest shall accrue on March 13, 2014.
 - o Principal sum of THB50,000,000 together with interest of 5.0% per annum, which interest shall accrue on September 2, 2013.
 - o Principal sum of THB25,000,000 together with interest of 5.0% per annum, which interest shall accrue on June 14, 2013.
 - o Principal sum of THB75,000,000 together with interest of 3.0% per annum, which interest shall accrue on September 6, 2011.
 - o Principal sum of THB75,000,000 together with interest of 3.0% per annum, which interest shall accrue on April 7, 2011.

The principal sum shall be due and payable in full on demand of the Company and the stipulated interest shall be payable every 3 months.

Amounts owed by TSML are included in the “Other noncurrent assets” account in the consolidated statements of financial position (Note 15).

Interest income from amounts owed by TSML recognized in the consolidated statements of income amounted to P19,796, P6,658 and P5,205 in 2014, 2013 and 2012, respectively.

- e. Amounts owed to Bank of Commerce are included in the “Notes payable” account in the consolidated statements of financial position (Note 16).
- f. The compensation of key management personnel of the Group, by benefit type, follows:

	2014	2013	2012
Short-term employee benefits	P35,874	P31,689	P34,499
Retirement costs	6,215	5,283	7,778
Share-based payments	-	371	576
	P42,089	P37,343	P42,853

29. Leasing Agreements

Operating Leases

Group as Lessor

- a. In 2013, the Company leased out a portion of its parcel of land in Cabuyao, Laguna to a related party for a period of three years from February 1, 2013 to January 31, 2016. Rental fee amounted to P194 per month.
- b. In 2013, the Company leased out a portion of its parcel of land in Sta. Barbara, Pangasinan to a related party for a period of three years from July 1, 2013 to June 30, 2016. Rental fee amounted to P200 per month.

Rent income recognized in the consolidated statements of income amounted to P8,072 in 2014 (Note 27).

Group as Lessee

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

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

Rent expense recognized in the consolidated statements of income from continuing and discontinued operations amounted to P153,827, P166,032 and P233,768 in 2014, 2013 and 2012, respectively (Notes 7, 21, 22 and 23).

The future minimum non-cancellable lease payables are as follows:

	2014	2013
Within one year	P4,032	P4,490
After one year but not more than five years	11,654	15,391
More than five years	-	295
	P15,686	P20,176

30. Retirement Plans

The Company and DBI have funded, noncontributory, defined benefit retirement plans (collectively, the Retirement Plans) covering all of their permanent employees. The Retirement Plans of the Group pay out benefits based on final pay. Contributions and costs are determined in accordance with the actuarial studies made for the Retirement Plans. Annual cost is determined using the projected unit credit method. The Group's latest actuarial valuation date is December 31, 2014. Valuations are obtained on a periodic basis.

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

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

	Fair Value of Plan Assets		Present Value of Defined Benefit Obligation		Net Defined Benefit Retirement Liability	
	2014	2013	2014	2013	2014	2013
Balance at beginning of year	P687,741	P625,705	P844,432	P876,300	P156,691	P250,595
Recognized in profit or loss						
Service costs	-	-	51,375	51,401	51,375	51,401
Interest expense	-	-	37,888	48,228	37,888	48,228
Interest income	28,185	33,183	-	-	(28,185)	(33,183)
	28,185	33,183	89,263	99,629	61,078	66,446
Recognized in other comprehensive income						
Remeasurements:						
Actuarial losses (gains) arising from:						
Experience adjustments	-	-	36,756	965	36,756	965
Changes in financial assumptions	-	-	(2,910)	11,239	(2,910)	11,239
Changes in demographic assumptions	-	-	(16,416)	(2,522)	(16,416)	(2,522)
Return on plan assets excluding interest	(52,528)	72,291	-	-	52,528	(72,291)
	(52,528)	72,291	17,430	9,682	69,958	(62,609)
Others						
Contributions	68,951	97,741	-	-	(68,951)	(97,741)
Benefits paid	(187,437)	(136,418)	(187,437)	(136,418)	-	-
Transfers to other plans	-	(4,761)	-	(4,761)	-	-
	(118,486)	(43,438)	(187,437)	(141,179)	(68,951)	(97,741)
Balance at end of year	P544,912	P687,741	P763,688	P844,432	P218,776	P156,691

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

Retirement costs recognized in the consolidated statements of income by the Company amounted to P56,697, P63,010 and P62,323 in 2014, 2013 and 2012, respectively, while those charged by DBI amounted to P4,381, P3,436 and P3,754 in 2014, 2013 and 2012, respectively.

The retirement costs from continuing and discontinued operations are recognized in the following line items in the consolidated statements of income:

	<i>Note</i>	2014	2013	2012
Cost of sales	21	P8,173	P17,039	P8,338
Selling and marketing expenses	22	12,494	13,462	12,359
General and administrative expenses	23	40,411	35,945	45,380
		P61,078	P66,446	P66,077

Retirement liabilities recognized by the Company amounted to P203,533 and P142,091 as of December 31, 2014 and 2013, respectively, while those recognized by DBI amounted to P15,243 and P14,600 as of December 31, 2014 and 2013, respectively.

The carrying amounts of the Group's retirement fund approximate fair values as of December 31, 2014 and 2013.

The Group's plan assets consist of the following:

	In Percentages	
	2014	2013
Fixed income portfolio	38	26
Stock trading portfolio	30	26
Marketable securities	29	33
Others	3	15
	100	100

Investments in Marketable Securities

As of December 31, 2014 and 2013, the plan assets include 9,943,321 common shares of the Company with fair market value per share of P15.88 and P23.00, respectively.

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

The Company's Retirement Plan recognized gains (losses) on the investment in marketable securities of SMC and its subsidiaries amounting to P70,796 and (P51,705) in 2014 and 2013, respectively.

There was no dividend income recognized in 2014 and 2013.

Investments in Pooled Funds

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

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

Approximately 7.93% and 11.86% of the Retirement Plan's investments in pooled funds in stock trading portfolio include investments in shares of stock of SMC and its subsidiaries as of December 31, 2014 and 2013, respectively.

Approximately 10.06% and 12.79% of the Retirement Plan's investments in pooled funds in fixed income portfolio include investments in shares of stock of SMC and its subsidiaries as of December 31, 2014 and 2013, respectively.

Others

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

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

The Group is not required to pre-fund the future defined benefits payable under the Retirement Plans before they become due. For this reason, the amount and timing of contributions to the Retirement Funds are at the Group's discretion. However, in the event a benefit claim arises and the Retirement Funds are insufficient to pay the claim, the shortfall will then be due and payable from the Group to the Retirement Funds. The Group is not expected to contribute to its defined benefit retirement plan in 2015.

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

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

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

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

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

	In Percentages	
	2014	2013
Discount rate	4.31 - 4.80	4.07 - 4.52
Salary increase rate	7	7

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

The weighted average duration of defined benefit retirement obligation is 2.4 years and 2.45 years as of December 31, 2014 and 2013, respectively.

As of December 31, 2014 and 2013, the reasonably possible changes to one of the relevant actuarial assumptions, while holding all other assumptions constant, would have affected the defined benefit retirement obligation by the amounts below, respectively:

	Defined Benefit Retirement Obligation Increase (Decrease)			
	2014		2013	
	1 Percent Increase	1 Percent Decrease	1 Percent Increase	1 Percent Decrease
Discount rate	(P9,949)	P10,775	(P11,122)	P12,062
Salary increase rate	9,064	(8,574)	9,944	(9,383)

For the years ended December 31, 2014 and 2013, the Group's transaction relating to pension plans pertain to the contributions for the period. There are no other transaction or outstanding receivables and payables with the plan assets.

31. Basic and Diluted Loss Per Share

Basic and Diluted Loss Per Share is computed as follows:

	2014			2013			2012		
	Continuing Operations	Discontinued Operation	Total	Continuing Operations	Discontinued Operation	Total	Continuing Operations	Discontinued Operation	Total
Net loss	(P632,508)	(P133,699)	(P766,207)	(P981,035)	(P120,160)	(P1,101,195)	(P722,306)	(P114,863)	(P837,169)
Less: Dividends on preferred shares	49,180	-	49,180	49,180	-	49,180	49,180	-	49,180
Net loss available to common shares (a)	(P681,688)	(P133,699)	(P815,387)	(P1,030,215)	(P120,160)	(P1,150,375)	(P771,486)	(P114,863)	(P886,349)
Weighted average number of common shares outstanding (in thousands) - basic and diluted (b)	287,577	287,577	287,577	290,076	290,076	290,076	290,076	290,076	290,076
Basic and Diluted Loss Per Share (a/b)	(P2.37)	(P0.47)	(P2.84)	(P3.55)	(P0.42)	(P3.97)	(P2.66)	(P0.40)	(P3.06)

32. Share-Based Transactions

ESPP

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

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

Subscriptions receivable as of December 31, 2014 and 2013 amounted to P4,975 and P105,195, respectively, presented as part of "Trade and other receivables" account in the consolidated statements of financial position (Note 9).

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

There were no shares offered under the ESPP in 2014 and 2013.

33. Financial Risk and Capital Management Objectives and Policies

Objectives and Policies

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

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

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

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

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

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

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

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

The 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 long-term borrowings. Borrowings issued at fixed rates expose the Group to fair value interest rate risk. On the other hand, borrowings issued at variable rates expose the Group to cash flow interest rate risk.

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

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

The management of interest rate risk is also supplemented by monitoring the sensitivity of the Group's financial instruments to various standard and non-standard interest rate scenarios. Interest rate movements affect reported retained earnings arising from increases or decreases in interest income or interest expense as well as fair value changes reported in profit or loss, if any.

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 P5,221 and P6,380 in 2014 and 2013, respectively. A 1% decrease in the interest rate would have had the equal but opposite effect. These changes are considered to be reasonably possible given the observation of prevailing market conditions in those periods. There is no impact on the Group's other comprehensive income.

Interest Rate Risk Table

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

December 31, 2014	<1 Year	1 - 2 Years	>2 - 3 Years	>3 - 4 Years	>4 - 5 Years	Total
Floating Rate						
Philippine peso-denominated Interest rate	P114,286 PDST-F+ margin or BSP overnight rate, whichever is higher	P114,286 PDST-F+ margin or BSP overnight rate, whichever is higher	P114,286 PDST-F+ margin or BSP overnight rate, whichever is higher	P114,285 PDST-F+ margin or BSP overnight rate, whichever is higher	P -	P457,143
	P114,286	P114,286	P114,286	P114,285	P -	P457,143
December 31, 2013	<1 Year	1 - 2 Years	>2 - 3 Years	>3 - 4 Years	>4 - 5 Years	Total
Fixed Rate						
Philippine peso-denominated Interest rate	P428,571 7.25% - 7.89%	P385,714 7.25% - 7.89%	P -	P -	P -	P814,285
Floating Rate						
Philippine peso-denominated Interest rate	114,286 PDST-F+ margin or BSP overnight rate, whichever is higher	114,285 PDST-F+ margin or BSP overnight rate, whichever is higher	571,429			
	P542,857	P500,000	P114,286	P114,286	P114,285	P1,385,714

Foreign Currency Risk

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

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

	December 31, 2014		December 31, 2013	
	US Dollar	Peso Equivalent	US Dollar	Peso Equivalent
Assets				
Cash and cash equivalents	US\$2,440	P109,137	US\$875	P38,842
Trade and other receivables	580	25,954	520	23,084
Foreign currency-denominated monetary assets	US\$3,020	P135,091	US\$1,395	P61,926

The Group reported net foreign exchange gains from continuing and discontinued operations amounting to P2,778, P7,980 and P1,785 in 2014, 2013 and 2012, respectively, with the translation of its foreign currency-denominated assets (Notes 7 and 27). These mainly resulted from the movements of the Philippine peso against the US dollar as shown in the following table:

	US Dollar to Philippine Peso
December 31, 2014	44.720
December 31, 2013	44.395
December 31, 2012	41.050

The management of foreign currency risk is also supplemented by monitoring the sensitivity of the Group's financial instruments to various foreign currency exchange rate scenarios. Foreign exchange movements affect reported retained earnings arising from increases or decreases in unrealized and realized foreign exchange gains or losses.

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 profit before tax (due to changes in the fair value of monetary assets) and the Group's equity.

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

December 31, 2013	P1 Decrease in the US Dollar Exchange Rate		P1 Increase in the US Dollar Exchange Rate	
	Effect on		Effect on	
	Income before Income Tax	Effect on Equity	Income before Income Tax	Effect on Equity
Cash and cash equivalents	(P875)	(P613)	P875	P613
Trade and other receivables	(520)	(364)	520	364
	(P1,395)	(P977)	P1,395	P977

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

Commodity Price Risk

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

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

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

Liquidity Risk

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

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

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

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

December 31, 2014

	Carrying Amount	Contractual Cash Flow	1 Year or Less	> 1 Year - 2 Years	> 2 Years - 5 Years
Financial Assets					
Cash and cash equivalents	P579,917	P579,917	P579,917	P -	P -
Trade and other receivables - net	3,259,859	3,259,859	3,259,859	-	-
Derivative assets (included under "Prepaid taxes and other current assets" account)	52	52	52	-	-
Noncurrent receivables and deposits (included under "Other noncurrent assets - net" account)	853,923	853,923	-	189,498	664,425
Financial Liabilities					
Notes payable	10,084,440	10,152,613	10,152,613	-	-
Trade and other payables (excluding dividends payable)	2,323,555	2,323,555	2,323,555	-	-
Derivative liabilities (included under "Trade and other payables" account)	360	360	360	-	-
Long-term debt (including current maturities)	457,143	494,165	130,524	125,924	237,717

December 31, 2013

	Carrying Amount	Contractual Cash Flow	1 Year or Less	> 1 Year - 2 Years	> 2 Years - 5 Years
Financial Assets					
Cash and cash equivalents	P513,312	P513,312	P513,312	P -	P -
Trade and other receivables - net	3,770,087	3,770,087	3,770,087	-	-
Derivative assets (included under "Prepaid taxes and other current assets" account)	768	768	768	-	-
Noncurrent receivables and deposits (included under "Other noncurrent assets - net" account)	507,297	507,297	-	190,034	317,263
Financial Liabilities					
Notes payable	9,980,800	10,045,171	10,045,171	-	-
Trade and other payables (excluding dividends payable)	2,564,219	2,564,219	2,564,219	-	-
Derivative liabilities (included under "Trade and other payables" account)	1,027	1,027	1,027	-	-
Long-term debt (including current maturities)	1,383,548	1,513,754	613,829	538,882	361,043

Credit Risk

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

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

Trade and Other Receivables

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

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

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

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

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

	<i>Note</i>	2014	2013
Cash and cash equivalents	8	P579,917	P513,312
Trade and other receivables - net	9	3,259,859	3,770,087
Derivative assets	11	52	768
Noncurrent receivables and deposits	15	853,923	507,297
		P4,693,751	P4,791,464

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 credit qualities of trade and other receivables are based on a combination of credit standing or rating of the counterparty, historical experience and specific and collective credit risk assessment. Trade and other receivables that are neither past due nor impaired are of standard grade. Deposits are high-grade financial instruments with satisfactory financial capability and credit standing.

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

Capital Management

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

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

The Group defines capital as paid-in capital stock, additional paid-in capital and retained earnings, both appropriated and unappropriated. Other components of equity such as treasury stock 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 external environment and the risks underlying the Group's business, operation and industry.

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

The Group is not subject to externally imposed capital requirements.

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:

	December 31, 2014		December 31, 2013	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial Assets				
Cash and cash equivalents	P579,917	P579,917	P513,312	P513,312
Trade and other receivables - net	3,259,859	3,259,859	3,770,087	3,770,087
Derivative assets (included under "Prepaid taxes and other current assets" account)	52	52	768	768
Noncurrent receivables and deposits (included under "Other noncurrent assets - net" account)	853,923	853,923	507,297	507,297
Financial Liabilities				
Notes payable	10,084,440	10,084,440	9,980,800	9,980,800
Trade and other payables (excluding dividends payable)	2,323,555	2,323,555	2,564,219	2,564,219
Derivative liabilities (included under "Trade and other payables" account)	360	360	1,027	1,027
Long-term debt (including current maturities)	457,143	457,143	1,383,548	1,427,909

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

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

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

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

Long-term Debt. The fair value of interest-bearing fixed-rate loans is based on the discounted value of expected future cash flows using the applicable market rates for similar types of instruments as of reporting date. Discount rates used for Philippine peso-denominated loans range from 0.45% to 1.61% as of December 31, 2013. The carrying amounts of floating rate loans with quarterly interest rate repricing approximate their fair values.

Derivative Financial Instruments

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

Derivative Instruments not Designated as Hedges

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

Embedded Currency Forwards

The total outstanding notional amount of currency forwards embedded in non-financial contracts amounted to US\$828 and US\$1,020 as of December 31, 2014 and 2013, respectively. These non-financial contracts consist mainly of foreign currency denominated purchase orders and sales agreements. The embedded forwards are not clearly and closely related to their respective host contracts. The net negative fair value of these embedded currency forwards amounted to P308 and P259 as of December 31, 2014 and 2013, respectively.

The Group recognized marked-to-market gains (losses) from embedded derivatives amounting to (P2,459), P1,007 and P11,283 in 2014, 2013 and 2012, respectively (Note 27).

Fair Value Changes on Derivatives

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

	2014	2013
Balance at beginning of year	(P259)	P875
Net changes in fair value of non-accounting hedges	(2,459)	1,007
	(2,718)	1,882
Less fair value of settled instruments	(2,410)	2,141
Balance at end of year	(P308)	(P259)

Fair Value Hierarchy

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

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

2014	Level 1	Level 2	Level 3	Total
Financial Assets				
Derivative assets	P -	P52	P -	P52
Financial Liabilities				
Derivative liabilities	-	360	-	360
2013	Level 1	Level 2	Level 3	Total
Financial Assets				
Derivative assets	P -	P768	P -	P768
Financial Liabilities				
Derivative liabilities	-	1,027	-	1,027

The Group has no financial instruments valued based on Level 1 and Level 3 as of December 31, 2014 and 2013. 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 alcoholic and nonalcoholic products. Toll manufacturing expense amounting to P245,368, P286,962 and P239,492 in 2014, 2013 and 2012, respectively, were included as part of outside services under the “Cost of sales” account (Note 21).
- The outstanding purchase commitments of the Company as of December 31, 2014 and 2013 amounted to US\$19,837 (P887,113) and US\$80,534 (P3,575,294), respectively.

b. *Contingencies*

The Group is a party to certain lawsuits or claims (mostly labor related cases) filed by third parties which are either pending decision by the courts or are subject to settlement agreements. The outcome of these lawsuits or claims cannot be presently determined. In the opinion of management and its legal counsel, the eventual liability from these lawsuits or claims, if any, will not have a material effect on the consolidated financial statements of the Group. No provision was recognized in 2014, 2013 and 2012.



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REPORT OF INDEPENDENT AUDITORS ON SUPPLEMENTARY INFORMATION

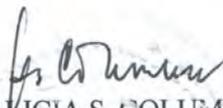
The Board of Directors and Stockholders
Ginebra San Miguel Inc.
3rd and 6th Floor, San Miguel Properties Centre
St. Francis Street, Ortigas Center
Mandaluyong City

We have audited, in accordance with Philippine Standards on Auditing, the separate financial statements of Ginebra San Miguel Inc. as at and for the years ended December 31, 2014 and 2013, included in this Form 17-A, and have issued our report dated March 25, 2015.

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

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

R.G. MANABAT & CO.



ALICIA S. COLUMBRES

Partner

CPA License No. 069679

SEC Accreditation No. 1181-A, Group A, valid until April 30, 2015

Tax Identification No. 120-964-156

BIR Accreditation No. 08-001987-27-2014

Issued September 26, 2014; valid until September 25, 2017

PTR No. 4748104MC

Issued January 5, 2015 at Makati City

March 25, 2015
Makati City, Metro Manila

Schedule 1

GINEBRA SAN MIGUEL INC.
3rd and 6th Floor, San Miguel Properties Centre
St. Francis Street, Ortigas Center, Mandaluyong City
RECONCILIATION OF RETAINED EARNINGS (DEFICIT)
FOR DIVIDEND DECLARATION
(in thousands)

Unappropriated Retained Earnings, January 1, 2014	P2,522,269
Adjustments:	
Adjustments in previous years' reconciliation	(3,388,270)
Unappropriated Retained Earnings (Deficit), as adjusted, January 1, 2014	(866,001)
Net loss for the current year based on the face of AFS	(731,240)
Less: Non-actual/unrealized income net of tax	
Equity in net income of associate/ joint venture	P -
Unrealized foreign exchange gain - net (except those attributable to cash and cash equivalents)	760
Unrealized actuarial gain	-
Fair value adjustment (M2M gains)	-
Fair value adjustment of Investment Property resulting to gain adjustment due to deviation from PFRS/GAAP - gain	-
Other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS	-
Deferred income tax benefit for the year	-
Sub - total	760
Add: Non-actual losses	
Depreciation on revaluation increment (after tax)	-
Adjustment due to deviation from PFRS/GAAP - loss	-
Loss on fair value adjustment of investment property (after tax)	-
Sub - total	-
Net loss actually incurred during the year	(732,000)
Add (Less):	
Dividend declaration during the period	-
Appropriation of retained earnings during the period	-
Reversal of appropriations	-
Effects of prior period adjustments	-
Treasury shares	(90,564)
TOTAL RETAINED EARNINGS (DEFICIT) AVAILABLE FOR DIVIDEND DECLARATION, DECEMBER 31, 2014	(P1,688,565)



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REPORT OF INDEPENDENT AUDITORS ON SUPPLEMENTARY INFORMATION

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

We have audited, in accordance with Philippine Standards on Auditing, the consolidated financial statements of Ginebra San Miguel Inc. and Subsidiaries (the "Group") as at and for each of the three years in the period ended December 31, 2014, included in this Form 17-A, and have issued our report dated March 25, 2015.

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

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

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

R.G. MANABAT & CO.

ALICIA S. COLUMBRES

Partner

CPA License No. 069679

SEC Accreditation No. 1181-A, Group A, valid until April 30, 2015

Tax Identification No. 120-964-156

BIR Accreditation No. 08-001987-27-2014

Issued September 26, 2014; valid until September 25, 2017

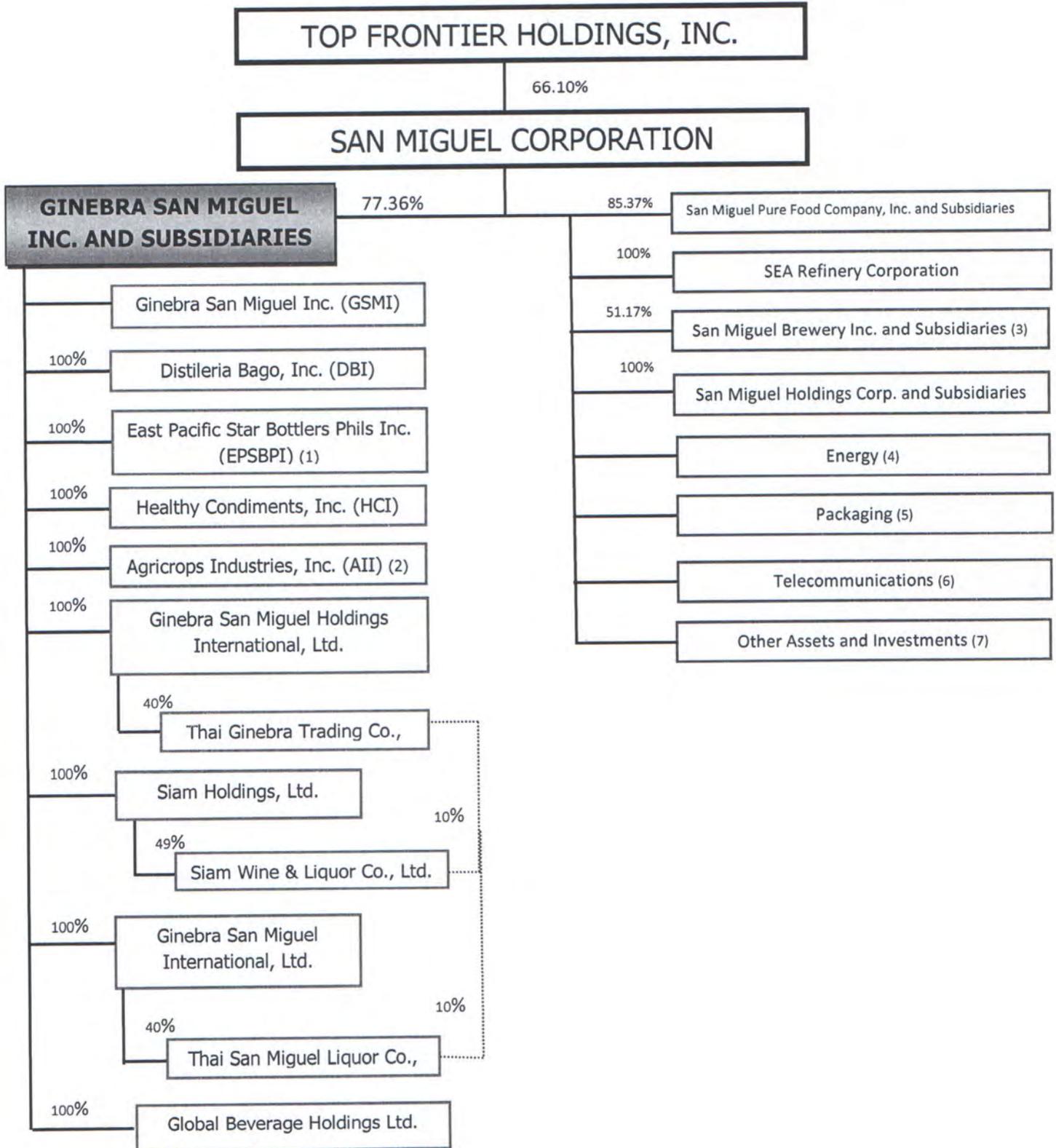
PTR No. 4748104MC

Issued January 5, 2015 at Makati City

March 25, 2015

Makati City, Metro Manila

GINEBRA SAN MIGUEL INC. AND SUBSIDIARIES GROUP STRUCTURE



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

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

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2014		Adopted	Not Adopted	Not Applicable
Framework for the Preparation and Presentation of Financial Statements				
Conceptual Framework Phase A: Objectives and qualitative characteristics		✓		
PFRSs Practice Statement Management Commentary			✓	
Philippine Financial Reporting Standards				
PFRS 1 (Revised)	First-time Adoption of Philippine Financial Reporting Standards			✓
	Amendments to PFRS 1 and PAS 27: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate			✓
	Amendments to PFRS 1: Additional Exemptions for First-time Adopters			✓
	Amendment to PFRS 1: Limited Exemption from Comparative PFRS 7 Disclosures for First-time Adopters			✓
	Amendments to PFRS 1: Severe Hyperinflation and Removal of Fixed Date for First-time Adopters			✓
	Amendments to PFRS 1: Government Loans			✓
	Annual Improvements to PFRSs 2009 - 2011 Cycle: First-time Adoption of Philippine Financial Reporting Standards - Repeated Application of PFRS 1			✓
	Annual Improvements to PFRSs 2009 - 2011 Cycle: Borrowing Cost Exemption			✓
	Annual Improvements to PFRSs 2011 - 2013 Cycle: PFRS version that a first-time adopter can apply			✓
PFRS 2	Share-based Payment	✓		
	Amendments to PFRS 2: Vesting Conditions and Cancellations	✓		
	Amendments to PFRS 2: Group Cash-settled Share-based Payment Transactions			✓
	Annual Improvements to PFRSs 2010 - 2012 Cycle: Meaning of 'vesting condition'		✓	
PFRS 3 (Revised)	Business Combinations	✓		
	Annual Improvements to PFRSs 2010 - 2012 Cycle: Classification and measurement of contingent consideration		✓	
	Annual Improvements to PFRSs 2011 - 2013 Cycle: Scope exclusion for the formation of joint arrangements		✓	
PFRS 4	Insurance Contracts			✓
	Amendments to PAS 39 and PFRS 4: Financial Guarantee Contracts			✓
PFRS 5	Non-current Assets Held for Sale and Discontinued Operations	✓		
	Annual Improvements to PFRSs 2012 - 2014 Cycle: Changes in method for disposal		✓	
PFRS 6	Exploration for and Evaluation of Mineral Resources			✓

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

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2014		Adopted	Not Adopted	Not Applicable
PFRS 13	Fair Value Measurement	✓		
	Annual Improvements to PFRSs 2010 - 2012 Cycle: Measurement of short-term receivables and payables	✓		
	Annual Improvements to PFRSs 2011 - 2013 Cycle: Scope of portfolio exception		✓	
PFRS 14	Regulatory Deferral Accounts		✓	
Philippine Accounting Standards				
PAS 1 (Revised)	Presentation of Financial Statements	✓		
	Amendment to PAS 1: Capital Disclosures	✓		
	Amendments to PAS 32 and PAS 1: Puttable Financial Instruments and Obligations Arising on Liquidation			✓
	Amendments to PAS 1: Presentation of Items of Other Comprehensive Income	✓		
	Annual Improvements to PFRSs 2009 - 2011 Cycle: Presentation of Financial Statements - Comparative Information beyond Minimum Requirements	✓		
	Annual Improvements to PFRSs 2009 - 2011 Cycle: Presentation of the Opening Statement of Financial Position and Related Notes	✓		
	Amendments to PAS 1: Disclosure Initiative		✓	
PAS 2	Inventories	✓		
PAS 7	Statement of Cash Flows	✓		
PAS 8	Accounting Policies, Changes in Accounting Estimates and Errors	✓		
PAS 10	Events after the Reporting Period	✓		
PAS 11	Construction Contracts			✓
PAS 12	Income Taxes	✓		
	Amendment to PAS 12 - Deferred Tax: Recovery of Underlying Assets	✓		
PAS 16	Property, Plant and Equipment	✓		
	Annual Improvements to PFRSs 2009 - 2011 Cycle: Property, Plant and Equipment - Classification of Servicing Equipment	✓		
	Amendments to PAS 16 and PAS 38: Clarification of Acceptable Methods of Depreciation and Amortization		✓	
	Amendments to PAS 16 and PAS 41: Agriculture: Bearer Plants		✓	
	Annual Improvements to PFRSs 2010 - 2012 Cycle: Restatement of accumulated depreciation (amortization) on revaluation (Amendments to PAS 16 and PAS 38)		✓	
PAS 17	Leases	✓		
PAS 18	Revenue	✓		
PAS 19 (Amended)	Employee Benefits	✓		
	Amendments to PAS 19: Defined Benefit Plans: Employee Contributions		✓	
	Annual Improvements to PFRSs 2012 - 2014 Cycle: Discount rate in a regional market sharing the same currency - e.g. the Eurozone		✓	
PAS 20	Accounting for Government Grants and Disclosure of Government Assistance			✓

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2014		Adopted	Not Adopted	Not Applicable
PAS 21	The Effects of Changes in Foreign Exchange Rates	✓		
	Amendment: Net Investment in a Foreign Operation	✓		
PAS 23 (Revised)	Borrowing Costs	✓		
PAS 24 (Revised)	Related Party Disclosures	✓		
	Annual Improvements to PFRSs 2010 - 2012 Cycle: Definition of 'related party'		✓	
PAS 26	Accounting and Reporting by Retirement Benefit Plans			✓
PAS 27 (Amended)	Separate Financial Statements	✓		
	Amendments to PFRS 10, PFRS 12, and PAS 27 (2011): Investment Entities			✓
	Amendments to PAS 27: Equity Method in Separate Financial Statements		✓	
PAS 28 (Amended)	Investments in Associates and Joint Ventures	✓		
	Amendments to PFRS 10 and PAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture		✓	
	Amendments to PFRS 10, PFRS 12 and PAS 28: Investment Entities: Applying the Consolidation Exception		✓	
PAS 29	Financial Reporting in Hyperinflationary Economies			✓
PAS 32	Financial Instruments: Disclosure and Presentation	✓		
	Amendments to PAS 32 and PAS 1: Puttable Financial Instruments and Obligations Arising on Liquidation			✓
	Amendment to PAS 32: Classification of Rights Issues			✓
	Amendments to PAS 32: Offsetting Financial Assets and Financial Liabilities	✓		
	Annual Improvements to PFRSs 2009 - 2011 Cycle: Financial Instruments Presentation - Income Tax Consequences of Distributions			✓
PAS 33	Earnings per Share	✓		
PAS 34	Interim Financial Reporting	✓		
	Annual Improvements to PFRSs 2009 - 2011 Cycle: Interim Financial Reporting - Segment Assets and Liabilities	✓		
	Annual Improvements to PFRSs 2012 - 2014 Cycle: Disclosure of information "elsewhere in the interim financial report"		✓	
PAS 36	Impairment of Assets	✓		
	Amendments to PAS 36: Recoverable Amount Disclosures for Non-Financial Assets	✓		
PAS 37	Provisions, Contingent Liabilities and Contingent Assets	✓		
PAS 38	Intangible Assets	✓		
	Amendments to PAS 16 and PAS 38: Clarification of Acceptable Methods of Depreciation and Amortization		✓	
	Annual Improvements to PFRSs 2010 - 2012 Cycle: Restatement of accumulated depreciation (amortization) on revaluation (Amendments to PAS 16 and PAS 38)		✓	
PAS 39	Financial Instruments: Recognition and Measurement	✓		
	Amendments to PAS 39: Transition and Initial Recognition of Financial Assets and Financial Liabilities	✓		
	Amendments to PAS 39: Cash Flow Hedge Accounting of Forecast Intragroup Transactions			✓

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2014		Adopted	Not Adopted	Not Applicable
	Amendments to PAS 39: The Fair Value Option			✓
	Amendments to PAS 39 and PFRS 4: Financial Guarantee Contracts			✓
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets	✓		
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets - Effective Date and Transition	✓		
	Amendments to Philippine Interpretation IFRIC-9 and PAS 39: Embedded Derivatives			✓
	Amendment to PAS 39: Eligible Hedged Items			✓
	Amendment to PAS 39: Novation of Derivatives and Continuation of Hedge Accounting			✓
PAS 40	Investment Property	✓		
	Annual Improvements to PFRSs 2011 - 2013 Cycle: Inter-relationship of PFRS 3 and PAS 40 (Amendment to PAS 40)		✓	
PAS 41	Agriculture			✓
	Amendments to PAS 16 and PAS 41: Agriculture: Bearer Plants		✓	
Philippine Interpretations				
IFRIC 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities			✓
IFRIC 2	Members' Share in Co-operative Entities and Similar Instruments			✓
IFRIC 4	Determining Whether an Arrangement Contains a Lease	✓		
IFRIC 5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds			✓
IFRIC 6	Liabilities arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment			✓
IFRIC 7	Applying the Restatement Approach under PAS 29 Financial Reporting in Hyperinflationary Economies			✓
IFRIC 9	Reassessment of Embedded Derivatives			✓
	Amendments to Philippine Interpretation IFRIC-9 and PAS 39: Embedded Derivatives			✓
IFRIC 10	Interim Financial Reporting and Impairment	✓		
IFRIC 12	Service Concession Arrangements			✓
IFRIC 13	Customer Loyalty Programmes			✓
IFRIC 14	PAS 19 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction			✓
	Amendments to Philippine Interpretations IFRIC- 14, Prepayments of a Minimum Funding Requirement			✓
IFRIC 16	Hedges of a Net Investment in a Foreign Operation			✓
IFRIC 17	Distributions of Non-cash Assets to Owners			✓
IFRIC 18	Transfers of Assets from Customers			✓
IFRIC 19	Extinguishing Financial Liabilities with Equity Instruments			✓
IFRIC 20	Stripping Costs in the Production Phase of a Surface Mine			✓
IFRIC 21	Levies	✓		
SIC-7	Introduction of the Euro			✓
SIC-10	Government Assistance - No Specific Relation to Operating Activities			✓

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2014		Adopted	Not Adopted	Not Applicable
SIC-15	Operating Leases - Incentives			✓
SIC-25	Income Taxes - Changes in the Tax Status of an Entity or its Shareholders			✓
SIC-27	Evaluating the Substance of Transactions Involving the Legal Form of a Lease	✓		
SIC-29	Service Concession Arrangements: Disclosures.			✓
SIC-31	Revenue - Barter Transactions Involving Advertising Services			✓
SIC-32	Intangible Assets - Web Site Costs			✓
Philippine Interpretations Committee Questions and Answers				
PIC Q&A 2006-01	PAS 18, Appendix, paragraph 9 - Revenue recognition for sales of property units under pre-completion contracts			✓
PIC Q&A 2006-02	PAS 27.10(d) - Clarification of criteria for exemption from presenting consolidated financial statements			✓
PIC Q&A 2007-01- Revised	PAS 1.103(a) - Basis of preparation of financial statements if an entity has not applied PFRSs in full			✓
PIC Q&A 2007-02	PAS 20.24.37 and PAS 39.43 - Accounting for government loans with low interest rates [see PIC Q&A No. 2008-02]			✓
PIC Q&A 2007-03	PAS 40.27 - Valuation of bank real and other properties acquired (ROPA)			✓
PIC Q&A 2007-04	PAS 101.7 - Application of criteria for a qualifying NPAE			✓
PIC Q&A 2008-01- Revised	PAS 19.78 - Rate used in discounting post-employment benefit obligations	✓		
PIC Q&A 2008-02	PAS 20.43 - Accounting for government loans with low interest rates under the amendments to PAS 20			✓
PIC Q&A 2009-01	Framework.23 and PAS 1.23 - Financial statements prepared on a basis other than going concern			✓
PIC Q&A 2009-02	PAS 39.AG71-72 - Rate used in determining the fair value of government securities in the Philippines			✓
PIC Q&A 2010-01	PAS 39.AG71-72 - Rate used in determining the fair value of government securities in the Philippines			✓
PIC Q&A 2010-02	PAS 1R.16 - Basis of preparation of financial statements	✓		
PIC Q&A 2010-03	PAS 1 Presentation of Financial Statements - Current/non-current classification of a callable term loan			✓
PIC Q&A 2011-01	PAS 1.10(f) - Requirements for a Third Statement of Financial Position			✓
PIC Q&A 2011-02	PFRS 3.2 - Common Control Business Combinations			✓
PIC Q&A 2011-03	Accounting for Inter-company Loans			✓
PIC Q&A 2011-04	PAS 32.37-38 - Costs of Public Offering of Shares	✓		
PIC Q&A 2011-05	PFRS 1.D1-D8 - Fair Value or Revaluation as Deemed Cost			✓
PIC Q&A 2011-06	PFRS 3, Business Combinations (2008), and PAS 40, Investment Property - Acquisition of Investment properties - asset acquisition or business combination?			✓

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2014		Adopted	Not Adopted	Not Applicable
PIC Q&A 2012-01	PFRS 3.2 - Application of the Pooling of Interests Method for Business Combinations of Entities Under Common Control in Consolidated Financial Statements			✓
PIC Q&A 2012-02	Cost of a New Building Constructed on the Site of a Previous Building			✓
PIC Q&A 2013-01	Applicability of SMEIG Final Q&As on the Application of IFRS for SMEs to Philippine SMEs			✓
PIC Q&A 2013-02	Conforming Changes to PIC Q&As - Cycle 2013			✓
PIC Q&A 2013-03 (Revised)	PAS 19 - Accounting for Employee Benefits under a Defined Contribution Plan subject to Requirements of Republic Act (RA) 7641, The Philippine Retirement Law			✓

GINEBRA SAN MIGUEL INC. AND SUBSIDIARIES

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

December 31, 2014

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for the years ended December 31, 2014, 2013 and 2012	
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Supplementary Schedules

Report of Independent Auditors on Supplementary Schedules

A. Financial Assets	ANNEX D-1
B. Amounts Receivable from Directors, Officers, Employees, Related Parties and Principal Stockholders (Other than Related Parties)	ANNEX D-2
C. Amounts Receivable from Related Parties which are Eliminated during the Consolidation of Financial Assets	ANNEX D-3
Amounts Payable to Related Parties which are Eliminated during the Consolidation of Financial Liabilities	ANNEX D - 4
D. Intangible Assets - Other Assets	Not applicable
E. Long-term Debt	ANNEX D - 5
F. Indebtedness to Affiliates and Related Parties (Long-term Loans from Related Companies)	ANNEX D - 6
G. Guarantees of Securities of Other Issuers	Not applicable
H. Capital Stock	ANNEX D - 7

GINEBRA SAN MIGUEL INC. AND SUBSIDIARIES

Schedule A. Financial Assets
December 31, 2014
(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, 2014	Income Received and Accrued
Cash and cash equivalents	-	₱ 579,917	₱ 579,917	₱ (844)
Trade and other receivables - net	-	3,259,859	3,259,859	(21,966)
Derivative assets	-	52	52	-
Financial assets at FVPL	-	-	-	-
Available for sale financial assets	-	-	-	-
Noncurrent receivables and deposits - net	-	853,923	853,923	-
	-	<u>₱ 4,693,751</u>	<u>₱ 4,693,751</u>	<u>₱ (22,810)</u>

Schedule B. Amounts Receivable from Directors, Officers, Employees, Related Parties and Principal Stockholders
(Other than Related Parties)
As of December 31, 2014

Employee No.	Name	Balance at Beginning of Period	Additions	Amounts Collected	Amounts written off	Current	Noncurrent	Balance at the end of period (2014)
700863130	ABADILLA, SONNY ACENAS	15,000	23,194	-	-	23,194	15,000	38,195
709905471	ABANTE, HERSEY LOU VELASC	17,349	19,572	-	-	19,572	17,349	36,921
701037579	ABAS, GRAZELL PALERO	4,167	-	4,167	-	-	-	-
701000217	ABELLA, HENRY JOSEPH ELIO	4,167	25,462	-	-	25,462	4,167	29,629
700991678	ABELLA, JAY LAPUT	29,584	21,632	-	-	21,632	29,584	51,215
709903344	ABETO, JEFFREY BANDONG	38,854	2,812	-	-	2,812	38,854	41,667
701004390	ABUAN, RYAN JAY FAUSTINO	-	4,025	-	-	4,025	-	4,025
701002803	ABUDA, MA. FLORIDEL ODAL	-	12,500	-	-	12,500	-	12,500
700001708	ABULENCIA, ALFREDO JR. PA	51,049	-	2,437	-	-	48,611	48,611
700002542	ACOBIA, JOSE MARI LUSTRE	3,473	-	3,473	-	-	-	-
709902960	ACOSTA, ARJAY ALEJANDRO	10,834	27,361	-	-	27,361	10,834	38,195
701003592	ADRIANO, MARIAN CHRISSEL	-	39,583	-	-	39,583	-	39,583
700812110	AGBAY, JENNIFER TARSONA	20,070	19,514	-	-	19,514	20,070	39,583
709906067	AGBAYANI, DEBBIE SUNSHINE	19,937	25,083	-	-	25,083	19,937	45,021
701003613	AGUILES, BERNADETTE CAMBA	30,729	22,396	-	-	22,396	30,729	53,125
700981338	AGUIRRE, RAYMUND GARCIA	-	38,264	-	-	38,264	-	38,264
709905459	AGUIRRE, VIRGILIO DARNAYL	5,556	-	5,556	-	-	-	-
709905550	AJERO, BRIGIDO ABUYOG	32,917	-	32,917	-	-	-	-
709907353	ALAN, JONH PAUL MESINAS	30,729	25,174	-	-	25,174	30,729	55,903
700004154	ALAPOT, ERNESTO JR. BARRO	29,167	20,833	-	-	20,833	29,167	50,000
700827037	ALAYON, ANTONIO JR. DELA	51,840	-	2,466	-	-	49,375	49,375
700004189	ALBAY, CHARITO DEL ROSARI	40,669	29,297	-	-	29,297	40,669	69,965
709848540	ALCANTARA, ESTANISLAO B	17,188	-	17,188	-	-	-	-
709909663	ALCARAZ, KENNETH JOHN VIL	-	4,875	-	-	4,875	-	4,875
700981346	ALIBO, JOSE BACARRO	15,056	-	13,667	-	-	1,389	1,389
700862975	ALMA M. PEREA	48,156	-	48,156	-	-	-	-
709906216	ALMALEL, RICARDO MENGUITO	-	39,583	-	-	39,583	-	39,583
700990124	ALMARIO, CLARENCE CLARIN	39,896	8,889	-	-	8,889	39,896	48,785
709802006	ALMENANZA, CRISPIN JR. VI	45,958	21,924	-	-	21,924	45,958	67,882
701000098	ALOJAMIENTO, CYRIL ESTIMA	5,556	34,974	-	-	34,974	5,556	40,530
701026291	ALOJAMIENTO, JOHNA SALANA	27,701	15,567	-	-	15,567	27,701	43,268
701011286	ALQUERO, BENIGNO JR. MAHI	9,722	31,250	-	-	31,250	9,722	40,972
700006939	ALVAREZ, PATRICIO DE CAST	44,444	-	16,667	-	-	27,778	27,778
709905033	ALVAREZ, RICHMOND FERDINA	45,834	-	6,944	-	-	38,889	38,889
709906509	AMANDY, CHRISTOPHER ZUSA	21,389	41,104	-	-	41,104	21,389	62,493
700007617	AMBROCIO, ARMANDO RIVERA	-	660	-	-	660	-	660
700854573	AMEDO, ARIEL GARCIA	6,333	29,084	-	-	29,084	6,333	35,417
700844896	AMODIA, ANNA LIZA DEMDAM	5,556	-	5,556	-	-	-	-
701003867	AMOS, LEAH BLANCIA	443	39,069	-	-	39,069	443	39,511
701003531	AMUAN, JANELLE ROSE DE GU	20,000	13,889	-	-	13,889	20,000	33,889
701036904	ANAUD, NANCY CASTIVA	7,639	36,323	-	-	36,323	7,639	43,962
701046136	AÑEDES, ARIEL BACULPO	33,334	-	26,773	-	-	6,561	6,561
701003885	ANG, JOANNA PEREZ	-	2,419	-	-	2,419	-	2,419
709902625	ANGCO, HERMAN RAMOS	17,917	18,194	-	-	18,194	17,917	36,111
709902396	ANGELES, CONNIE LEODONES	17,361	-	13,323	-	-	4,039	4,039
700812536	ANGELES, SHEILA REYES	24,039	15,544	-	-	15,544	24,039	39,583
700010006	ANTOLIHAI, JOEL PILAPIL	-	12,657	-	-	12,657	-	12,657
709905731	ANTONIO, NERICK MAGALLON	-	33,892	-	-	33,892	-	33,892
709902673	ANUNCIACION, KRISTINE P.	70,963	-	38,170	-	-	32,792	32,792
701024922	APARATO, MARVIN OLA	29,584	5,833	-	-	5,833	29,584	35,417
709906745	APAT, REA AZALEA INGCOG	30,375	-	30,375	-	-	-	-
700992798	APELLIDO, JOSELITO SALES	32,937	34,250	-	-	34,250	32,937	67,188
709905083	AQUINO, RYAN REYNOSO	-	540	-	-	540	-	540
700845000	ARCEBUCHÉ, PAOLO CATURA	46,806	23,160	-	-	23,160	46,806	69,965
700822752	ARCEBUCHÉ, SANDY ARANETA	39,167	30,798	-	-	30,798	39,167	69,965
709907178	ARCOS, JAY VINCENT L.	22,200	-	22,200	-	-	-	-
700981320	ARGUELLES, RUTH ANN MARAV	19,756	26,201	-	-	26,201	19,756	45,957
709910395	ARMECIN, MARIA DONNA P.	5,000	-	5,000	-	-	-	-
701004782	ARNOLD G. MENDOZA	-	27,600	-	-	27,600	-	27,600

**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	Noncurrent	Balance at the end of period (2014)
709907112	ARPOJIA, LUKE DELA CRUZ	8,854	-	8,854	-	-	-	-
700981303	ARSENIO, RANDY SANTILLAN	11,014	28,061	-	-	28,061	11,014	39,075
709905599	ARTIGO, JUNALYN DINAUANAO	44,222	-	44,222	-	-	-	-
700870633	ARUGAY, MELINDA A.	22,917	13,000	-	-	13,000	22,917	35,917
709905874	ARUGAY, PHILIP ANDRES	32,291	-	21,875	-	-	10,417	10,417
701045962	ASEJO, NEIZER JOHN DIANGK	15,289	-	15,289	-	-	-	-
700899488	ASUNCION, MANUEL LUIS RIV	4,861	61,214	-	-	61,214	4,861	66,076
700981168	ASUNCION, MARICAR TAPIADO	52,368	10,618	-	-	10,618	52,368	62,986
700013196	ATIENZA, FROILAN DELA CRU	26,389	25,694	-	-	25,694	26,389	52,083
709917154	ATIENZA, MARIOUS SANCHEZ	-	4,000	-	-	4,000	-	4,000
709905134	ATURDIDO, ABIGAIL ABINES	41,656	-	41,656	-	-	-	-
701033697	AVILA, JON PAUL GOLLAYAN	111,284	-	7,776	-	-	103,508	103,508
709910325	AYCOCHO, JESUS JR. ARINGO	-	23,892	-	-	23,892	-	23,892
709902695	AZOTILLO, FREDERICK PEREZ	21,854	12,868	-	-	12,868	21,854	34,722
707200218	AZURIN, ANTONIO ROQUE B. JR.	-	21,354	-	-	21,354	-	21,354
709907594	BAAL, MARK NOEL S.	-	43,056	-	-	43,056	-	43,056
707139098	BABALO, DOMINADOR GUILLER	11,667	28,611	-	-	28,611	11,667	40,278
700992860	BADILLA, MICHAEL GERMESE	22,222	-	16,667	-	-	5,556	5,556
700014842	BAJAR JR., FELIX CANTUBA	31,771	0	-	-	0	31,771	31,771
700015075	BALANGUE, MICHAEL ANTHONY	47,674	4,033	-	-	4,033	47,674	51,706
709905450	BALATBAT, JOEL REGALA	12,500	30,000	-	-	30,000	12,500	42,500
701047957	BALBIDO, NYRRA MAE ODRON	-	39,583	-	-	39,583	-	39,583
701004570	BALLON, MARIE VANESSA BED	-	44,444	-	-	44,444	-	44,444
709907015	BANAYAT, LYSANDER MANASAN	36,875	12,680	-	-	12,680	36,875	49,555
701025317	BANCOLO, JUDY ANN D.	80,565	-	9,384	-	-	71,181	71,181
709906526	BANJAO, DWIGHT IAN FABELL	16,667	-	16,667	-	-	0	0
700980293	BARBIN, JOCELYN NADAL	60,939	-	2,432	-	-	58,507	58,507
700980854	BARCOMA, JOSEFINA ABAPO	58,293	-	1,390	-	-	56,903	56,903
709917153	BARON, REYNALDO TALABIS	-	79,167	-	-	79,167	-	79,167
701048937	BARRENECHEA, JON ARCE	23,750	-	23,750	-	-	-	-
700856690	BARTE, ERWIN CAMILET	43,576	5,035	-	-	5,035	43,576	48,611
701002970	BARTOLINI, EUNICE SANIDAD	12,925	42,761	-	-	42,761	12,925	55,685
709905544	BARTOLOME, BRONZE JANSSEN	23,959	-	14,584	-	-	9,375	9,375
709908722	BARTOLOME, JAIRUS IDOL FE	-	47,917	-	-	47,917	-	47,917
700719811	BATI, FRANCISCO BISMARCK	21,111	17,083	-	-	17,083	21,111	38,195
701003610	BAUTISTA, CAMILLE JOY CHU	24,552	-	24,552	-	-	-	-
701003257	BAUTISTA, ERVIN NIEVES	7,500	29,306	-	-	29,306	7,500	36,806
700816132	BAUTISTA, MARIA FLORES SI	44,826	-	5,243	-	-	39,583	39,583
700991449	BAUTISTA, ROMEL MOLLENO	5,556	75,639	-	-	75,639	5,556	81,195
700022055	BAWIIN, JOSELITO NARVAJA	44,146	26,653	-	-	26,653	44,146	70,799
709910043	BECHAYDA, JENNIFER INOCEN	5,625	-	588	-	-	5,038	5,038
709906142	BELASOTO, JOREM EGNARIO	10,417	-	10,417	-	-	-	-
701013831	BELICENA, GILLIAN GIGANAN	16,250	21,944	-	-	21,944	16,250	38,195
701004540	BENAVENTE, DERRECK C.	2,410	-	2,410	-	-	-	-
700867411	BENDICIO, JOEL TAMAYO	38,021	-	27,604	-	-	10,417	10,417
709907188	BENITEZ, RUEL JAVA	-	40,972	-	-	40,972	-	40,972
701004230	BENJAMIN, ROLEEN ANTHONY	-	55,412	-	-	55,412	-	55,412
700836842	BENOZA, ANALYN LADRA	8,854	-	8,854	-	-	-	-
701003062	BERDUQUE, ANTONIO LIPRADO	15,681	15,542	-	-	15,542	15,681	31,223
701003143	BERDUQUE, FLORENTINA EVAN	4,167	33,582	-	-	33,582	4,167	37,749
700811939	BERMOY, WILLIAM TABARES	40,649	5,532	-	-	5,532	40,649	46,180
709905703	BERNABE, CHARLIE, JR. SAN	18,056	29,861	-	-	29,861	18,056	47,917
701045296	BERNARDO, DON PAGAOA	10,417	21,089	-	-	21,089	10,417	31,506
709906543	BEROU, DEXTER JAY FELISIL	7,500	47,222	-	-	47,222	7,500	54,722
709901671	BESA, DONNELL ELLASO	-	43,056	-	-	43,056	-	43,056
701027158	BIAÑO, CARMELITA SANCHEZ	19,601	34,290	-	-	34,290	19,601	53,891
701003356	BICO, LEONARDO PADILLA	15,240	-	15,240	-	-	-	-
709906303	BISNAR, MARC DELONN FERIA	17,500	22,083	-	-	22,083	17,500	39,583
709909592	BITANGA, MICHAEL PATRICK L.	40,000	-	40,000	-	-	-	-

Schedule B. Amounts Receivable from Directors, Officers, Employees, Related Parties and Principal Stockholders
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Employee No.	Name	Balance at Beginning of Period	Additions	Amounts Collected	Amounts written off	Current	Noncurrent	Balance at the end of period (2014)
700184098	BOBIER, RECHIE SIENES	-	36,111	-	-	36,111	-	36,111
700992879	BONCALON, MA. ROELA VALEN	1,115	-	1,115	-	-	-	-
701004107	BORJA, JUANITO CUI	40,328	2,034	-	-	2,034	40,328	42,361
701003917	BOSE, VICTOR ENRIQUEZ	78,056	-	43,779	-	-	34,277	34,277
700027251	BOSTRE, EDWIN ZALVIDEA	45,695	-	5,816	-	-	39,879	39,879
700802832	BRIMON, JASON FRANK G.	-	65,104	-	-	65,104	-	65,104
709906525	BRIONES, CARLA OLDAN	27,778	-	16,667	-	-	11,111	11,111
700828700	BRIONES, CHARISA DUMO	26,809	-	26,809	-	-	-	-
701004263	BUENAFLOR, ALEXANDER CHAN	-	56,458	-	-	56,458	-	56,458
709906189	BUENAVIDEZ, BLAHDIMIR RES	57,708	-	25,937	-	-	31,771	31,771
700826855	BULARAN, ANN MARIE CHARMA	22,049	17,535	-	-	17,535	22,049	39,583
700824127	BURGOS, OLIVER VILLANUEVA	-	106,076	-	-	106,076	-	106,076
700991740	CABABAN, DIONILO DUYAG	-	24,375	-	-	24,375	-	24,375
709910421	CABANGON, MARLON DELA PEÑ	-	775	-	-	775	-	775
700029955	CABATBAT, PETER GALIVO	51,771	-	1,264	-	-	50,507	50,507
700990841	CABRAL, MARVIN GUZMAN	36,632	11,806	-	-	11,806	36,632	48,438
709906688	CABUHAT, KARLO D.	2,500	34,832	-	-	34,832	2,500	37,332
709907539	CACHO, JHUN CARLO SANTOS	-	47,966	-	-	47,966	-	47,966
700991929	CADAMPOG, RICHI SENO	8,750	42,639	-	-	42,639	8,750	51,389
709906298	CADORNIGARA, MARK GILBERT	5,000	42,179	-	-	42,179	5,000	47,179
709916665	CAGUIITE, CEDRICK SANTOS	-	3,229	-	-	3,229	-	3,229
701046128	CAGULADA, SANDY RALF RUAY	13,195	34,028	-	-	34,028	13,195	47,222
701004972	CAHILOG, ANTONIO MINARDO	86,200	-	69,170	-	-	17,030	17,030
700811882	CAINGAT, PHILIP T.	65,177	-	65,177	-	-	-	-
700112941	CALAUNAN, DIGNA MANAOIS	22,917	-	16,667	-	-	6,250	6,250
709906456	CALDINO, REMY ANN BUENCUE	5,895	-	5,415	-	-	480	480
700856444	CALDO, JOSEPHINE AMBOY	42,534	94,228	-	-	94,228	42,534	136,761
709906205	CALICOY, DAISY LOU CANTIL	8,854	30,729	-	-	30,729	8,854	39,583
709917155	CALILAN, CHRISTIANNE MERC	-	37,000	-	-	37,000	-	37,000
700984787	CALING, MA. CECILIA O.	20,659	-	20,659	-	-	-	-
700032778	CALIZO, FREDDIE ARJONA	25,347	-	14,931	-	-	10,417	10,417
701040251	CALO, POL MARC BUSA	1,667	-	1,667	-	-	-	-
700867284	CAMACHO, CHARLES CULANAG	33,334	20,139	-	-	20,139	33,334	53,472
700033669	CAMELLO, PAUL VINCENT AQU	21,875	-	12,500	-	-	9,375	9,375
701003862	CANDA, MICHAEL SALAZAR	22,917	27,083	-	-	27,083	22,917	50,000
700899569	CANLAS, PAUL LOU DELA CRU	51,771	-	1,882	-	-	49,889	49,889
709910034	CAPIO, CHRISTIAN GRECO NO	-	4,875	-	-	4,875	-	4,875
701004412	CARACAS, NARICHU MARFA	-	12,393	-	-	12,393	-	12,393
700990779	CARANATAN, PRISCO MARQUEZ	65,278	-	1,389	-	-	63,889	63,889
701004298	CARDONES, PACITA CALISO	16,083	24,889	-	-	24,889	16,083	40,973
709906967	CARIASO, ERROLD CORTEZ	30,729	-	21,354	-	-	9,375	9,375
700036927	CARIÑO, SILVERIO SIBAYAN	5,556	32,639	-	-	32,639	5,556	38,195
709905329	CARLOS, LEONARDO MACAPAGA	17,188	-	17,188	-	-	-	-
700992208	CASAS, GERRY DENNIS PALER	6,250	77,694	-	-	77,694	6,250	83,944
700032409	CASCO, JOSELITO O.	5,000	-	5,000	-	-	-	-
709906618	CASILA, PATRICK Y.	-	43,056	-	-	43,056	-	43,056
700992534	CASTILLO, SALVADOR TUIZA	5,326	56,542	-	-	56,542	5,326	61,869
701003938	CASTRO, ARGIE VANI SALAMA	21,875	22,222	-	-	22,222	21,875	44,097
709906361	CASTRO, NORMAN GIRON	-	39,583	-	-	39,583	-	39,583
709905337	CAYABYAB, RONA MAE ALBANO	12,343	-	12,343	-	-	-	-
709903383	CAYNILA, LENIE KALALO	38,859	14,548	-	-	14,548	38,859	53,407
700806226	CAYNILA, MACARIO JR. REND	18,069	22,903	-	-	22,903	18,069	40,973
700857904	CELEDONIO, ARMANDO CALUB	41,115	16,510	-	-	16,510	41,115	57,625
701002763	CELEDONIO, GUADA MARIAE D	3,240	-	3,240	-	-	-	-
700232122	CELERIDAD, ALBERTO ARBAS	34,028	-	34,028	-	-	-	-
701002883	CELESTE, GREG KELVIN BORA	34,791	37,257	-	-	37,257	34,791	72,049
700991422	CENIZA, JUN REMUS ADAPTAR	29,723	10,555	-	-	10,555	29,723	40,278
700042366	CENTENO, JACINTO V. JR.	17,550	17,681	-	-	17,681	17,550	35,231
709909716	CENTENO, MARIA SOPHIA QUI	-	41,946	-	-	41,946	-	41,946

Schedule B. Amounts Receivable from Directors, Officers, Employees, Related Parties and Principal Stockholders
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Employee No.	Name	Balance at Beginning of Period	Additions	Amounts Collected	Amounts written off	Current	Noncurrent	Balance at the end of period (2014)
700867420	CERVAS, MELVIN BALTAZAR	37,632	10,979	-	-	10,979	37,632	48,611
709909950	CHAMIAN, NIMSI	5,357	-	5,357	-	-	-	-
701005502	CHAN, JOEL JEREZA	22,160	3,209	-	-	3,209	22,160	25,369
700043567	CHICA, DAVID VILLAR	-	60,132	-	-	60,132	-	60,132
700043591	CHICA, EDUARDO TRINIDAD	49,688	-	1,076	-	-	48,611	48,611
700043613	CHING, RAMIL OBLEPIAS	50,826	19,833	-	-	19,833	50,826	70,660
701006142	CHUA, CHARLITO LUBIANO	18,889	20,694	-	-	20,694	18,889	39,583
701004326	CHUA, ROSARY ANN MARGRETH	22,917	-	12,500	-	-	10,417	10,417
701004444	CJUAN, JAYSON LAXA	6,719	-	3,594	-	-	3,125	3,125
709904290	CLARIDAD, CHARLIE PALPARA	4,167	9,588	-	-	9,588	4,167	13,755
701006339	CLARIDAD, GLENN PUNTAL	2,778	20,972	-	-	20,972	2,778	23,750
701003724	CLARIN, PETER PAUL B.	18,500	35,250	-	-	35,250	18,500	53,750
700854611	CLARON, MARIANNE GLADYS M	66,627	9,589	-	-	9,589	66,627	76,215
709905957	CLAVE, CARLO CARPIO	6,250	55,452	-	-	55,452	6,250	61,702
700827797	CLAVILLAS, JILL DE LOS SA	16,250	82,266	-	-	82,266	16,250	98,516
700809233	CO, DAMIRSON AMOYAN	-	43,056	-	-	43,056	-	43,056
709906046	COMPO, ROLLY T.	32,000	61,572	-	-	61,572	32,000	93,572
700858331	CONSTANTINO, DANNY PIANSA	9,916	-	6,861	-	-	3,056	3,056
701004822	CORBETA, RAMILO MEDROZO	-	46,486	-	-	46,486	-	46,486
700991910	CORDOVA, JOSE CAÑETE	6,024	51,706	-	-	51,706	6,024	57,730
701006525	CORONEL, JONATHAN BROCE	6,250	31,944	-	-	31,944	6,250	38,195
700991325	CORRAL, MICHAEL FLORES	19,333	-	8,000	-	-	11,333	11,333
709902144	CORTEZ, JONALYN MARIE MAG	20,429	42,592	-	-	42,592	20,429	63,021
701040626	CORTEZ, MARIA JOLIN CERER	69,035	37,269	-	-	37,269	69,035	106,304
700827576	COSGAYON, ANA LIZIEL VILL	95,519	-	95,519	-	-	-	-
700047848	CRESCINI, JUDERICK MARTIN	4,861	122,972	-	-	122,972	4,861	127,833
709902691	CRUZ, JEFFREY CHING	47,674	-	47,674	-	-	-	-
700826618	CRUZ, JOANNE MARIE MAULIT	63,958	-	6,667	-	-	57,292	57,292
700481947	CRUZ, LOURDES CORAZON MOR	-	39,508	-	-	39,508	-	39,508
701004114	CRUZ, PATRICIA JOY DEL MU	21,875	28,651	-	-	28,651	21,875	50,526
701036246	CRUZAT, JONARD LAGUTIN	32,291	-	521	-	-	31,771	31,771
700844829	CUEVA, LOURDES LEGASPI	44,306	-	44,306	-	-	-	-
701006606	CUEVAS, NEIL TAN	6,250	34,028	-	-	34,028	6,250	40,278
709908258	CULDORA, ADRIAN LIMIN	-	40,611	-	-	40,611	-	40,611
709910484	CUYA, ANGELA JANE DIAZ	-	4,875	-	-	4,875	-	4,875
700055433	DADOS, EMELITO NICOLAS	31,076	27,709	-	-	27,709	31,076	58,785
701003996	DAGUISONAN, DECENT CORONE	-	33,991	-	-	33,991	-	33,991
701010441	DALISAY, ALEXIS MORALES	9,750	27,300	-	-	27,300	9,750	37,050
709906912	DALUGDOG JR., RENERIO REB	17,500	5,417	-	-	5,417	17,500	22,917
701010751	DANGARAN, JOHN GARDOSE	48,257	-	26,354	-	-	21,903	21,903
701004405	DANGIN, ARMAND MONDING	-	43,056	-	-	43,056	-	43,056
709905549	DANILO, JOSE AMAR LIBRES	14,000	-	14,000	-	-	-	-
701002802	DAWA, MEPILUZ MADELO	-	39,583	-	-	39,583	-	39,583
709909821	DE BELEN, EUPHEMIAJOY BAT	-	49,306	-	-	49,306	-	49,306
700990019	DE CASTRO, HAZEL PALO	58,664	11,301	-	-	11,301	58,664	69,965
700991368	DE FELIPE, HARVEY AZUCENA	22,083	25,919	-	-	25,919	22,083	48,002
701003471	DE GUIA, MA. IVY CRUZ	1,972	42,472	-	-	42,472	1,972	44,444
700057649	DE GUZMAN, ERNESTO JR. TA	27,778	21,528	-	-	21,528	27,778	49,306
701003777	DE GUZMAN, GILBERT SAN DI	21,875	-	12,500	-	-	9,375	9,375
701042955	DE GUZMAN, GISELLE AGONCI	58,750	-	58,750	-	-	-	-
701022156	DE GUZMAN, LYON HAIRON M.	59,167	-	20,278	-	-	38,889	38,889
700811688	DE GUZMAN, MELVILLE CAPAT	42,260	-	14,994	-	-	27,265	27,265
700057509	DE GUZMAN, RAUL MEJIA	31,945	16,667	-	-	16,667	31,945	48,611
709907417	DE GUZMAN, SHERWIN S.	22,917	49,132	-	-	49,132	22,917	72,049
700857424	DE LA CRUZ, MANUEL VERDE	16,667	20,514	-	-	20,514	16,667	37,181
709906345	DE LA SERNA, SOTERO II M	14,866	27,634	-	-	27,634	14,866	42,500
709909525	DE LARA, ALDOUS MALABANAN	42,500	-	42,500	-	-	-	-
700835390	DE LEON, ARIANNE PEARL VI	13,400	-	13,400	-	-	-	-
700992631	DE LEON, IAN OMBI-ON	25,389	24,056	-	-	24,056	25,389	49,444

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	Noncurrent	Balance at the end of period (2014)
709906589	DE MESA, ROBIN S.	32,083	17,222	-	-	17,222	32,083	49,306
709906078	DE MESA, ROEL MANALANG	34,722	-	34,722	-	-	-	-
700860735	DE QUIROS, RONALD RIMA	34,695	17,722	-	-	17,722	34,695	52,417
700835374	DE VERA, AARON RAMOS	1,666	37,223	-	-	37,223	1,666	38,889
709905858	DE VERA, GEORGE SANTIAGO	57,799	-	57,799	-	-	-	-
700990868	DE VERA, REGGIE PARAS	50,160	-	854	-	-	49,306	49,306
700867608	DECENA, STEVE BARROZO	36,632	11,979	-	-	11,979	36,632	48,611
709902930	DECLARO, CARLA PATRICIA Y	13,378	-	11,678	-	-	1,700	1,700
700840874	DELA CRUZ, AARON JAMES MO	28,472	30,556	-	-	30,556	28,472	59,028
709904326	DELA CRUZ, FILZEN NAVARRA	22,917	22,917	-	-	22,917	22,917	45,834
709902527	DELA CRUZ, JAY SISON	29,167	-	18,750	-	-	10,417	10,417
700845892	DELA CRUZ, JOSE RICHARD M	11,528	54,201	-	-	54,201	11,528	65,729
701010603	DELA CRUZ, REYCO MICHAEL	20,222	27,660	-	-	27,660	20,222	47,882
700057754	DELA CRUZ, RICARDO GUANCI	35,879	32,048	-	-	32,048	35,879	67,928
700186732	DELA TORRE, EDWIN ABAD	-	36,806	-	-	36,806	-	36,806
709905763	DELGADO, DERRICK M.	57,760	-	46,927	-	-	10,833	10,833
700991651	DELOS REYES, ANGELITO MAC	45,139	-	4,166	-	-	40,972	40,972
709902450	DICEN, MARY JOY LAGUISMA	65,525	-	47,817	-	-	17,708	17,708
700988987	DIMACULANGAN, DENNIS PALM	21,679	-	5,320	-	-	16,359	16,359
700991708	DINOPOL, PROVO 2ND BILOCU	22,319	31,483	-	-	31,483	22,319	53,802
701010972	DIONELA, RONALD PARCON	8,950	30,911	-	-	30,911	8,950	39,861
700086004	DIONESIO, DIOMAR NALAS	-	40,278	-	-	40,278	-	40,278
700990116	DIZON, DARWIN SALAC	20,834	36,673	-	-	36,673	20,834	57,507
700822949	DOLENDO, RAYMOND ABIS	49,401	24,329	-	-	24,329	49,401	73,729
709906306	DOMABOC, BALVIC MADEJA	36,528	6,528	-	-	6,528	36,528	43,056
700061581	DOMANTAY, OSCAR PATA	26,389	24,305	-	-	24,305	26,389	50,695
700870820	DOMINGO, MARGARITA EBARVI	25,695	25,695	-	-	25,695	25,695	51,389
700869554	DOMINGUEZ, PIERANGELO A	496	-	496	-	-	-	-
709902467	DUBLOIS, SHINETTE ERMITAN	19,573	34,056	-	-	34,056	19,573	53,629
709905160	DUBLOIS, VINCENT REJAS	31,221	39,849	-	-	39,849	31,221	71,070
700813370	DUNAY, ARISTHEDES BURLAZA	27,764	23,030	-	-	23,030	27,764	50,795
709907309	DUNLAO, SABAS, JR ESPANOL	12,222	7,333	-	-	7,333	12,222	19,556
709902497	DURAN, MARK LESTER C.	22,917	-	16,667	-	-	6,250	6,250
709902529	DURAN, MARVIN WEBER	2,778	46,722	-	-	46,722	2,778	49,500
709905847	EDEJER, JANNE KAYE QUIMCO	35,139	-	35,139	-	-	-	-
701033344	EGUIA, VICTOR MANDO	34,167	16,528	-	-	16,528	34,167	50,695
701023292	ELEPAÑO, CHRISTIAN BILANO	31,771	64,972	-	-	64,972	31,771	96,743
700291838	ELISES, NELSON SARANGHILO	-	4,938	-	-	4,938	-	4,938
700063681	ELLA, ELMER JUMAWAN	24,306	22,917	-	-	22,917	24,306	47,223
709909748	ELLASUS, LLOYD JOHN MAGAO	6,875	-	3,750	-	-	3,125	3,125
700291986	ELLEAZAR, EXEQUIEL JR AQU	53,971	18,078	-	-	18,078	53,971	72,049
709907457	EMBUIDO, MARK ANTHONY H.	5,000	33,889	-	-	33,889	5,000	38,889
700064246	EMPEYNADO, BENJAMIN JR. A	72,743	-	33,020	-	-	39,722	39,722
701004699	EMPIG, WILLIAM APAOAN	-	1,924	-	-	1,924	-	1,924
709902232	EMPLEO, EMELYN TAMPUS	13,308	45,324	-	-	45,324	13,308	58,632
709907189	ENDERES, RANDY G.	13,400	88,243	-	-	88,243	13,400	101,643
709905356	ENGLISA, FLORENCE FEROL	7,639	31,944	-	-	31,944	7,639	39,583
709903333	ENRIQUEZ, ANDREW JOSEPH M	50,035	-	2,465	-	-	47,569	47,569
700065702	ENRIQUEZ, ROLANDO ALVARED	1,920	-	1,920	-	-	-	-
701009648	ERFE, JENNY LOU JANE	10,869	39,421	-	-	39,421	10,869	50,290
709905762	ERVAS, MICHAEL VINCENT DO	16,465	25,826	-	-	25,826	16,465	42,292
700064858	ESCALAMBRE, JUAN ANTONIO	7,500	-	7,500	-	-	-	-
709901899	ESCOSURA, NOEL BELONIO	26,806	13,472	-	-	13,472	26,806	40,278
700828246	ESGUERRA, ALBERT SARACANL	584	-	584	-	-	-	-
701003214	ESMERIS, CARYL JOY BALSIC	-	12,393	-	-	12,393	-	12,393
700991287	ESPELETA, TRISTAN DEQUILL	27,916	278	-	-	278	27,916	28,194
709903294	ESPINOSA JR., EDUARDO SIA	31,139	9,139	-	-	9,139	31,139	40,278
700827770	ESPINOSA, ARIES ZAMORA	8,591	-	8,591	-	-	-	-
700865672	ESPINOSA, RONALD URBIS	87,917	-	30,972	-	-	56,945	56,945

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	Noncurrent	Balance at the end of period (2014)
709906982	ESTABLECIDA, DENNIS BRYAN	-	21,354	-	-	21,354	-	21,354
701012118	ESTACION, BETH VILLANUEVA	13,055	-	10,000	-	-	3,055	3,055
700802662	ESTOQUE, MARIVIC TOLENTINO	24,306	-	16,667	-	-	7,639	7,639
709906134	ESTORES, FEBE BRAVO	6,302	6,091	-	-	6,091	6,302	12,393
701012126	ESTREMOS, DOMINADOR JR. V	24,555	18,000	-	-	18,000	24,555	42,555
709900689	EVANGELISTA, REYNOLD LUPE	19,306	20,972	-	-	20,972	19,306	40,278
701004260	FABILA, KATRINA JOY MANER	2,500	-	2,500	-	-	-	-
709906392	FACIOLAN, DARI MIAG-AO	-	28,183	-	-	28,183	-	28,183
709906749	FAJARDO, GIRLYN RIL	22,396	-	12,500	-	-	9,896	9,896
701003438	FAMADOR, PIA MARNEE SUAN	-	36,806	-	-	36,806	-	36,806
709905405	FERNANDEZ, MANILYN TOLENT	14,584	31,250	-	-	31,250	14,584	45,833
700845191	FERNANDO, JEROME THADDEUS	28,193	-	26,387	-	-	1,806	1,806
701012932	FLORENO, ALLAN DEMAPINDAN	-	15,833	-	-	15,833	-	15,833
700991295	FLORES, JORGE MAGALLON	27,021	12,562	-	-	12,562	27,021	39,583
701048678	FLORES, MARIA BLESILDA RU	-	40,972	-	-	40,972	-	40,972
701012568	FOLIO, ASTERIO SALBORO	15,979	24,859	-	-	24,859	15,979	40,838
709755238	FRANCISCO, FERDINAND BRIA	114,878	-	114,878	-	-	-	-
709906295	FRANCISCO, JOHAN RONWALD	-	41,667	-	-	41,667	-	41,667
701002762	FRANCISCO, PAUL SIMON ACO	43,726	-	43,726	-	-	-	-
701003974	FRANCO, JESSAMYN PORTE	4,000	-	4,000	-	-	-	-
709906994	FRIO, JOSEPH ANDREW RIOS	-	34,722	-	-	34,722	-	34,722
701045148	FUENTES, YOM LLENOS	22,195	-	22,195	-	-	-	-
701013548	GABORO, LEMUEL GEOLLEGUE	1,389	38,195	-	-	38,195	1,389	39,583
701013165	GABUCAN, RIZALINO LASALA	2,084	34,722	-	-	34,722	2,084	36,806
701040430	GALANG, EDIMEL GONZALES	52,264	-	6,083	-	-	46,180	46,180
701013203	GALEON, EDWIN ALAAN	67,078	-	44,161	-	-	22,917	22,917
701040553	GALIT, ARGEE MAE GAVINO	87,153	-	87,153	-	-	-	-
700859680	GARAYGAY, JOJE LIM	-	15,833	-	-	15,833	-	15,833
700827894	GARCIA, CARMELANY BALDOVI	198,015	-	198,015	-	-	-	-
701043528	GARCIA, CHRISTINE TABABA	19,965	-	19,965	-	-	-	-
700856606	GARCIA, GERALDO VISPERAS	27,778	-	27,778	-	-	-	-
701046535	GARCIA, JULIUS MANIEBO	96,126	-	66,438	-	-	29,687	29,687
700954365	GARCIA, MICHAEL CANDA	8,333	-	8,333	-	-	-	-
701024884	GARCIA, REYNAN LOUIE BATO	74,035	-	42,264	-	-	31,771	31,771
700989118	GARCIA, WILFREDO CENENSE	29,167	20,139	-	-	20,139	29,167	49,306
701013904	GARGANZA, REUBEN CAPUNSAN	35,278	-	35,278	-	-	-	-
701013289	GARGARITA, MARIA VICTORIA	21,250	15,555	-	-	15,555	21,250	36,806
709905801	GARLIT, MARY ANN REGENCIA	30,556	-	16,667	-	-	13,889	13,889
701045709	GASPAN, EDBERWEN REGINO	7,083	50,556	-	-	50,556	7,083	57,639
700991244	GATBONTON, MONICA F.	-	3,375	-	-	3,375	-	3,375
700856592	GATBONTON, NATHANIEL MUNA	48,507	-	33,132	-	-	15,375	15,375
700992763	GAYATIN, ERIC ALINSUG	4,167	36,111	-	-	36,111	4,167	40,278
709903024	GAYATIN, RICHEL FLORES	37,950	-	26,203	-	-	11,747	11,747
700079197	GERONIMO, ANGELRIC SIOCO	68,472	9,850	-	-	9,850	68,472	78,322
700869309	GERONIMO, LORNA SANTOS	24,306	-	16,667	-	-	7,639	7,639
701013521	GETONES, RICHARD J.	50,000	-	-	-	-	50,000	50,000
709907570	GIMENA, ELOISA GAY LANDOY	8,854	-	8,854	-	-	-	-
700845620	GIOVANNI P. ALBERCA	78,056	-	51,301	-	-	26,755	26,755
701006153	GLADYS ANN DJ. ENRIQUEZ	-	51,240	-	-	51,240	-	51,240
700080012	GO, MICHAEL ALLAN REYES	72,187	-	16,666	-	-	55,521	55,521
700847399	GO, PHILLIP JAYSON CHUA	34,687	-	34,687	-	-	-	-
700055301	GONZALES, MELANIE DACAYO	6,945	38,194	-	-	38,194	6,945	45,139
701003338	GONZALUDO, JOSEFINA ASUMB	-	44,520	-	-	44,520	-	44,520
701014153	GUACENA, RUSSEL DIAZ	11,181	4,594	-	-	4,594	11,181	15,774
709907736	GUANZON, MARIAN VINSON	-	53,611	-	-	53,611	-	53,611
709906202	GUECO, ARLENE MEJIA	26,736	-	399	-	-	26,337	26,337
700845876	GUECO, RONNEL TORNO	-	39,583	-	-	39,583	-	39,583
700990515	GUERRA, JINKEE ALMARIO	37,327	24,510	-	-	24,510	37,327	61,837
701004909	GUEVARRA, AMORLITO FORTES	-	49,306	-	-	49,306	-	49,306

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	Noncurrent	Balance at the end of period (2014)
709906457	GUEVARRA, JENNIFER FEBEE	12,084	30,278	-	-	30,278	12,084	42,361
709900813	GUIEB, ED SALOMON	9,028	36,111	-	-	36,111	9,028	45,139
701014307	GUIMBAL, EMMANUEL MANUEL	27,778	-	22,917	-	-	4,861	4,861
701021745	GUIMBAL, MA. TERESA OQUIN	10,417	27,083	-	-	27,083	10,417	37,500
700971669	GUNDRAN, MARLON NG	29,271	-	29,271	-	-	-	-
709905227	GUNTINIAS, IRENEO AQUIRRE	50,313	-	4,132	-	-	46,180	46,180
709905784	GUZMAN, LLOYD GILBERT ABA	18,750	-	18,750	-	-	-	-
709905226	HALILI, ARTURO JR CARLOS	15,278	21,528	-	-	21,528	15,278	36,806
700861960	HERNANDEZ, LORENZO G.	47,048	15,495	-	-	15,495	47,048	62,544
701024876	HERNANDEZ, RICO LAUREL	39,410	28,472	-	-	28,472	39,410	67,882
709906460	HINA, JOSE BERTONEL	10,224	46,547	-	-	46,547	10,224	56,771
701014692	HUCALLA, FILOMENO MIGALLE	22,917	-	14,917	-	-	8,000	8,000
701014889	HUGO, ALZON MOLINES	5,834	8,416	-	-	8,416	5,834	14,250
701015184	IBALOBOR, KENNETH LLORCA	1,944	23,785	-	-	23,785	1,944	25,729
700812293	IBANEZ, MARILEN MARIN	8,329	34,727	-	-	34,727	8,329	43,056
709906157	IBARRETA, JOEL SEVILLANO	30,521	-	30,521	-	-	-	-
700089699	IDOS, VLADIMIR SIMON	25,000	22,917	-	-	22,917	25,000	47,917
709907290	ILAGAN, SIMPLICIO JR. TAG	-	21,354	-	-	21,354	-	21,354
701036130	IMANIL, DEBIE JOY R.	49,306	-	29,167	-	-	20,139	20,139
700991783	IMATONG, GABRIELA GABRIEL	54,207	-	5,943	-	-	48,264	48,264
701015303	INFANTE, GREGORIO DONGUIN	9,167	-	6,667	-	-	2,500	2,500
700002019	INOCENCIO, RYAN BINGCANG	5,556	34,625	-	-	34,625	5,556	40,181
709904974	INTAL, ABNER TALAVERA	15,972	24,305	-	-	24,305	15,972	40,278
701004314	ISLAO, CARMELLA ESTABILLO	3,612	-	136	-	-	3,476	3,476
701004521	JABALLA, RODOLFO JR. DE J	21,875	-	21,875	-	-	-	-
700092134	JACINTO, JOSE ROMULO DE SILVA	-	20,313	-	-	20,313	-	20,313
700899607	JACINTO, MARISOL ECHALAR	27,749	-	23,449	-	-	4,300	4,300
700807532	JACOB, ANNA KATRINA DE LA	41,528	583	-	-	583	41,528	42,111
700992623	JACOB, HENJIE REYES	45,209	3,055	-	-	3,055	45,209	48,264
701015915	JAMBONGANAN, MITOS APUHIN	22,500	15,694	-	-	15,694	22,500	38,195
709905521	JANAYON, KATHERINE MACALI	44,355	-	34,980	-	-	9,375	9,375
709904197	JAPITANA, ARIZ IANROY SAL	28,195	-	25,417	-	-	2,778	2,778
701016113	JARANILLA, SALVADOR ESCON	-	43,056	-	-	43,056	-	43,056
700854859	JARDELEZA, SHERWIN PARROC	7,916	29,056	-	-	29,056	7,916	36,972
701016326	JARE, CESAR JARDINICO	25,195	14,389	-	-	14,389	25,195	39,583
709903198	JASARENO, MARC KAROL SIRI	-	38,195	-	-	38,195	-	38,195
709908411	JASMIN, ABIGAIL ASUNCION	22,917	24,306	-	-	24,306	22,917	47,222
700827924	JAVIER, RAPHAEL CHRISTIAN	5,556	-	5,556	-	-	-	-
709910250	JIMENEZ, CHARMINE MANGIO	6,719	-	3,750	-	-	2,969	2,969
700094188	JIMENEZ, GEORGE AGUTEP	25,000	12,500	-	-	12,500	25,000	37,500
701033638	JIMENEZ, GUTZBELLE MURIEL	11,136	-	11,136	-	-	-	-
701039946	JOCSON, MA. MERCEDITAS CA	12,326	-	12,326	-	-	-	-
700033235	JOEL R. CALUYA	-	10,006	-	-	10,006	-	10,006
700829048	JOMALESA, MARY CLAIRE MOR	1,111	408	-	-	408	1,111	1,519
700094633	JONSON, GEORGE WEBB	21,875	-	12,500	-	-	9,375	9,375
709906610	JOSE ANTON C. CLAVISILLAS JR.	17,500	19,306	-	-	19,306	17,500	36,806
709902481	JUAN, ROBERT ABELLO	261,745	-	1,702	-	-	260,043	260,043
700814032	JUANILLO, MICAH PASCUA	51,667	-	45,417	-	-	6,250	6,250
701031074	JUBAN, KRIZLE JANE BALALL	15,186	-	15,186	-	-	-	-
700989460	JUNIO, MANNY PATAYAN	22,917	30,556	-	-	30,556	22,917	53,472
700857173	JUNIO, VIVIAN DAUS	28,695	21,055	-	-	21,055	28,695	49,750
700825271	JUSTINIANO, DIANNA LYN SA	19,028	21,250	-	-	21,250	19,028	40,278
709906098	KAPAWAN, ANTHONY STEPHEN	40,313	-	3,507	-	-	36,806	36,806
701005164	KATRINA FAYE M. RABAGO	-	6,999	-	-	6,999	-	6,999
701026020	KEMPIS, JOAN VIDAL	31,250	45,316	-	-	45,316	31,250	76,566
701004901	KEVIN MARIE D. CARANDANG	-	25,000	-	-	25,000	-	25,000
709909320	LABAJO, DHEBIE JANE ORACI	-	36,806	-	-	36,806	-	36,806
709904182	LABAYUGA, DEXTER HEREDIA	28,646	16,667	-	-	16,667	28,646	45,313
701002992	LABRADOR, REENA TOLOSA	-	52,278	-	-	52,278	-	52,278

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Employee No.	Name	Balance at Beginning of Period	Additions	Amounts Collected	Amounts written off	Current	Noncurrent	Balance at the end of period (2014)
700858498	LACABA, LEO LANZARROTE	24,132	15,451	-	-	15,451	24,132	39,583
701017152	LACIDA, LLOYD REGODON	6,250	-	6,250	-	-	-	-
701031309	LACSON, CARMELA CARANDANG	52,674	-	5,799	-	-	46,875	46,875
701004823	LACSON, ELGIN C.	5,250	6,350	-	-	6,350	5,250	11,600
709905873	LADAO, NIKKOLO MIGUEL LIM	15,972	-	15,972	-	-	-	-
709908210	LADERAS, FERDINAND JR. PA	-	3,645	-	-	3,645	-	3,645
700096733	LAFORTEZA, BERNARDO ARENA	49,861	-	1,076	-	-	48,785	48,785
700096792	LAGARDE, WILFREDO RADO	64,179	-	13,408	-	-	50,771	50,771
701017055	LAMATA, ENDY BELONIO	-	39,583	-	-	39,583	-	39,583
701017179	LANTACA, RUFINO	-	8,804	-	-	8,804	-	8,804
701017454	LANZAR, ALEX, SR CAMASO	21,139	-	21,139	-	-	-	-
700856517	LAOANG, RENATO JOSE JR. S	28,473	20,278	-	-	20,278	28,473	48,750
700991317	LAPATAN, JONAS TOLECO	-	28,173	-	-	28,173	-	28,173
701049615	LAPUZ, VICTOR MARTIN DAQU	22,396	22,222	-	-	22,222	22,396	44,618
701036742	LARDIZABAL, ROWENA PENDRE	61,866	-	10,620	-	-	51,247	51,247
701017276	LARGO, CARL EBERO	-	40,278	-	-	40,278	-	40,278
709906568	LARODA, CHESTER ZIEGFRED	2,500	41,250	-	-	41,250	2,500	43,750
700099325	LASIN, TEODORICO T.	-	-	3,613	-	(3,613)	-	(3,613)
709910033	LAUDE, MARISSA COMIA	-	2,979	-	-	2,979	-	2,979
709908827	LAURE, RODEL SEVILLEN	-	44,444	-	-	44,444	-	44,444
700861200	LAURON, FLORDELIZA TANGID	-	36,769	-	-	36,769	-	36,769
700868493	LAURON, ROLAND CAGAS	8,429	32,599	-	-	32,599	8,429	41,028
700991384	LAVIÑA, SHERYL ALMEDA	25,695	34,104	-	-	34,104	25,695	59,799
709907350	LAZARO, MATTHEW CHIONG	30,729	-	30,729	-	-	-	-
700835129	LEE, EDWARD SUS	33,674	-	33,674	-	-	-	-
701006152	LESLIE ANN S.D. ARABELO	-	16,650	-	-	16,650	-	16,650
700867012	LIBOON, ELENITA FERRER	75,549	-	49,855	-	-	25,695	25,695
701017551	LICAÑEL, DAR BRAVO	-	14,584	-	-	14,584	-	14,584
701007728	LICAYAN, RYAN BURDO	46,803	-	46,803	-	-	-	-
709906437	LIMIAC, LOU CARL MALLARI	61,667	-	10,127	-	-	51,540	51,540
701020293	LIPRADO, ERNESTO, JR. CLA	10,278	6,389	-	-	6,389	10,278	16,667
700867586	LIRAC, MICHAEL RIVERA	51,076	-	2,465	-	-	48,611	48,611
700833460	LLANOS, ARDEN PEÑALOSA	6,264	27,722	-	-	27,722	6,264	33,986
709906381	LLANTO, MARK JONFER TAGSI	-	49,270	-	-	49,270	-	49,270
700103594	LLORIN, ZALDINDO RAMIRO	20,695	41,632	-	-	41,632	20,695	62,326
700991635	LOBINGCO, ALLAN ABELLA	20,694	-	9,166	-	-	11,528	11,528
700846953	LOOD, JENETH COLINA	25,417	37,217	-	-	37,217	25,417	62,634
700822876	LOPEZ, RAYMOND LLAMOSO	6,945	-	6,945	-	-	-	-
709910263	LORENIANA, NOEL NARVAEZ	1,500	-	1,500	-	-	-	-
700439592	LORENZO C. MANABAT	-	38,507	-	-	38,507	-	38,507
700421324	LORENZO, ARIEL SANTIAGO	45,638	4,015	-	-	4,015	45,638	49,653
709906646	LOTA, MERILEE LORRAINE BE	32,079	-	32,079	-	-	-	-
709906673	LOZANO, ROGEL MANAPSAL	22,396	-	12,500	-	-	9,896	9,896
709903205	LU, REGGIE SUN	29,076	44,438	-	-	44,438	29,076	73,515
700990965	LUAGUE, GERARD CAÑARES	-	27,043	-	-	27,043	-	27,043
700105422	LUNA, LUIS JORGE SAN AGUS	8,333	-	8,333	-	-	-	-
707800266	MABANGLO, ROMEO ARAGOZA	-	13,897	-	-	13,897	-	13,897
700832790	MACABAGDAL, CARLA BIANCA	42,070	29,653	-	-	29,653	42,070	71,722
701035681	MACADANGDANG, SHIRLEY C.	26,493	20,694	-	-	20,694	26,493	47,188
700802360	MACALALAG, EMMANUEL BODO	16,667	-	16,667	-	-	-	-
700106046	MACARAEG, LEO ABULENCIA	42,799	-	42,799	-	-	-	-
700807397	MACARAIG, ANTHONY MARI SA	5,139	-	5,139	-	-	-	-
701019139	MACASERO, DENNIS VILLANUE	12,271	30,785	-	-	30,785	12,271	43,056
709910352	MACTAL, ARTHUR ANGELO GON	-	313	-	-	313	-	313
700804223	MADAMBA, GERARDO F.	-	7,043	-	-	7,043	-	7,043
700841048	MADRASO, MARY ANN ADALIN	49,028	-	44,167	-	-	4,861	4,861
700046167	MAGANES, REGINO MADAYAG	48,091	1,389	-	-	1,389	48,091	49,479
701036254	MALABO, JEFFREY MORENO	50,660	22,778	-	-	22,778	50,660	73,438
709905242	MALABO, SUZENNE MORENO	38,542	50,553	-	-	50,553	38,542	89,095

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709908831	MALABRIGO, RODNEY BADILLO	-	68,229	-	-	68,229	-	68,229
700112992	MALABUYOC, RODOLFO CAMPAS	40,104	10,590	-	-	10,590	40,104	50,695
701019635	MALASARTE, ALMARIO BARZ	2,084	10,416	-	-	10,416	2,084	12,500
701041223	MALATE, CHRISTIAN TAGAL	32,465	-	25,521	-	-	6,945	6,945
700113026	MALIGALIG, FERNANDO JR LA	19,132	40,857	-	-	40,857	19,132	59,989
701004900	MALINAY, ARCHIE VINCENT V.	3,720	-	3,720	-	-	-	-
708903017	MALIWAT, NOEL CASUPANAN	33,160	11,979	-	-	11,979	33,160	45,139
709909850	MALLARI, GIAN ANDREW GUTI	3,750	-	3,750	-	-	-	-
700815322	MALLARI, RICARDO JR. SEVI	-	45,833	-	-	45,833	-	45,833
701002023	MAMARIL, EUFRACIO JR EUSE	-	825	-	-	825	-	825
700099457	MANALO, DINAH LAURON	20,417	19,166	-	-	19,166	20,417	39,583
700111694	MANALO, RAMIRO SADSAD	20,695	24,259	-	-	24,259	20,695	44,954
700112011	MANANGAN, PEDRO CALIZO	27,084	24,305	-	-	24,305	27,084	51,389
700825786	MANANSALA, EVANGELINE CAP	35,848	-	35,848	-	-	-	-
701004548	MANCELITA, RACHEL RUTH HO	-	40,899	-	-	40,899	-	40,899
709905914	MANGALINO, JAY-R MUSNGI	-	44,028	-	-	44,028	-	44,028
701010417	MANGAO, ARQUILLA DEBALUCO	19,754	31,296	-	-	31,296	19,754	51,050
700867276	MANGAPOT, LITO YANES	38,021	14,074	-	-	14,074	38,021	52,095
700845655	MANGUNE, ERNEST RAMIL	31,945	-	31,945	-	-	-	-
701048643	MANINGDING, LEO PARAYNO	21,528	8,222	-	-	8,222	21,528	29,750
709908640	MANIQUIS, JOHN ARCHIVAL M	-	46,000	-	-	46,000	-	46,000
700445452	MANLUNAS, NENITA F.	66,146	-	9,215	-	-	56,931	56,931
709904575	MANTO, JOANAVI ADOVE	10,212	-	10,212	-	-	-	-
700115932	MANUEL, FERNANDO GERONIMO	42,223	6,389	-	-	6,389	42,223	48,611
701041568	MANUEL, IAN KRISTOFFER B.	-	72,500	-	-	72,500	-	72,500
700981117	MANUEL, JESUS GABRILLO	26,389	20,833	-	-	20,833	26,389	47,222
700828670	MANUIT, ROGELIO JR. CASTR	-	37,500	-	-	37,500	-	37,500
708402002	MAQUIDATO, ANSELMO JINTAL	38,715	-	6,944	-	-	31,771	31,771
701048651	MARA, REYNALDO ESPEJO	11,458	28,820	-	-	28,820	11,458	40,278
709910464	MARC ALVIN C. VILLAREAL	-	30,193	-	-	30,193	-	30,193
700988952	MARCAIDA, REZA MENDOZA	-	10,960	-	-	10,960	-	10,960
709917158	MARCOS, RICHARD ARILLAS	-	15,500	-	-	15,500	-	15,500
701011545	MARIANNE T. CABANA	-	5,800	-	-	5,800	-	5,800
700120863	MARTINEZ, SUSANA FELICIAN	27,007	-	27,007	-	-	-	-
700119024	MARZOÑA, ANGELA BARANDON	54,097	-	27,500	-	-	26,597	26,597
700810193	MATEO, REYNALYN ABALUS	11,136	31,920	-	-	31,920	11,136	43,056
701020803	MAYOL, LITO REPAJA	43,333	-	3,500	-	-	39,833	39,833
701038540	MEDIODIA, ROBERTO, JR. FL	18,750	21,386	-	-	21,386	18,750	40,136
700123951	MEJICO, ALFREDO MALAPOTE	28,681	-	11,667	-	-	17,014	17,014
700992950	MENESES, ROMEL NICASIO	77,833	-	67,416	-	-	10,417	10,417
701019457	MENEZ, RENANTE ALITAO	12,847	38,889	-	-	38,889	12,847	51,736
709905859	MERCADO, MARK ANTHONY SUM	18,056	23,611	-	-	23,611	18,056	41,667
701004697	METRA, JEZEBEL PELONE	31,528	-	31,528	-	-	-	-
709902762	MIGUEL, MATEO JR. FLORES	41,320	-	31,945	-	-	9,375	9,375
701019325	MIRADOR, REY BAGATNAN	29,250	4,834	-	-	4,834	29,250	34,083
700835412	MOISES, GEMMA MAY LOPEZ	52,778	-	29,166	-	-	23,611	23,611
700020133	MOMBAY, MA ALMA BAUTISTA	42,917	6,167	-	-	6,167	42,917	49,084
709905272	MONGADO, CHERRY ATABELO	19,922	112,562	-	-	112,562	19,922	132,484
700856371	MONTANO, REGGIE M.	52,945	-	11,972	-	-	40,972	40,972
709903821	MONTENEGRO, JOSELITO OPUR	12,375	42,486	-	-	42,486	12,375	54,861
709905927	MONTERO, CRISTINA GRACILL	25,139	23,161	-	-	23,161	25,139	48,300
700815756	MONTES, MARK HAROLD MARFE	7,639	43,805	-	-	43,805	7,639	51,444
709905409	MORALDE, JOEM IAN HERNAND	33,160	13,368	-	-	13,368	33,160	46,528
709905032	MORENO, JHONATHAN MICHAEL	36,840	7,257	-	-	7,257	36,840	44,097
700848450	MORERA, MARIROSE GUTIERRE	41,146	3,646	-	-	3,646	41,146	44,792
700129895	MORTA, RITCHE BONTOGON	22,248	-	22,248	-	-	-	-
701016679	MOULIC, VLADIMIR CEREZO	67,292	-	14,514	-	-	52,778	52,778
709906608	MUNAR, CORALYN TABUNO	22,917	-	12,500	-	-	10,417	10,417
709906317	MUÑOZ, ALLAN GREGORIO	45,000	9,341	-	-	9,341	45,000	54,340

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701042874	MURILLO, JULIET DE LOS SA	12,500	-	12,500	-	-	-	-
700859672	MURILLO, RITCHIE JISON	11,111	-	11,111	-	-	-	-
701036335	MUYCO, JOBEN SARDUA	9,722	39,583	-	-	39,583	9,722	49,306
709910001	NAGUIT, EDMIN CANUDA	-	5,238	-	-	5,238	-	5,238
700858790	NAPIZA, BRIAN MONTALES	45,382	8,090	-	-	8,090	45,382	53,472
700991279	NARAZO, WINDY GALVE	13,195	-	13,195	-	-	-	-
701003515	NARSOLES, LANIE BHEL DIMA	3,240	-	3,240	-	-	-	-
701004843	NATHANIEL A. CULAMIS	-	10,000	-	-	10,000	-	10,000
709907865	NAVARRO JR., EDUARDO DE S	6,719	-	3,750	-	-	2,969	2,969
700858471	NAVARRO, JR. RAMON BIACO	3,611	36,667	-	-	36,667	3,611	40,278
709902610	NAVATO, WILFRED ARIES RAC	2,000	54,250	-	-	54,250	2,000	56,250
709903453	NEYRA, CARLOS AZNAR V DIM	71,667	-	71,667	-	-	-	-
701003865	NGO, JAMES RUDOLPH SY	21,875	-	21,875	-	-	-	-
700132381	NICOLAS, ARNEL MORILLA	27,639	44,410	-	-	44,410	27,639	72,049
700132373	NICOLAS, RODYVER TUBIG	48,993	20,972	-	-	20,972	48,993	69,965
700818569	NINI, MYAN JEMIMA ANDOY	32,375	14,465	-	-	14,465	32,375	46,840
709906732	NIVERCA, DONNA DELA PIEDR	21,875	25,694	-	-	25,694	21,875	47,569
709905119	NOCETE, EUFRACIO, JR GRAN	9,119	-	9,119	-	-	-	-
700985139	NOLASCO, LUCILA PEREZ	55,840	29,562	-	-	29,562	55,840	85,402
701003291	NOVEMIA S. BICO	25,000	-	16,667	-	-	8,334	8,334
701045253	OABEL, CARMELA MELINDA CA	41,667	-	41,667	-	-	-	-
701021591	OCTAVIO, STEVEN YASA	15,000	-	15,000	-	-	-	-
700199109	OGOY, ELENA VISPERAS	43,091	9,340	-	-	9,340	43,091	52,431
700824135	ONELA, RICARDO DALISAY	63,854	8,195	-	-	8,195	63,854	72,049
709905962	OQUIANA, RIZA BICO	22,028	3,694	-	-	3,694	22,028	25,722
701003853	ORDONIO, MA. LOURDES VING	-	34,028	-	-	34,028	-	34,028
701041690	ORTEZA, JESUS TEJADA	10,490	12,009	-	-	12,009	10,490	22,500
700824151	PABALAN, ROLDAN BASCO	70,118	-	28,264	-	-	41,854	41,854
700991660	PAEZ, ARTURO JR. TULING	22,824	17,949	-	-	17,949	22,824	40,773
709905084	PAGADOR, ZALDY MANATAD	17,500	-	17,500	-	-	-	-
700848018	PAGDANGANAN, IRIS GRACE C	30,233	-	7,539	-	-	22,695	22,695
700137871	PAGSOLINGAN, BERNARDO ARA	22,917	16,792	-	-	16,792	22,917	39,708
701003586	PAHAMTANG, IVY CRISEL PER	-	40,024	-	-	40,024	-	40,024
700868469	PALAGANAS, EDWIN ERFE	27,778	19,444	-	-	19,444	27,778	47,222
700137987	PALAGANAS, ROLANDO CATUNG	6,250	34,722	-	-	34,722	6,250	40,972
701006436	PALANGYOS, JONAS CLEMENT	2,008	3,992	-	-	3,992	2,008	6,000
709909575	PALENCIA, ROBERTSON LOREN	-	4,875	-	-	4,875	-	4,875
709903576	PANGAN, BILLICENT DANTES	6,250	30,555	-	-	30,555	6,250	36,806
701002857	PANGANIBAN, MANOLO JR DE	32,500	-	32,500	-	-	-	-
700844845	PANGILINAN, RACHELLE HERR	11,806	34,028	-	-	34,028	11,806	45,833
709906158	PAPEL, RONALD ALLAN CALVO	37,391	-	28,017	-	-	9,375	9,375
700828335	PARAYNO, MARIELLE ATO	5,556	36,111	-	-	36,111	5,556	41,667
700141011	PARCO, EMMANUEL LINGCORAN	21,389	19,583	-	-	19,583	21,389	40,972
701004118	PASCO, MARK JESTER LECTOR	21,875	-	21,875	-	-	-	-
700991392	PASCUA, MARIE ANTOINETTE	70,041	-	70,041	-	-	-	-
701040545	PASCUAL, REYMOR ANGELES	133,453	-	83,856	-	-	49,597	49,597
700142298	PASUMBAL, JOEL	41,667	-	16,667	-	-	25,000	25,000
709905403	PAYUMO, MARK DANIEL GOMEZ	10,417	36,805	-	-	36,805	10,417	47,222
709906700	PEPITO, ALVIN O	11,111	-	11,111	-	-	-	-
700143642	PEREDA, ARLENE JAVIER	28,159	17,442	-	-	17,442	28,159	45,601
709907604	PEREZ, RANNIE SAJOLAN	-	39,583	-	-	39,583	-	39,583
701044753	PERONO, JERMELYN DADAL	-	39,583	-	-	39,583	-	39,583
700861227	PERUELO, RICHARD LAMELA	14,166	-	14,166	-	-	-	-
700144606	PESIGAN, ROBERTO OBLEFIAS	40,972	47,743	-	-	47,743	40,972	88,715
701003210	PINEDA, AUGUST CAESAR CAB	9,452	-	9,452	-	-	-	-
700806510	PINEDA, CHRISTOPHER JOHN	37,222	-	37,222	-	-	-	-
700845914	PINEDA, JAY MALABANAN	-	47,917	-	-	47,917	-	47,917
701033948	PINGUL, FRANCIS QUIAMBAO	30,729	20,313	-	-	20,313	30,729	51,042
701023713	PINTOR, BENJAMIN DOROTAYO	7,583	-	7,583	-	-	-	-

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709905159	PLAZA, REGINALD EROJO	23,000	-	23,000	-	-	-	-
700992720	PLEGARIA, EMILY CERENO	110,790	-	18,214	-	-	92,576	92,576
700801429	PRUDENTE, ANDY RESABA	1,200	-	1,200	-	-	-	-
709905396	QUIJANO, ALLEN DOMINGO	4,861	-	4,861	-	-	-	-
709904921	QUILET, MARLON PANGAN	-	39,583	-	-	39,583	-	39,583
709904122	QUIMADA, WILLIAM SEGISMAR	2,084	10,416	-	-	10,416	2,084	12,500
700024597	QUINTO, BESIREE BERNABE	22,917	-	12,500	-	-	10,417	10,417
709907064	QUINTO, MENARD ROSALES	8,854	-	8,854	-	-	-	-
709901754	QUINTO, REYNALDO JR. C	40,104	8,507	-	-	8,507	40,104	48,611
700148393	QUINTO, ROMULO GUIBONE	29,861	21,528	-	-	21,528	29,861	51,389
700988944	RACHEL R. LIBIT	-	14,820	-	-	14,820	-	14,820
709903347	RAMOS, JOSEPH JAY DANILO	12,500	-	12,500	-	-	-	-
709903952	RAÑA, FRED III ASINAS	6,250	-	6,250	-	-	-	-
700125021	RAPADA, RIO DIZON	22,917	24,306	-	-	24,306	22,917	47,222
701004177	RAPIRAP, IAN TAGOCON	-	51,750	-	-	51,750	-	51,750
709901398	RAVAL, CHARLEMAGNE DELA C	-	11,320	-	-	11,320	-	11,320
701003940	RAYOS, JAYSON BALMES	-	59,549	-	-	59,549	-	59,549
701004007	RECOMENDABLE, MIRIAM MALG	22,917	44,271	-	-	44,271	22,917	67,188
709907843	REGIDOR, REYNALDO N.	2,500	51,873	-	-	51,873	2,500	54,373
701037587	RELLEVE, IMEE MATAN	27,778	25,695	-	-	25,695	27,778	53,473
709905336	RELOZOR, FREDIE V	15,799	-	15,799	-	-	-	-
700857203	REMPILLO, ROEL DESTACAMEN	4,167	1,301	-	-	1,301	4,167	5,468
700899224	RESARE, JOSELINO FLORES	8,055	52,882	-	-	52,882	8,055	60,937
700969591	RESPICIO, RAYMOND RAMELB	18,056	25,000	-	-	25,000	18,056	43,056
709910044	RESURRECCION, JOANN SAAVE	-	5,038	-	-	5,038	-	5,038
700859710	REUNIR, LEO CHUA	18,264	16,389	-	-	16,389	18,264	34,653
701005188	REY GABRIEL N. BAGUIO	-	15,728	-	-	15,728	-	15,728
700871044	REYES, AIMEE FLORES	11,632	-	11,632	-	-	-	-
701003267	REYES, ELLAINE DELA CRUZ	67,490	4,559	-	-	4,559	67,490	72,049
709907103	REYES, ROSENDO PASCUAL	4,657	218	-	-	218	4,657	4,875
701041363	REYTANA, ANNA KATRINNA OC	36,632	-	36,632	-	-	-	-
709906065	RIFOL, FROILAN RIVERA	52,535	-	52,535	-	-	-	-
709903905	RIVAMONTE, RHEA FESTIN	14,196	22,610	-	-	22,610	14,196	36,806
709902776	RIVAS, BILLY JOEL TERZOL	46,875	-	1,736	-	-	45,139	45,139
709905410	RIVERA, JOEL DELA CRUZ	55,278	-	55,278	-	-	-	-
709905880	ROCELA, RICHARD STA. SING	6,945	55,382	-	-	55,382	6,945	62,326
701025066	RODRIGUEZ, DOMINGO ARAGON	13,261	18,067	-	-	18,067	13,261	31,328
700155136	ROMAN, RICO DELA CRUZ	-	6,815	-	-	6,815	-	6,815
709905454	ROMERO, ROCHELLE LAPUZ	13,889	-	13,889	-	-	-	-
700004138	ROSALES, ROWENA AGUSTIN	22,917	-	16,667	-	-	6,250	6,250
709908306	RUDY M. SUMANTING	-	7,000	-	-	7,000	-	7,000
709907490	RUERO, RALPH RUEL P.	9,467	60,498	-	-	60,498	9,467	69,965
709904105	RUFO, RUSSEL MENDOZA	31,945	-	17,500	-	-	14,445	14,445
701047299	SACRO, SERA BUSQUE	-	1,458	-	-	1,458	-	1,458
700002065	SAJUL, MICHAEL PORLEY	23,472	38,854	-	-	38,854	23,472	62,326
709905534	SALAMAT, RICARDO SANTOS	8,854	40,452	-	-	40,452	8,854	49,306
709903864	SALASALAN, JOSEFINO JR. N	-	1,250	-	-	1,250	-	1,250
701042963	SALERA, FELCHIE SANTOS	16,687	-	16,687	-	-	-	-
700163201	SALINAS, ROLANDO BARONGAN	30,209	17,708	-	-	17,708	30,209	47,917
709906302	SALVANI, HENIO REMO	-	41,936	-	-	41,936	-	41,936
709906567	SALVO, VICENTE T	-	17,965	-	-	17,965	-	17,965
700163635	SAMSON, HENRY OMILIO	36,188	4,090	-	-	4,090	36,188	40,278
709905321	SAN AGUSTIN, JOHN CARLO S	14,410	-	14,410	-	-	-	-
709902584	SAN DIEGO, ANDREW LAPIDARIO	55,222	-	15,639	-	-	39,584	39,584
709906383	SANCHEZ, ARNOLD JR. GARCI	26,250	-	26,250	-	-	-	-
701012541	SANCHEZ, LEO II FERNANDEZ	37,326	12,674	-	-	12,674	37,326	50,000
701045342	SANCHEZ, REYNALDO UNTAL	36,772	-	2,050	-	-	34,722	34,722
709900468	SANIEGO, ENRIQUE PLATON	54,063	16,639	-	-	16,639	54,063	70,702
700993077	SANTAYO, EDEN CARLO MUESC	2,292	8,180	-	-	8,180	2,292	10,472

Schedule B. Amounts Receivable from Directors, Officers, Employees, Related Parties and Principal Stockholders
(Other than Related Parties)
As of December 31, 2014

Employee No.	Name	Balance at Beginning of Period	Additions	Amounts Collected	Amounts written off	Current	Noncurrent	Balance at the end of period (2014)
700972177	SANTIAGO, GILBERT SEBASTI	7,397	31,492	-	-	31,492	7,397	38,889
701040502	SANTIAGO, MARVIN JACINTO	5,277	28,584	-	-	28,584	5,277	33,861
701043056	SANTIAGO, MELINDA PENULIA	33,334	18,055	-	-	18,055	33,334	51,389
709906238	SANTIAGO, WILBERT FAELNAR	5,000	-	5,000	-	-	-	-
700990397	SANTOS, CHRISTINE SAN JUA	33,755	19,741	-	-	19,741	33,755	53,496
701043110	SANTOS, ESTELLE VICTORIA	43,750	-	29,166	-	-	14,584	14,584
701003663	SANTOS, JACQUELYN DE GUZM	8,854	-	8,854	-	-	-	-
701034987	SANTOS, JOHN MICHAEL AMOR	36,944	33,244	-	-	33,244	36,944	70,189
700168254	SANTOS, JUEL FERNANDEZ	20,834	-	16,667	-	-	4,167	4,167
700973912	SANTOS, KERWIN PASCUAL	23,611	18,333	-	-	18,333	23,611	41,945
700150991	SANTOS, MARIA LILIOSA RAP	-	49,057	-	-	49,057	-	49,057
700828874	SANTOS, MEILANI MAY BAUTI	7,639	-	7,639	-	-	-	-
708226954	SANTOS, RAMON DIMACULANGA	116,667	-	97,298	-	-	19,369	19,369
700979201	SANTOS, SIDFREY CASTRO	-	7,500	-	-	7,500	-	7,500
709906199	SANTOS, TONI ROY REMIAS	42,917	13,334	-	-	13,334	42,917	56,250
700625892	SARIA, EDUARDO DAYACAP	59,896	-	59,896	-	-	-	-
709906137	SARMIENTO, GEORGIO GAZMIN	16,389	-	6,667	-	-	9,722	9,722
709908000	SARMIENTO, REYNARD CORPUZ	-	36,111	-	-	36,111	-	36,111
709906292	SASANA, MARY KATHLIEN VEL	20,836	17,436	-	-	17,436	20,836	38,272
700171603	SASIL, JESUS JR. MOYA	42,917	41,632	-	-	41,632	42,917	84,549
709905392	SAULO, WILSON CABRERA	30,729	19,961	-	-	19,961	30,729	50,690
700870765	SAVELLANO, CRISANTA GONZA	86,183	-	18,822	-	-	67,361	67,361
701027026	SEGOVIA, HERBERT ERWIN UB	11,389	26,805	-	-	26,805	11,389	38,195
700856584	SEMBRANA, JOJI SABADO	32,139	18,555	-	-	18,555	32,139	50,695
700172413	SENA, CATALINO PANGANIBAN	-	43,798	-	-	43,798	-	43,798
701027727	SENADRE, RUPERT TORTOGO	25,555	-	8,056	-	-	17,500	17,500
709906220	SENO, HARVEY DY	25,695	-	25,695	-	-	-	-
700991805	SERAPION, OLIVIA ORPILLA	33,330	20,892	-	-	20,892	33,330	54,222
701022083	SERING, RODNEY ALLEN CALA	-	49,583	-	-	49,583	-	49,583
701027824	SEVA, MANUELITO CALSADO	23,264	-	1,042	-	-	22,222	22,222
700103041	SICAT, BRYAN G	26,042	-	16,667	-	-	9,375	9,375
709907579	SIGNO, ARNEL MARK B.	4,825	42,397	-	-	42,397	4,825	47,222
709908608	SINGSON, RAYMUND DEXTER E	-	42,361	-	-	42,361	-	42,361
701049291	SIOSAN, CHONA BELLEZA	7,500	29,438	-	-	29,438	7,500	36,938
700819620	SISCON, GIGINA DUPHNE AMO	25,695	20,833	-	-	20,833	25,695	46,528
709402024	SO, RONALD GUBAT	28,022	32,816	-	-	32,816	28,022	60,839
701003872	SOBREPENA, JAPHET HERVIAS	-	39,583	-	-	39,583	-	39,583
700859729	SOL, RODANTE MALLORCA	21,118	444	-	-	444	21,118	21,562
700640409	SORIANO, JESUS CASTRO	25,295	-	13,620	-	-	11,675	11,675
700970395	SOTIANGCO, NOEL DAVID	22,223	14,842	-	-	14,842	22,223	37,064
700867080	STA. ROSA, ROSALINDA REYE	29,167	-	29,167	-	-	-	-
701028022	SUMADIA, ROLDAN NICOR	11,084	29,194	-	-	29,194	11,084	40,278
700178381	SUPNET, DAVID VISPERAS	51,076	-	1,771	-	-	49,306	49,306
701029304	SY, EUGENE BALMORI	6,945	-	6,945	-	-	-	-
700868680	SY, MERIDEL T	15,000	-	15,000	-	-	-	-
700841056	TABAY, ROSALIE	64,430	-	64,430	-	-	-	-
709905136	TAGANGUIN, ARLENE QUIJANO	4,861	34,722	-	-	34,722	4,861	39,583
709905348	TAGANGUIN, JOAN B	33,594	7,717	-	-	7,717	33,594	41,311
709905553	TAGUDING, RICHEL QUINDAG	8,334	-	8,334	-	-	-	-
701009125	TALUBAN, ROBERTO SALAZAR	44,306	-	44,306	-	-	-	-
701043560	TAMAYO, ROSE CRISA GALURA	30,556	16,667	-	-	16,667	30,556	47,222
700845388	TAMSI, ROSEMARY JAE DOLFO	56,097	-	31,792	-	-	24,306	24,306
709907473	TAN, JAMES ROBERT ALBERCA	-	4,688	-	-	4,688	-	4,688
700180661	TANCINCO, LYNDON GALVEZ	19,028	20,555	-	-	20,555	19,028	39,583
709903780	TANGCAWAN, LOVEH ECONAR	3,938	29,386	-	-	29,386	3,938	33,323
700848204	TATEL, JOSEPHINE ROJAS	53,306	58,583	-	-	58,583	53,306	111,889
709905938	TATLONGHARI, CHRISTIAN HO	47,373	25,885	-	-	25,885	47,373	73,258
700817953	TEJADA, VIOLETA QUI	73,472	-	49,168	-	-	24,304	24,304
709903057	TENDERO, ROEL RAMIRO	41,167	-	25,417	-	-	15,750	15,750

Schedule B. Amounts Receivable from Directors, Officers, Employees, Related Parties and Principal Stockholders
(Other than Related Parties)
As of December 31, 2014

Employee No.	Name	Balance at Beginning of Period	Additions	Amounts Collected	Amounts written off	Current	Noncurrent	Balance at the end of period (2014)
709905205	TENEPEPE, JENIFFER TORRES	40,000	-	29,583	-	-	10,417	10,417
701045245	TENORIO, DIANA OLIVA	41,041	13,994	-	-	13,994	41,041	55,035
701004701	TEVES, MELDRED MORALES	-	49,306	-	-	49,306	-	49,306
701033700	TIBON, MARICAR SIMAN	17,223	45,964	-	-	45,964	17,223	63,186
709905543	TIGARONITA, ERWYN CORDERO	25,000	-	2,917	-	-	22,083	22,083
709903016	TING, MICHAEL YAP	-	59,549	-	-	59,549	-	59,549
700816493	TIU, HARLEY AGATON	6,250	48,611	-	-	48,611	6,250	54,861
700185779	TOLENTINO, LARMAN MENDOZA	52,847	15,035	-	-	15,035	52,847	67,882
700186635	TORIO, MARCELINO MORENO	74,861	-	49,167	-	-	25,695	25,695
700824178	TORRES, ERIC MACALALAD	55,973	-	6,667	-	-	49,306	49,306
700813176	TORRES, JACKIELOU DIMARAN	24,785	-	24,785	-	-	-	-
709902990	TORRES, JOHN GUANTIA	-	38,195	-	-	38,195	-	38,195
700187364	TORRES, JOSE OMAR MARGALL	49,757	-	5,660	-	-	44,097	44,097
709908610	TORRES, KENNETH ALBERT AL	9,167	16,464	-	-	16,464	9,167	25,631
709909132	TORRES, MA. CRISelda TAbE	6,875	-	3,750	-	-	3,125	3,125
709902904	TORRES, MARK ANTHONY CANE	4,861	26,278	-	-	26,278	4,861	31,139
709909952	TORRES, ROWELL DE LEON	6,719	-	3,750	-	-	2,969	2,969
700991937	TOTING, NILO SANCHEZ	20,834	-	20,834	-	-	-	-
700991775	TOVILLA, MARIE GRACE TABI	-	1,650	-	-	1,650	-	1,650
709905267	TRINIDAD, KATHLEEN AÑES	45,346	-	20,487	-	-	24,859	24,859
700189383	TRINOS, EUGENE G.	40,903	21,077	-	-	21,077	40,903	61,980
700189421	TRUGO, ARCHIE ARCEO	6,945	33,333	-	-	33,333	6,945	40,278
701003863	TUAZON, HAROLD JOHN DAVID	22,917	23,611	-	-	23,611	22,917	46,528
700005541	TUAZON, JENNY ANNE SANCHE	5,386	38,744	-	-	38,744	5,386	44,129
709906328	TUBAON, CHARLES JR BERNAD	40,278	3,750	-	-	3,750	40,278	44,028
701003820	TUBO, JIM NAVAJA	279	5,721	-	-	5,721	279	6,000
700189774	TUMANG, AUGUSTO VARGAS	39,201	23,334	-	-	23,334	39,201	62,535
701031066	TUPAS, JOELITO SABO	13,778	19,555	-	-	19,555	13,778	33,333
701003911	UMALI, TERESA R.	5,000	40,139	-	-	40,139	5,000	45,139
709905340	UMAYAM, DENNIS BASTE	27,083	-	27,083	-	-	-	-
709902764	USI, EMMANUEL GOPEZ	31,250	26,389	-	-	26,389	31,250	57,639
701046438	UY, ENRIQUE BATUSIN-IN	38,889	-	38,889	-	-	-	-
709901781	UY, IAN IGNACIO III TUPAS	15,972	-	15,972	-	-	-	-
700190586	UY, JOEL OCTOBRE	4,000	31,111	-	-	31,111	4,000	35,111
709908567	VALENCIA, GIL III DAVID	6,875	-	6,875	-	-	-	-
700190691	VALENCIA, RAMONCITO L.	87,500	-	81,496	-	-	6,004	6,004
700991260	VALLAR, RONNIE BAGONA	28,000	-	27,055	-	-	945	945
709907298	VARGAS, AMY ROSE ESPARES	-	45,139	-	-	45,139	-	45,139
709905992	VARGAS, EDUARDO LLAMAR	27,778	23,611	-	-	23,611	27,778	51,389
700085440	VARGAS, ERNESTO JR. CARIN	43,090	2,825	-	-	2,825	43,090	45,915
709905323	VARGAS, MARITES GUIRA	7,031	37,047	-	-	37,047	7,031	44,079
701044397	VEGA JR., VALENTINO C.	10,000	33,750	-	-	33,750	10,000	43,750
700866121	VEGA, BILLIE JEANE VALINO	69,046	33,672	-	-	33,672	69,046	102,718
700991791	VEGA, VERA MAY SANTOS	-	39,917	-	-	39,917	-	39,917
709917156	VICERA, RAFAEL FRANCISCO	-	18,000	-	-	18,000	-	18,000
701032534	VIDAURE, LEOCYL RAFOLS	16,667	17,569	-	-	17,569	16,667	34,236
709906177	VIERNES, GABRIEL ANTON C.	21,528	-	16,667	-	-	4,861	4,861
700176877	VILLADELGADO, EMMA JOCELY	37,674	-	37,674	-	-	-	-
700194832	VILLAMOR, ELIZABETH HERUE	-	12,500	-	-	12,500	-	12,500
701004181	VILLAMOR, PEARLIE BUAL	50,625	-	3,750	-	-	46,875	46,875
700845949	VILLANUEVA, ROSARY GISELL	26,389	-	16,667	-	-	9,722	9,722
701032712	VILLARIN, EFREN ARELLANO	31,111	28,194	-	-	28,194	31,111	59,305
709904720	VILLARUZ, DON DENVER ABEL	29,257	-	18,340	-	-	10,917	10,917
701003898	VILLENA, RHOMEL B.	-	43,056	-	-	43,056	-	43,056
700811963	VIRAY, ROMMEL HERNANDEZ	-	28,472	-	-	28,472	-	28,472
700198544	VISPERAS, ROGELIO VELORIA	44,097	-	33,681	-	-	10,417	10,417
700831753	VITANGCUL, VICTOR CANLAS	22,917	-	11,979	-	-	10,938	10,938
700643998	VIVAS, MARGIE SUMIDO	16,528	19,583	-	-	19,583	16,528	36,111
709900664	VIVAS, MARLON AMPARO	36,528	15,833	-	-	15,833	36,528	52,361

Schedule B. Amounts Receivable from Directors, Officers, Employees, Related Parties and Principal Stockholders
(Other than Related Parties)
As of December 31, 2014

Employee No.	Name	Balance at Beginning of Period	Additions	Amounts Collected	Amounts written off	Current	Noncurrent	Balance at the end of period (2014)
709906486	VOCAL, BREEZENIE FAITH BU	22,917	46,007	-	-	46,007	22,917	68,923
709907730	YALUNG, JOSEPH PAUL D.	20,000	22,361	-	-	22,361	20,000	42,361
709906629	YATAR, GERARD S.	-	60,800	-	-	60,800	-	60,800
709906488	YLAGAN, ANTOINE LOUISE DI	21,875	33,333	-	-	33,333	21,875	55,208
709906452	YNION, SANDYMAR BAJAMUNDI	-	4,306	-	-	4,306	-	4,306
709904958	YPON, VANESSA QUILLOBE	18,750	226,854	-	-	226,854	18,750	245,604
701011499	YU, SARA-ANGELICA TOMALE	4,861	33,333	-	-	33,333	4,861	38,195
709906155	ZAFE, ARNEL BAYOT	30,729	-	30,729	-	-	-	-
709904069	ZAÑO, REGINALD ALTO	12,700	22,717	-	-	22,717	12,700	35,417

GINEBRA SAN MIGUEL INC. AND SUBSIDIARIES

Schedule C. Amounts Receivable from Related Parties which are Eliminated during the Consolidation of Financial Assets
December 31, 2014
(In Thousands)

<u>NAME OF RELATED PARTY</u>	<u>BEGINNING BALANCE</u>	<u>ADDITIONS</u>	<u>AMOUNTS COLLECTED</u>	<u>AMOUNTS WRITTEN OFF</u>	<u>TOTAL</u>	<u>CURRENT</u>	<u>NONCURRENT</u>	<u>ENDING BALANCE</u>
Distileria Bago, Inc.	P 87,114 P	319,140 P	(281,917) P	- P	124,337 P	124,337 P	- P	124,337
East Pacific Star Bottlers Phils Inc.	595,400	86,482	(27,587)	-	654,295	14,346	639,949	654,295
Agricrops Industries, Inc.	10,932	55	-	-	10,987	55	10,932	10,987
Healthy Condiments, Inc.	1,959	751	-	-	2,710	55	2,655	2,710
	<u>P 695,405 P</u>	<u>406,428 P</u>	<u>(309,504) P</u>	<u>- P</u>	<u>792,329 P</u>	<u>138,793 P</u>	<u>653,536 P</u>	<u>792,329</u>

GINEBRA SAN MIGUEL INC. AND SUBSIDIARIES

**Schedule C. Amounts Payable to Related Parties which are Eliminated
during the Consolidation of Financial Liabilities
December 31, 2014**
(In Thousands)

<u>NAME OF RELATED PARTY</u>	<u>BEGINNING BALANCE</u>	<u>ADDITIONS</u>	<u>AMOUNTS COLLECTED</u>	<u>AMOUNTS WRITTEN OFF</u>	<u>TOTAL</u>	<u>CURRENT</u>	<u>NONCURRENT</u>	<u>ENDING BALANCE</u>
Distileria Bago, Inc.	P (346,041) P	(905,885) P	1,085,563 P	- P	(166,363) P	(166,363) P	- P	(166,363)
East Pacific Star Bottlers Phils Inc.	(17,739)	(254,529)	249,584	-	(22,684)	(21,788)	(896)	(22,684)
	<u>P (363,780) P</u>	<u>(1,160,414) P</u>	<u>1,335,147 P</u>	<u>- P</u>	<u>(189,047) P</u>	<u>(188,151) P</u>	<u>(896) P</u>	<u>(189,047)</u>

GINEBRA SAN MIGUEL INC. AND SUBSIDIARIES

Schedule E. Long-term Debt
December 31, 2014
(In Thousands)

Title of Issue	Agent / Lender	Outstanding Balance	Current Portion of Debt	Transaction Cost Current	Amount Shown as Current	Long-term Noncurrent Portion Debt	Non Current Transaction Cost	Amount Shown as Long-term	Current and Long-term Debt	Interest Rate	Number of Periodic Installments	Interest Payments	Final Maturity
Floating	Development Bank of the Philippines	457,143	114,286	-	114,286	342,857	-	342,857	457,143	PDST-F plus margin or BSP overnight rate, whichever is higher	Amortized	Quarterly	Sep-18
		P 457,143	P 114,286	P -	P 114,286	P 342,857	P -	P 342,857	P 457,143				

GINEBRA SAN MIGUEL INC. AND SUBSIDIARIES

Schedule F. Indebtedness to Affiliates and Related Parties (Long-term Loans from Related Companies)
 December 31, 2014
 (In Thousands)

Name of Related Parties	Beginning Balance	Ending Balance
Bank of Commerce	₱ 2,177,200	₱ 2,999,865
San Miguel Yamamura Packaging Corporation	241,101	136,790
Petron Corporation	106,268	133,026
SMC Shipping and Lighterage Corporation	167,407	123,774
San Miguel Yamamura Asia Corporation	118,182	113,857
San Miguel Corporation	123,911	95,998
SMITS, Inc. and a subsidiary	45,879	29,596
SMC Global Power Holdings Corp. and subsidiaries	8,230	14,795
Archen Technologies	682	587
San Miguel Brewery, Inc.	1,805	154
San Miguel Pure Foods Company, Inc.	3,906	131
Others	927	549
	₱ 2,995,498	₱ 3,649,122

GINEBRA SAN MIGUEL INC. AND SUBSIDIARIES

Schedule H. Capital Stock
As of December 31, 2014

Title of Issue	Number of shares Authorized	Number of shares issued and outstanding as shown under related balance sheet caption	Number of shares reserved for options, warrants, conversion and other rights	Number of shares held by related parties	Directors, officers and employees	Others
Preferred shares	100,000,000	32,786,885	-	32,786,885	-	-
Common shares	460,000,000	286,327,841	11,448,335	216,972,000	8,081,267	49,826,239
	560,000,000	319,114,726	11,448,335	249,758,885	8,081,267	49,826,239

GINEBRA SAN MIGUEL INC. AND SUBSIDIARIES
AGING OF ACCOUNTS RECEIVABLES
AS OF DECEMBER 31, 2014
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	3,008,092	1,761,886	580,966	114,324	59,355	491,561
Less: Allowance for Doubtful Accounts	108,194	-	-	-	-	108,194
NET TRADE RECEIVABLES	2,899,898	1,761,886	580,966	114,324	59,355	383,367
b). Non-Trade Receivables	441,041	19,129	8,799	18,108	24,928	370,077
Less: Allowance for Doubtful Accounts	81,080	-	-	-	-	81,080
NET NON-TRADE RECEIVABLES	359,961	19,129	8,799	18,108	24,928	288,997
NET RECEIVABLES	3,259,859	1,781,015	589,765	132,432	84,283	672,364

GINEBRA SAN MIGUEL INC.
2013 Reports on SEC Form 17-C

DATE REPORTED	SUBJECT
March 26, 2014	<p style="text-align: center;"><u>Item 9. Other Items:</u></p> <p>1. The Board approved the schedule, venue and agenda of the 2014 Annual Stockholders' Meeting, as follows:</p> <p style="margin-left: 40px;">a. Schedule</p> <p style="margin-left: 80px;">Date and time of the 2014 Annual Stockholders' Meeting: May 8, 2014 at 2:00 P.M. Record date of the stockholders entitled to vote at the said meeting: April 11, 2014 Closing of stock transfer books: April 12, 2014 to April 22, 2014. Deadline for the submission of proxies: April 22, 2014 Validation of proxies: April 25, 2014</p> <p style="margin-left: 40px;">b. Venue</p> <p style="margin-left: 80px;">Executive Dining Room, 2nd Floor, San Miguel Corporation (SMC) - Head Office Complex, No. 40 San Miguel Avenue, Mandaluyong City</p> <p style="margin-left: 40px;">c. Agenda</p> <ol style="list-style-type: none"> 1. Certification of Notice and Quorum 2. Approval of the Minutes of the Annual Stockholders' Meeting held on May 9, 2013 3. Presentation of the Annual Report 4. Ratification of Acts and Proceedings of the Board of Directors and Corporate Officers 5. Approval of the Amendment to Article III of the Amended Articles of Incorporation of the Corporation to change the Principal Office of the Corporation <u>from</u> Metro Manila, Philippines <u>to</u> 3rd and 6th Floors, San Miguel Properties Centre, St. Francis Street, Ortigas Center, Mandaluyong City, Philippines 6. Approval of the Amendment to Article I, Section 1 of the Amended By-Laws of the Corporation to change the date of the regular meeting of the stockholders <u>from</u> second Thursday of May <u>to</u> last Thursday of May 7. Election of Directors 8. Appointment of External Auditor 9. Other Matters that may properly be brought before the meeting 10. Adjournment

	<p>2. The Board also approved the following amendments:</p> <p>Amendment of Article III of the Amended Articles of Incorporation of the Corporation, changing the Principal Office of the Corporation <u>from</u> Metro Manila, Philippines <u>to</u> 3rd and 6th Floors, San Miguel Properties Centre, St. Francis Street, Ortigas Center, Mandaluyong City, Philippines.</p> <p>Amendment of Article I, Section 1 of the Amended By-Laws of the Corporation, changing the date of the regular meeting of the stockholders <u>from</u> second Thursday of May <u>to</u> last Thursday of May.</p>
<p>May 8, 2014</p>	<p style="text-align: center;"><u>Item 9. Other Events</u></p> <p>1. At the Regular Meeting of the Board, the Board approved to adopt certain amendments to the Company's Amended Manual on Corporate Governance (the "Manual") in order to align the provisions thereof with the prevailing SEC Memorandum Circulars affecting the duties of the Compliance Officer, Corporate Secretary and Directors, as well as the requirement relating to directors' attendance in Board meetings.</p> <p>The amendments are set forth below.</p> <p>a.) Section 2.1.2 relative to the duty of the Compliance Officer to attest to the Company's compliance with the Manual and SEC Code of Corporate Governance where necessary or required by applicable laws, rules and regulations, instead of the filing of a certification of compliance with the Manual every January 30 of the year;</p> <p>b.) Section 2.2.1.4 relative to the duty of directors to attend a seminar or program on corporate governance at least once a year conducted by a SEC-accredited training provider; and</p> <p>c.) Sections 2.2.1.7 and 2.2.4.4 relative to the submission of a report, advice or certification on the directors' attendance at Board meetings in accordance with applicable laws, rules and regulations, instead of the filing of a sworn certification on such attendance every January 30 of the year;</p> <p>The Company shall accordingly submit its Amended Manual on Corporate Governance, which already incorporates the foregoing amendments, to the SEC.</p> <p>2. At the Annual Stockholders' Meeting, the following corporate acts were presented, approved and implemented.</p> <p style="text-align: center;"><u>Item 4. Election of Registrant's Directors or Officers</u></p> <p>a.) Election of the following directors -</p> <p style="text-align: center;">Eduardo M. Cojuangco, Jr. Ramon S. Ang Bernard D. Marquez Leo S. Alvez Gabriel S. Claudio</p>

Ferdinand K. Constantino
Joseph N. Pineda
Minita V. Chico-Nazario - Independent Director
Angelina S. Gutierrez - Independent Director

The foregoing directors with the exception of Mr. Marquez currently have 5,000 shares each in the Company. Mr. Marquez has 30,000 shares.

Item 9. Other Events

- b.) Approval of the following amendments to the Amended Articles of Incorporation and Amended By-Laws of the Company.

Amendment of Article III of the Amended Articles of Incorporation of the Company, changing its principal office from Metro Manila, Philippines to 3rd and 6th Floors, San Miguel Properties Centre, St. Francis Street, Ortigas Center, Mandaluyong City, Philippines.

Amendment of Article I, Section 1 of the Amended By-Laws of the Company, changing the date of the regular meetings of the stockholders from second Thursday of May to last Thursday of May.

The Company shall accordingly submit its Amended Articles of Incorporation and Amended By-Laws, which already incorporate the foregoing amendments, to the SEC.

Item 4. Appointment of External Auditor

- c.) Appointment of R.G. Manabat & Co. as the Company's External Auditor for the fiscal year 2014. Manabat Sanagustin & Co., CPAs ("MSC") served as the Company's external auditor for the last fiscal year. Effective February 1, 2014, MSC launched its new name, "R.G. Manabat & Co."

Item 9. Other Events

3. At the Organizational Meeting of the Board, 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 and Compliance Officer
Cynthia M. Baroy	: Treasurer
Conchita P. Jamora	: Assistant Corporate Secretary
Orlando A. Santiago	: Assistant Corporate Secretary

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

	<p>In the same meeting, the following were elected as chairpersons and members of the following Board Committees:</p> <p><u>Executive Committee</u></p> <ol style="list-style-type: none"> 1. Eduardo M. Cojuangco, Jr. - Chairman 2. Ramon S. Ang 3. Bernard D. Marquez 4. Ferdinand K. Constantino <p><u>Audit Committee</u></p> <ol style="list-style-type: none"> 1. Minita V. Chico-Nazario - Chairperson 2. Leo S. Alvez 3. Ferdinand K. Constantino 4. Angelina S. Gutierrez <p><u>Executive Compensation Committee</u></p> <ol style="list-style-type: none"> 1. Ferdinand K. Constantino - Chairman 2. Bernard D. Marquez 3. Leo S. Alvez 4. Minita V. Chico-Nazario <p><u>Nomination and Hearing Committee</u></p> <ol style="list-style-type: none"> 1. Leo S. Alvez - Chairman 2. Bernard D. Marquez 3. Gabriel S. Claudio 4. Angelina S. Gutierrez 5. Joseph N. Pineda <p style="text-align: center;">Maria Cristina M. Menorca - Ex Officio Member</p>
May 13, 2014	<p style="text-align: center;"><u>Item 9. Other Events</u></p> <p>Please see attached disclosure made to The Philippine Stock Exchange, Inc. (PSE), in response to PSE's request for clarification and/or confirmation with the news article entitled "Ginebra sees return to profit this year" posted in BusinessMirror (Internet Edition) on May 8, 2014.</p>
July 17, 2014	<p style="text-align: center;"><u>Item 9. Other Items</u></p> <ol style="list-style-type: none"> 1. The Board approved to adopt certain amendments to the Company's Amended Manual on Corporate Governance (the "Manual") in order to align the provisions thereof with the SEC Memorandum Circular No. 9, Series of 2014. <p>The amended sections of the Manual are set forth below.</p> <ol style="list-style-type: none"> d.) Section 1 relative to the objective of the Manual; e.) Section 2.2.1.2 relative to the specific duties and functions of the Board of Directors; f.) Section 2.2.2.3.2 relative to the duties and responsibilities of the

	<p>Audit Committee;</p> <p>g.) Section 2.2.4.4 relative to the duties and responsibilities of the Corporate Secretary;</p> <p>h.) Section 2.2.6.1. relative to the Internal Auditor; and</p> <p>i.) Sections 4.2 and 4.5 relative to the Reportorial or Disclosure System of Corporation's Corporate Governance Policies.</p> <p>The Company shall accordingly submit its Amended Manual on Corporate Governance, which already incorporates the foregoing amendments, to the SEC.</p>
October 17, 2014	<p><u>Item 4. Resignation, Removal or Election of Registrant's Directors or Officers</u></p> <p>The Office of the Corporate Secretary received yesterday afternoon the letter resignation of Justice Angelina S. Gutierrez as an Independent Director of the Company effective on October 8, 2014 in the light of her appointment as a member of the Judicial and Bar Council.</p>
October 28, 2014	<p><u>Item 9. Other Events</u></p> <p>Please see attached disclosure made to The Philippine Stock Exchange, Inc. (PSE), in response to PSE's request for explanation as to why the release to the media of the Company's 2014 first quarter financial performance without prior or simultaneous disclosure to the PSE, does not constitute a violation of Sections 4.1, 4.2 & 4.4 of the Disclosure Rules.</p>
November 3, 2014	<p><u>Item 9. Other Events</u></p> <p>Please be advised that effective today, November 3, 2014, the <u>trunkline number</u> of Ginebra San Miguel Inc.'s principal office located at 3rd and 6th Floors, San Miguel Properties Centre, St. Francis Street, Ortigas Center, Mandaluyong City is now <u>(02) 841-5100</u>.</p>
November 6, 2014 (As amended on November 7, 2014)	<p><u>Item 4. Resignation, Removal or Election of Registrant's Directors or Officers</u></p> <p>The Board elected Justice Francisco H. Villaruz, Jr. (Ret.) as independent director of the Company vice Justice Angelina S. Gutierrez (Ret.), who resigned effective October 8, 2014 in the light of her appointment as a member of the Judicial and Bar Council. The Company has reported the said resignation to the Securities and Exchange Commission when it filed its SEC Form 17-C on October 17, 2014.</p> <p><u>Justice Villaruz also replaced Justice Gutierrez as a member of the Audit Committee and the Nomination and Hearing Committee of the Company.</u></p> <p>Justice Villaruz, among others, previously held the following positions: Presiding Justice of Sandiganbayan (October 10, 2011-June 8, 2013); Associate Justice of Sandiganbayan (October 8, 2001-October 9, 2011); Director of Securities and Exchange Commission (January 2001-October 7, 2001); Reviewer of Movie and Television Review and Classification Board (November 2000-January 2001) and Senior Partner of Villaruz, Contacto, Nievaes Law Office (April 1999-October 2000). He obtained his law degree at the University of the Philippines and has attended</p>

	<p>various domestic and foreign trainings, seminars and conferences.</p> <p>Justice Villaruz owns 5,000 shares in the Company.</p>
<p>December 5, 2014</p>	<p style="text-align: center;"><u>Item 9. Other Events</u></p> <p>At the Special Meeting of the Board of Directors of the Company held today, December 5, 2014, the Board of Directors (the "Board") of GSMI authorized the sale and transfer to San Miguel Brewery Inc. ("SMB") of certain non-alcoholic beverage assets of GSMI consisting of property, plant and equipment as of December 31, 2014, and inventories as of March 31, 2015 ("Transaction").</p> <p>The Board has delegated to Management the negotiation and conclusion of the terms and conditions of the Transaction. The Company will make the necessary disclosure as soon as the definitive agreement for the Transaction has been concluded by the parties.</p>



Consolidated Changes in the Annual Corporate Governance Report for 2014

GINEBRA SAN MIGUEL INC.

3rd & 6th Floors, San Miguel Properties Centre St. Francis Street, Ortigas Center, Mandaluyong City, Metro Manila, Philippines 1550
Telephone: (632) 841-5100 Fax: (632) 643-2211

A Subsidiary of:  **SAN MIGUEL CORPORATION**

SECURITIES AND EXCHANGE COMMISSION

SEC FORM – ACGR

ANNUAL CORPORATE GOVERNANCE REPORT

GENERAL INSTRUCTIONS

(A) Use of Form ACGR

This SEC Form shall be used to meet the requirements of the Revised Code of Corporate Governance.

(B) Preparation of Report

These general instructions are not to be filed with the report. The instructions to the various captions of the form shall not be omitted from the report as filed. The report shall contain the numbers and captions of all items. If any item is inapplicable or the answer thereto is in the *negative*, an appropriate statement to that effect shall be made. Provide an explanation on why the item does not apply to the company or on how the company's practice differs from the Code.

(C) Signature and Filing of the Report

- A. Three (3) complete set of the report shall be filed with the Main Office of the Commission.
- B. At least one complete copy of the report filed with the Commission shall be **manually** signed.
- C. All reports shall comply with the full disclosure requirements of the Securities Regulation Code.
- D. This report is required to be filed annually together with the company's annual report.

(D) Filing an Amendment

Any material change in the facts set forth in the report occurring within the year shall be reported through SEC Form 17-C. The cover page for the SEC Form 17-C shall indicate "Amendment to the ACGR".



SECURITIES AND EXCHANGE COMMISSION

SEC FORM – ACGR

ANNUAL CORPORATE GOVERNANCE REPORT

1. Report is Filed for the Year: 2012¹
2. Exact Name of Registrant as Specified in its Charter: GINEBRA SAN MIGUEL INC.
3. 3rd & 6th Floors, San Miguel Properties Centre, 1550
St. Francis Street, Ortigas Center, Mandaluyong City ² Postal Code
Address of Principal Office
4. SEC Identification Number: 142312
5. (SEC Use Only)
Industry Classification Code
6. BIR Tax Identification Number: 000-083-856-000
7. (632) 841-5100³
Issuer's Telephone number, including area code
8. N/A
Former name or former address, if changed from the last report

¹ Updated to reflect all updates/changes effected in 2014.

² Updated to reflect the new principal office address of the Company as shown in the Amended Articles of Incorporation of the Company as approved by the SEC on July 7, 2014.

³ Updated telephone number as disclosed in SEC Form 17-C filed with SEC on November 3, 2014.

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A. BOARD MATTERS

1) Board of Directors

Number of Directors per Articles of Incorporation	9
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Actual number of Directors for the year	9
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(a) Composition of the Board

Complete the table with information on the Board of Directors⁴:

Director's Name	Type [Executive (ED), Non-Executive (NED) or Independent Director (ID)]	If nominee, identify the principal	Nominator in the last election (if ID, state the relationship with the nominator)	Date first elected	Date last elected (if ID, state the number of years served as ID)	Elected when (Annual /Special Meeting)	No. of years served as director
<i>Eduardo M. Cojuangco, Jr.</i>	<i>NED</i>	<i>N/A</i>	<i>Ramon S. Ang</i>	<i>October 21, 1998</i>	<i>May 8, 2014</i>	<i>Annual Meeting</i>	<i>16</i>
<i>Ramon S. Ang</i>	<i>NED</i>	<i>N/A</i>	<i>Ramon S. Ang</i>	<i>April 4, 2000</i>	<i>May 8, 2014</i>	<i>Annual Meeting</i>	<i>14</i>
<i>Bernard D. Marquez</i>	<i>ED</i>	<i>N/A</i>	<i>Ramon S. Ang</i>	<i>May 12, 2011</i>	<i>May 8, 2014</i>	<i>Annual Meeting</i>	<i>4</i>
<i>Ferdinand K. Constantino</i>	<i>NED</i>	<i>N/A</i>	<i>Ramon S. Ang</i>	<i>May 29, 2008</i>	<i>May 8, 2014</i>	<i>Annual Meeting</i>	<i>5</i>
<i>Leo S. Alvez</i>	<i>NED</i>	<i>N/A</i>	<i>Ramon S. Ang</i>	<i>April 24, 2002</i>	<i>May 8, 2014</i>	<i>Annual Meeting</i>	<i>12</i>
<i>Gabriel S. Claudio</i>	<i>NED</i>	<i>N/A</i>	<i>Ramon S. Ang</i>	<i>November 10, 2010</i>	<i>May 8, 2014</i>	<i>Annual Meeting</i>	<i>3</i>
<i>Joseph N. Pineda</i> ⁵	<i>NED</i>	<i>N/A</i>	<i>Ramon S. Ang</i>	<i>May 9, 2013</i>	<i>May 8, 2014</i>	<i>Annual Meeting</i>	<i>2</i>
<i>Minita V. Chico-Nazario</i>	<i>ID</i>	<i>N/A</i>	<i>Ramon S. Ang</i>	<i>March 9, 2012</i>	<i>May 8, 2014</i>	<i>Annual Meeting</i>	<i>3</i>
<i>Francisco H. Villaruz, Jr.</i> ⁶	<i>ID</i>	<i>N/A</i>	<i>Ramon S. Ang</i>	<i>November 6, 2014</i>	<i>N/A</i>	<i>Regular Meeting of the Board</i>	<i>Less than a year</i>

- (b) Provide a brief summary of the corporate governance policy that the board of directors has adopted. Please emphasize the policy/ies relative to the treatment of all shareholders, respect for the rights of minority shareholders and of other stakeholders, disclosure duties, and board responsibilities.

The Board of Directors (the "Board") of the Company has adopted a Manual of Corporate Governance and

⁴ Updated per advisement letter filed with SEC on January 6, 2015.

⁵ Updated per advisement letter filed with SEC on January 30, 2014.

⁶ Elected during the Regular Board Meeting held on November 6, 2014 vice Justice Angelina S. Gutierrez (Ret.) who resigned effective October 8, 2014. The resignation of Justice Gutierrez (Ret.) and the election of Justice Villaruz, Jr. (Ret.) were disclosed in separate SEC Form 17-C filed with SEC on October 17, 2014 and November 6, 2014, respectively.

amended the same on March 30, 2013 (the “CG Manual”). The CG Manual aims to institutionalize the principles of good corporate governance in the entire organization. The Company’s Board, Management, Officers, employees and shareholders believe that corporate governance is a necessary component of what constitutes sound strategic business management and will therefore undertake every effort necessary to create awareness thereof within the organization as soon as possible. On May 8, 2014, the Board again amended the CG Manual to align the provisions thereof with the SEC Memorandum Circulars Nos. 5 and 20, Series of 2013, and SEC Memorandum Circular No. 1, Series of 2014, which affect the duties of the Compliance Officer, Corporate Secretary and Directors, as well as the requirement relating to directors’ attendance in Board meetings. Thereafter, on July 17, 2014, the Board further amended the CG Manual to incorporate the revisions made by the SEC to the Revised Code of Corporate Governance embodied in SEC Memorandum Circular No. 9, Series of 2014,

The Company recognizes that the most cogent proof of good corporate governance is that which is visible to the eyes of its investors. Thus, among others, provisions on the following matters affecting shareholders were provided in the Section 5 (Shareholders’ Benefit) of the CG Manual: voting rights, pre-emptive rights, power of inspection, right to information, right to dividends and appraisal rights.

On respecting the rights of minority shareholders, Section 5 of the CG Manual expressly provides, among others the following provisions: that the Board is committed to respect the rights of the shareholders and minority interests; that a director shall not be removed without cause if it will deny minority shareholders representation in the Board; that minority shareholders shall be granted the right to propose the holding of the meeting and the right to propose items in the agenda of the meeting; and that they shall have access to any and all information relating to matters for which the Management is accountable for.

On disclosure duties, Section 4 of the CG Manual lays down the reportorial or disclosure System of the Company’s corporate governance policies which essentially provides that all material information, i.e., anything that could potentially affect share price, shall be publicly disclosed.

On Board responsibilities, the Company’s CG Manual espouses the belief that compliance with the principles of good corporate governance shall start with the Board of Directors. Thus, the said manual is replete with provisions relative to the duties and responsibilities of the Board. In sum, the Board’s general responsibility is as follows: It shall be the Board’s responsibility to foster the long-term success of the Company and secure its sustained competitiveness in a manner consistent with its fiduciary responsibility, which it shall exercise in the best interest of the Company, its shareholders and other stakeholders. The Board is responsible for formulating the Company’s vision, mission, strategic objectives, policies and procedures that shall guide its activities, including the means to effectively monitor Management’s performance. The Board shall conduct itself with utmost honesty and integrity in the discharge of its duties, functions and responsibilities.

- (c) How often does the Board review and approve the vision and mission?

The Board, as the need arises and upon the recommendation of Management reviews and approves the vision and mission of the Company. The Board, during its meeting held on November 9, 2012 reviewed and approved the new vision and mission of the Company.

- (d) Directorship in Other Companies

- (i) Directorship in the Company’s Group⁷

Identify, as and if applicable, the members of the company’s Board of Directors who hold the office of director in other companies within its Group (Ginebra San Miguel Group):

Director’s Name	Corporate Name of the Group Company	Type of Directorship (Executive, Non-Executive, Independent). Indicate if
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⁷ The Group is composed of the parent, subsidiaries, associates and joint ventures of the company.

		director is also the Chairman.
<i>Eduardo M. Cojuangco, Jr.</i>	<i>San Miguel Pure Foods Company, Inc., Petron Corporation</i>	<i>NED, Chairman NED</i>
<i>Ramon S. Ang⁸</i>	<i>Petron Corporation, San Miguel Pure Foods Company, Inc. San Miguel Brewery Inc. San Miguel Properties, Inc. PAL Holdings, Inc. Cyberbay Corp. Liberty Telecomms Holding, Inc. San Miguel Brewery Hong Kong Limited Petron Malaysia Refining & Marketing Berhad Top Frontier Investment Holdings Inc.</i>	<i>ED, Chairman NED NED, Chairman ED, Chairman ED ED, Chairman NED, Chairman NED, Chairman ED ED</i>
<i>Ferdinand K. Constantino⁹</i>	<i>San Miguel Corporation San Miguel Brewery Inc. San Miguel Properties, Inc.</i>	<i>ED NED NED</i>
<i>Leo S. Alvez</i>	<i>San Miguel Corporation</i>	<i>NED</i>
<i>Joseph N. Pineda¹⁰</i>	<i>SMC Shipping and Ligherage Corporation Process Synergy, Inc. San Miguel Holdings Corp. San Miguel Energy Corporation SMC Stock Transfer Service Corp. Bell Telecommunications Philippines, Inc. SMITS, Inc Anchor Insurance Brokerage Corp. Rapid Thoroughfares, Inc.</i>	<i>NED, Chairman NED, Chairman NED NED NED NED NED NED NED NED</i>
<i>Minita V. Chico-Nazario</i>	<i>San Miguel Properties, Inc. Top Frontier Investment Holdings Inc.</i>	<i>ID ID</i>

(ii) Directorship in Other Listed Companies

Identify, as and if applicable, the members of the company's Board of Directors who are also directors of publicly-listed companies outside of its Group:

Director's Name	Corporate Name of the Group Company	Type of Directorship (Executive, Non-Executive, Independent). Indicate if director is also the Chairman.
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⁸ Deleted PAL Holdings, Inc. from the list of companies where Mr. Ang is a director. Updated per advisement letter filed with SEC on October 28, 2014, relative to Mr. Ang's resignation as director of the said company.

⁹ Mr. Constantino resigned as director of PAL Holdings, Inc. effective October 23, 2014. Updated per advisement letter filed with SEC on October 28, 2014.

¹⁰ Updated per advisement letter filed with SEC on January 30, 2014.

<i>Eduardo M. Cojuangco, Jr.</i>	<i>San Miguel Pure Foods Company, Inc., Petron Corporation</i>	<i>NED, Chairman NED NED</i>
<i>Ramon S. Ang¹¹</i>	<i>Petron Corporation, San Miguel Pure Foods Company, Inc. PAL Holdings, Inc. Cyberbay Corp. Liberty Telecomms Holding, Inc. San Miguel Brewery Hong Kong Limited Petron Malaysia Refining & Marketing Berhad</i>	<i>ED, Chairman NED ED NED, Chairman and President NED, Chairman NED, Chairman ED, Chairman</i>
<i>Ferdinand K. Constantino¹²</i>	<i>San Miguel Corporation San Miguel Brewery Inc.</i>	<i>ED NED</i>
<i>Leo S. Alvez</i>	<i>San Miguel Corporation</i>	<i>NED</i>
<i>Minita V. Chico-Nazario</i>	<i>San Miguel Properties, Inc.</i>	<i>ID</i>

(iii) Relationship within the Company and its Group

Provide details, as and if applicable, of any relation among the members of the Board of Directors, which links them to significant shareholders in the company and/or in its group:

Director's Name	Name of the Significant Shareholder	Description of the relationship
<i>Eduardo M. Cojuangco, Jr.</i>	<i>San Miguel Corporation</i>	<i>Chairman and Chief Executive Officer</i>
<i>Ramon S. Ang</i>	<i>San Miguel Corporation</i>	<i>Vice-Chairman, President and Chief Operating Officer</i>
<i>Leo S. Alvez</i>	<i>San Miguel Corporation</i>	<i>Director</i>
<i>Ferdinand K. Constantino</i>	<i>San Miguel Corporation</i>	<i>Director, Chief Finance Officer and Chief Information Officer</i>
<i>Joseph N. Pineda¹³</i>	<i>San Miguel Corporation</i>	<i>Senior Vice President, Deputy Chief Finance Officer and OIC-Corporate Treasury</i>

(iv) Has the company set a limit on the number of board seats in other companies (publicly listed, ordinary and companies with secondary license) that an individual director or CEO may hold simultaneously? In particular, is the limit of five board seats in other publicly listed companies imposed and observed? If yes, briefly describe other guidelines:

The Company provides in its CG Manual, a "Policy on Multiple Board Seats", which provides that a "A director shall exercise due discretion in accepting and holding directorships other than in the Corporation, provided that, in holding such other directorships, such director shall ensure that his capacity to diligently and efficiently perform his duties and responsibilities as a director of the Corporation is not compromised."

¹¹ Deleted Alphaland Corporation and PhilWeb Corporation from the list of companies where Mr. Ang is a director. Updated per advisement letter filed with SEC on March 14, 2014, relative to Mr. Ang's resignation as director of the said companies.

Deleted Manila Electric Company from the list of companies where Mr. Ang is a director. Updated per advisement letter filed with SEC on April 2, 2014, relative to Mr. Ang's resignation as director of the said company.

Deleted PAL Holdings, Inc. from the list of companies where Mr. Ang is a director. Updated per advisement letter filed with SEC on October 28, 2014, relative to Mr. Ang's resignation as director of the said company.

¹² Mr. Constantino resigned as director of PAL Holdings, Inc. effective October 23, 2014. Updated per advisement letter filed with SEC on October 28, 2014.

¹³ Updated per advisement letter filed with SEC on January 30, 2014.

The Company has also adopted the requirements of SEC Memorandum Circular No. 9 series of 2011, dated December 5, 2011, on "Term Limits of Independent Directors" relative to the limitation on the number of covered companies that a person may be elected as Independent Director of business conglomerates.

(e) Shareholding in the Company

Complete the following table on the members of the company's Board of Directors who directly and indirectly own shares in the company:

Name of Director	Number of Direct shares	Number of Indirect shares / Through (name of record owner)	% of Capital Stock
Eduardo M. Cojuangco, Jr.	5,000	N/A	0.00%
Ramon S. Ang	5,000	N/A	0.00%
Ferdinand K. Constantino	5,000	N/A	0.00%
Francisco H. Villaruz, Jr. ¹⁴	5,000	N/A	0.00%
Gabriel L. Claudio	5,000	N/A	0.00%
Bernard D. Marquez	30,000	N/A	0.00%
Leo S. Alvez	5,000	N/A	0.00%
Minita V. Chico Nazario	5,000	N/A	0.00%
Joseph N. Pineda ¹⁵	5,000	N/A	0.00%

2) Chairman and CEO

- (a) Do different persons assume the role of Chairman of the Board of Directors and CEO? If no, describe the checks and balances laid down to ensure that the Board gets the benefit of independent views.

Yes No

The duties and responsibilities of the Chairman and CEO are properly laid down in the Company's By-laws and CG Manual, which help in the maintenance of proper checks and balances to ensure that the Board obtains the benefit of independent views and perspectives.

Identify the Chair and CEO:

Chairman of the Board/CEO	Eduardo M. Cojuangco, Jr.
President	Bernard D. Marquez

(b) Roles, Accountabilities and Deliverables

Define and clarify the roles, accountabilities and deliverables of the Chairman and CEO.

¹⁴ Elected during the Regular Board Meeting held on November 6, 2014 vice Justice Angelina S. Gutierrez (Ret.) who resigned effective October 8, 2014. The resignation of Justice Gutierrez (Ret.) and the election of Justice Villaruz, Jr. (ret.) were disclosed in separate SEC Form 17-C filed with SEC on October 17, 2014 and November 6, 2014, respectively.

¹⁵ Updated per advisement letter filed with SEC on January 30, 2014.

	Chairman	Chief Executive Officer
Role	<p><i>The Company's By-laws prescribed that the Chairman of the Board shall be the Chief Executive Officer of the Company. He is the Head of the Board and presides at meetings of the directors and stockholders.</i></p> <p><i>He shall exercise such other powers and performs such other functions and duties as the Board may assign.</i></p>	<p><i>Responsible for the general supervision, administration and management of business of the Company (As provided in the Company by-laws and CG Manual</i></p> <p><i>Exercise such other powers and performs such other functions and duties as the Board may assign.</i></p>
Accountabilities	<p><i>Accountable to all shareholders of the Company.</i></p>	<p><i>Accountable to all shareholders of the Company.</i></p>
Deliverables	<p><i>The Chairman shall have the following duties and functions:</i></p> <p><i>Ensure that the meetings of the Board are held in accordance with the by-laws of the Company;</i></p> <p><i>Supervise the preparation of the agenda of the meeting in coordination with the Corporate Secretary;</i></p> <p><i>Maintain qualitative and timely lines of communication and information between the Board and the Management; and</i></p> <p><i>Conduct regular board meetings and annual stockholders' meetings.</i></p>	<p><i>Among others, the Chief Executive Officer certifies the preparation and fair representation of the consolidated financial statements of the Company, as well as compliance with the requirements of SEC Form 17-A.</i></p>

- 3) Explain how the board of directors' plan for the succession of the CEO/Managing Director/President and the top key management positions?

The Board through the Executive Compensation Committee review, among others, the promotion and career advancement directives of the Company. (Sec 2.2.2.2.1 CG Manual).

The Company also has a Management Development Program (MDP) which is a holistic and purposive program aimed at ensuring the timely availability of the required number of employees at the middle level and up, with the necessary education, experience and personal characteristics, to fulfill short- and long-term needs of the organization.

- 4) Other Executive, Non-Executive and Independent Directors

Does the company have a policy of ensuring diversity of experience and background of directors in the board? Please explain.

Yes. The Company's CG Manual, requires, among others, that all its directors be at least college graduates or have sufficient experience in managing the business to substitute for such formal education.

Does it ensure that at least one non-executive director has an experience in the sector or industry the company belongs to? Please explain.

Yes. The Company's CG Manual, requires, among others, that all its directors be at least college graduates or have

sufficient experience in managing the business to substitute for such formal education.

Define and clarify the roles, accountabilities and deliverables of the Executive, Non-Executive and Independent Directors:

	Executive	Non-Executive	Independent Director
Role	<p><i>The Company's By-Laws prescribe that the President, who shall be a director, shall be the Chief Operating Officer of the Company and shall have general supervision and direction of the day to day business affairs of the Company. He is the official representative of the Company to the Board. He presents the Company's performance to the Board and serves as the link between Management and the Board.</i></p>	<p><i>The Board's duty is to foster the long-term success of the Company and secure its sustained competitiveness in a manner consistent with its fiduciary responsibility, which it shall exercise in the best interest of the Company, its shareholders and other stakeholders.</i></p> <p><i>The Board is responsible for formulating the Company's vision, mission, strategic objectives, policies and procedures that shall guide its activities, including the means to effectively monitor Management's performance.</i></p> <p><i>The Board shall ensure a high standard of best practice for the Company and its stakeholders, as reflected in its numerous duties and responsibilities, including but not limited to the following:</i></p> <ul style="list-style-type: none"> <i>Implement a process of selection to ensure a mix of competent directors and officers who can add value and contribute independent judgment to the formulation of</i> 	<p><i>Independent directors perform the same roles, duties and responsibilities as Non-Executive Directors. Their role is to exercise independent judgment in carrying out their responsibilities as a director.</i></p> <p><i>An Independent Director also chairs the Audit Committee of the Board.</i></p>

		<p><i>sound corporate strategies and policies;</i></p> <ul style="list-style-type: none"> • <i>Appoint competent, professional, honest and highly-motivated Management officers and adopt an effective succession planning program for Management;</i> • <i>Provide sound strategic policies and guidelines on major capital expenditures and other programs to sustain the Company's long-term viability and strength, and periodically evaluate and monitor the implementation of such policies and strategies;</i> • <i>Formulate a clear policy on accurately, timely and effectively communicating or relating with the Company's stakeholders and agencies regulating the Company;</i> • <i>Adopt a system</i> 	
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		<p><i>of internal checks and balances, and to review regularly the effectiveness thereof;</i></p> <ul style="list-style-type: none"> <i>Formulate and implement policies and procedures that would ensure the integrity and transparency of related party transactions between and among the Company and its parent company, joint ventures, subsidiaries, associates, affiliates, major shareholders, Officers and directors, including their spouses, children and dependent siblings and parents, and of interlocking director relationships by members of the Board;</i> <p><i>The Board shall also have the following oversight responsibilities, to name a few, for ensuring the presence of adequate and effective internal control mechanisms:</i></p> <ul style="list-style-type: none"> <i>Establish organizational and operational</i> 	
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		<p><i>controls commensurate with, among others, the nature and complexity of the business of the Company and its culture, volume, size and complexity of transactions; degree of risks involved, degree of centralization and delegation of authority; extent and effectiveness of information technology; and extent of regulatory compliance;</i></p> <ul style="list-style-type: none"> <i>• Ensure that an independent audit mechanism is in place to monitor the adequacy and effectiveness of the Company's governance, operations and information systems, including the reliability and integrity of financial and operational information, the effectiveness and efficiency of operations, the safeguarding of assets, and compliance with laws, rules,</i> 	
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		<i>regulations and contracts.</i>	
Accountabilities	<i>The Executive Director is accountable to all the shareholders of the Company as he is in charge of the day to day operations of the Company.</i>	<i>The Board is accountable to the shareholders and stakeholders and should thus, ensure that they are provided with an adequate assessment of the Company's business condition, position and prospects through the filing of reports required by law and regulators. The Board should also ensure that they are informed of important developments in the Company.</i>	<i>In addition to the accountabilities of Non-Executive Directors, Independent Directors are also expected to ensure that their independence is maintained. They are likewise, expected to as much as possible attend the meetings of the Board and Board Committee meetings to promote transparency.</i>
Deliverables	<i>Improved shareholder value</i>	<i>Improved shareholder value</i>	<i>Improved shareholder value</i>

Provide the company's definition of "independence" and describe the company's compliance to the definition.

As provided in the Company's CG Manual, an "Independent Director" is a person who, apart from his fees and shareholdings, has no business or relationship with the Corporation, which could, or could reasonably be perceived to, materially interfere with the exercise of his independent judgment in carrying out his responsibilities as a director. An Independent Director shall submit to the Corporate Secretary a certification confirming that he possesses all the qualifications and none of the disqualifications of an Independent Director at the time of his election and/or re-election as an Independent Director.

Does the company have a term limit of five consecutive years for independent directors? If after two years, the company wishes to bring back an independent director who had served for five years, does it limit the term for no more than four additional years? Please explain.

The Company has adopted the requirements of SEC Memorandum Circular No. 9 series of 2011, dated December 5, 2012, on "Term Limits of Independent Directors".

The independent directors of the Company are nominated and elected in accordance with the Company's By-laws, CG Manual and the SEC Memorandum Circular No. 9. Accordingly, an independent director may serve as such for five consecutive years only starting January 2012, after which, a "cooling off" period of two years shall be observed before he/she may be considered for re-election as independent director of the Company for another five consecutive years.

5) Changes in the Board of Directors (Executive, Non-Executive and Independent Directors)

(a) Resignation/Death/Removal

Indicate any changes in the composition of the Board of Directors that happened during the period:

Name	Position	Date of Cessation	Reason
<i>Carmelo L. Santiago</i>	<i>Independent Director</i>	<i>March 7, 2012</i>	<i>Resignation (To focus on his other business endeavors)</i>

<i>Carlos Palanca III</i>	<i>Independent Director</i>	<i>March 31, 2012</i>	<i>Resignation (To focus on his other business endeavors)</i>
<i>Angelina S. Gutierrez¹⁶</i>	<i>Independent Director</i>	<i>October 8, 2014</i>	<i>Resignation (in the light of her appointment as a member of the Judicial and Bar Council.</i>

(b) Selection/Appointment, Re-election, Disqualification, Removal, Reinstatement and Suspension

Describe the procedures for the selection/appointment, re-election, disqualification, removal, reinstatement and suspension of the members of the Board of Directors. Provide details of the processes adopted (including the frequency of election) and the criteria employed in each procedure:

Procedure	Process Adopted	Criteria
a. Selection/Appointment		
	<i>Nomination and Election</i>	
	<p><i>Nomination:</i></p> <p><i>As prescribed in the Company's By-laws, nomination for the election of directors may be made by the Board as well as by any shareholder entitled to vote for the election of directors if such shareholder complies with the following:</i></p> <ul style="list-style-type: none"> • <i>Nominations shall be received by the Chairman of the Board of Directors (which nominations may be sent to such Chairman in care of the Secretary of the Corporation), on or before January 20 or at such earlier or later date that the Board may fix. (As amended on March 25, 1999).</i> • <i>Each nomination shall set forth (i) the name, age, business address and, if known, residence address of each nominee, (ii) the principal occupation or employment of each such nominee, (iii) the number of shares of stock of the Corporation which are beneficially owned by each such nominee, and (iv) the</i> 	<p><i>As provided in the Company's By-laws and CG Manual, the following are the criteria:</i></p> <p><i>Qualifications:</i></p> <ul style="list-style-type: none"> • <i>He shall hold at least five thousand (5,000) shares of stock of the Company;</i> • <i>He shall be at least a college graduate or have sufficient experience in managing the business to substitute for such formal education;</i> • <i>He shall be at least twenty one (21) years old;</i> • <i>He shall have proven to possess integrity and probity; and</i> • <i>He shall be assiduous;</i> • <i>He should not be</i>
(i) Executive Directors		

¹⁶ Updated per SEC Form 17-C filed with SEC on October 17, 2014.

	<p><i>interest and positions held by each nominee in other corporations. In addition, the shareholder making such nomination shall promptly provide any other information reasonably requested by the Corporation.</i></p> <p><i>The Board, by a majority vote unless a greater majority is required under this By-Laws, may, in its discretion, determine and declare that a nomination was not made in accordance with the foregoing procedures, and/or that a nominee is qualified for election as Director under this By-Laws and if the Board should so determine, the defective nomination and the nomination of a disqualified person shall be disregarded. (As amended on 28 September 1994).</i></p> <p><i>As prescribed in the Company's CG Manual, the nominees are then pre-screened and shortlisted by the Nomination and Hearing Committee in accordance with the qualifications and disqualifications as provided in the Company's CG Manual.</i></p> <p><i>Election:</i></p> <p><i>As prescribed in the Company's By-laws the members of the Board shall be elected at the regular meeting of stockholders.</i></p>	<p><i>engaged in any business which competes with or is antagonistic to that of the Company.</i></p>
<p>(ii) Non-Executive Directors</p>	<p><i>Nomination and Election</i></p> <p><i>Nomination:</i></p> <p><i>As prescribed in the Company's By-laws, nomination for the election of directors may be made by the Board, as well as by any shareholder entitled to vote for the election of directors if such shareholder complies with the following:</i></p> <ul style="list-style-type: none"> • <i>Nominations shall be received by the Chairman of the Board</i> 	<p><i>As provided in the Company's By-laws and CG Manual, the following are the criteria:</i></p> <p><i>Qualifications:</i></p> <ul style="list-style-type: none"> • <i>He shall hold at least five thousand (5,000) shares of stock of the Company;</i> • <i>He shall be at least a college graduate or</i>

	<p><i>of Directors (which nominations may be sent to such Chairman in care of the Secretary of the Corporation), on or before January 20 or at such earlier or later date that the Board may fix. (As amended on March 25, 1999).</i></p> <ul style="list-style-type: none"> • <i>Each nomination shall set forth (i) the name, age, business address and, if known, residence address of each nominee, (ii) the principal occupation or employment of each such nominee, (iii) the number of shares of stock of the Corporation which are beneficially owned by each such nominee, and (iv) the interest and positions held by each nominee in other corporations. In addition, the shareholder making such nomination shall promptly provide any other information reasonably requested by the Corporation.</i> • <i>The Board, by a majority vote unless a greater majority is required under this By-Laws, may, in its discretion, determine and declare that a nomination was not made in accordance with the foregoing procedures, and/or that a nominee is qualified for election as Director under this By-Laws and if the Board should so determine, the defective nomination and the nomination of a disqualified person shall be disregarded. (As amended on 28 September 1994).</i> <p><i>As prescribed in the Company's CG Manual, the nominees are then pre-screened and shortlisted by the Nomination and Hearing Committee in accordance with the qualifications and disqualifications as provided in the Company's CG Manual.</i></p> <p><i>Election:</i></p>	<p><i>have sufficient experience in managing the business to substitute for such formal education;</i></p> <ul style="list-style-type: none"> • <i>He shall be at least twenty one (21) years old;</i> • <i>He shall have proven to possess integrity and probity; and</i> • <i>He shall be assiduous;</i> • <i>He should not be engaged in any business which competes with or is antagonistic to that of the Company.</i>
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	<p><i>As prescribed in the Company's By-laws the members of the Board shall be elected at the regular meeting of stockholders.</i></p>	
(iii) Independent Directors	<p style="text-align: center;"><i>Nomination and Election</i></p> <p><i>Nomination:</i></p> <p><i>As prescribed in the Company's By-laws, nomination for the election of directors may be made by the Board, as well as by any shareholder entitled to vote for the election of directors if such shareholder complies with the following:</i></p> <ul style="list-style-type: none"> • <i>Nominations shall be received by the Chairman of the Board of Directors (which nominations may be sent to such Chairman in care of the Secretary of the Corporation), on or before January 20 or at such earlier or later date that the Board may fix. (As amended on March 25, 1999).</i> • <i>Each nomination shall set forth (i) the name, age, business address and, if known, residence address of each nominee, (ii) the principal occupation or employment of each such nominee, (iii) the number of shares of stock of the Corporation which are beneficially owned by each such nominee, and (iv) the interest and positions held by each nominee in other corporations. In addition, the shareholder making such nomination shall promptly provide any other information reasonably requested by the Corporation.</i> • <i>The Board, by a majority vote unless a greater majority is required under this By-Laws, may, in its discretion, determine and declare that a nomination was not made in accordance with the foregoing</i> 	<p><i>As provided in the Company's By-laws and CG Manual, the following are the criteria:</i></p> <p><i>Qualifications:</i></p> <ul style="list-style-type: none"> • <i>He shall hold at least five thousand (5,000) shares of stock of the Company;</i> • <i>He shall be at least a college graduate or have sufficient experience in managing the business to substitute for such formal education;</i> • <i>He shall be at least twenty one (21) years old;</i> • <i>He shall have proven to possess integrity and probity; and</i> • <i>He shall be assiduous;</i> • <i>He should not be engaged in any business which competes with or is antagonistic to that of the Company.</i> <p><i>In addition, an Independent Director should, apart from his fees and shareholdings, have no business or relationship with the Company, which could, or could reasonably be perceived to, materially</i></p>

	<p><i>procedures, and/or that a nominee is qualified for election as Director under this By-Laws and if the Board should so determine, the defective nomination and the nomination of a disqualified person shall be disregarded. (As amended on 28 September 1994).</i></p> <p><i>As prescribed in the Company's CG Manual, the nominees are then pre-screened and shortlisted by the Nomination and Hearing Committee in accordance with the qualifications and disqualifications as provided in the Company's CG Manual.</i></p> <p><i>Election:</i></p> <p><i>As prescribed in the Company's By-laws the members of the Board shall be elected at the regular meeting of stockholders.</i></p> <p><i>In addition, as provided in the Company By-laws, during the regular meeting of stockholders, the Chairman of the meeting informs all stockholders in attendance of the mandatory requirement of electing independent directors.</i></p>	<p><i>interfere with the exercise of his independent judgment in carrying out his responsibilities as a director.</i></p>
b. Re-appointment		
(i) Executive Directors	<p><i>The procedure for the Selection/Appointment of Executive Directors as discussed above is also adopted in case of re-appointment.</i></p>	<p><i>The criteria for the Selection/Appointment of Executive Directors as discussed above are the same criteria used for re-appointment.</i></p>
(ii) Non-Executive Directors	<p><i>The procedure for the Selection/Appointment of Non-Executive Directors as discussed above is also adopted in case of re-appointment.</i></p>	<p><i>The criteria for the Selection/Appointment of Non-Executive Directors as discussed above are the same criteria used for re-appointment.</i></p>
(iii) Independent Directors	<p><i>The procedure for the Selection/Appointment of Independent Directors a discussed above is also adopted in case of re-appointment.</i></p>	<p><i>The criteria for the Selection/Appointment of Independent Directors as discussed above are the same criteria used for re-appointment. However, in re-appointment, the provisions on term limits of directors as</i></p>

		provided in SEC Memorandum Circular No. 9, series of 2011, is taken into account.
c. Permanent Disqualification		
(i) Executive Directors	The Executive Director will be considered resigned from office and will no longer be considered for nomination and election as director in the succeeding annual stockholders' meeting of the Company.	<p>Any of the following shall be a ground for permanent disqualification of a director of the Company:</p> <ul style="list-style-type: none"> Any person convicted by final judgment or order by a competent judicial or administrative body of any crime that (a) involves the purchase or sale of securities, as defined in the Securities Regulation Code; (b) arises out of the person's conduct as an underwriter, broker, dealer, investment adviser, principal, distributor, mutual fund dealer, futures commission merchant, commodity trading advisor, or floor broker; or (c) arises out of his fiduciary relationship with a bank, quasi-bank, trust company, investment house or as an affiliated person of any of them; Any person who, by reason of misconduct, after hearing, is permanently enjoined by a final judgment or order of the SEC or any court or administrative body of competent jurisdiction from: (a)

		<p>acting as an underwriter, broker, dealer, investment adviser, principal, distributor, mutual fund dealer, futures commission merchant, commodity trading advisor, or floor broker; or (b) acting as director or officer of a bank, quasi-bank, trust company, investment house, or investment company; (c) engaging in or continuing any conduct or practice in any of the capacities mentioned in both (a) and (b) of this paragraph, or willfully violating the laws that govern securities and banking activities.</p> <p>The disqualification shall also apply if such person is currently the subject of an order of the SEC or any court or administrative body denying, revoking or suspending any registration, license or permit issued to him under the Corporation Code, Securities Regulation Code or any other law administered by the SEC or Bangko Sentral ng Pilipinas ("BSP"), or under any rule or regulation issued by the SEC or BSP, or has otherwise been restrained from engaging in any activity involving securities and banking; or such person is currently the subject of an effective order of a self-regulatory organization suspending or</p>
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		<p><i>expelling him from membership, participation or association with a member or participant of the organization;</i></p> <ul style="list-style-type: none"><i>• Any person convicted by final judgment or order of a competent judicial or administrative body of an offense involving moral turpitude, fraud, embezzlement, theft, estafa, counterfeiting, misappropriation, forgery, bribery, false affirmation, perjury or other fraudulent acts or transgressions;</i><i>• Any person who has been adjudged by final judgment or order of the SEC or a competent court or other administrative body to have willfully violated, or willfully aided, abetted, counseled, induced or procured the violation of any provision of the Securities Regulation Code, the Corporation Code, or any other law administered by the SEC or BSP, or any rule, regulation or order of the SEC or BSP;</i><i>• Any person found guilty by final judgment or order of a foreign court or equivalent financial regulatory authority of acts, violations or</i>
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		<p><i>misconduct similar to any of the acts, violations or misconduct listed in the foregoing paragraphs;</i></p> <ul style="list-style-type: none"> • <i>Any person judicially declared to be insolvent; and</i> • <i>Conviction by final judgment of an offense punishable by imprisonment for a period exceeding six (6) years, or a violation of the Corporation Code, committed within five (5) years prior to the date of his election or appointment.</i> <p><i>The foregoing grounds for disqualification apply to all directors – Executive, Non-Executive and Independent Directors.</i></p>
(ii) Non-Executive Directors	<i>The Non-Executive Director will be considered resigned from office and will no longer be considered for nomination and election as director in the succeeding annual stockholders' meeting of the Company.</i>	<i>Same grounds for permanent disqualifications of Executive Directors are applicable in the case of Non-Executive Directors.</i>
(iii) Independent Directors	<i>The Independent Director will be considered resigned from office and will no longer be considered for nomination and election as director in the succeeding annual stockholders' meeting of the Company.</i>	<i>Same grounds for permanent disqualifications of Executive Directors are applicable in the case of Independent Directors.</i>
d. Temporary Disqualification		
(i) Executive Directors	<i>A temporarily disqualified director shall, within sixty (60) business days from such disqualification, take the appropriate action to remedy or correct the disqualification. If he fails or refuses to do so for unjustified reasons, the disqualification shall become permanent, except in the case of temporary disqualification where the Independent Director becomes an Officer, employee or consultant of the</i>	<p><i>Any of the following shall be a ground for the temporary disqualification of a director:</i></p> <ul style="list-style-type: none"> • <i>Refusal to fully disclose the extent of his business interest or comply with disclosure requirements as required under the</i>

	<p><i>Corporation, in which case such disqualified Independent Director shall become eligible for election as Independent Director after the lapse of two (2) years from the termination of his officership, employment or consultancy with the Company.</i></p>	<p><i>Securities Regulation Code and its Implementing Rules and Regulations. This disqualification shall be in effect as long as his refusal persists;</i></p> <ul style="list-style-type: none"> • <i>Absence in more than fifty percent (50%) of all meetings, both regular and special, of the Board during his incumbency, or any twelve (12) month period during said incumbency, unless the absence is due to illness, death in the immediate family or serious accident. This disqualification applies for purposes of the succeeding election;</i> • <i>Dismissal or termination for cause as director of any corporation covered by SEC Memorandum Circular No. 6, series of 2009. This disqualification shall be in effect until he has cleared himself of any involvement in the alleged irregularity;</i> • <i>If the beneficial equity ownership of an Independent Director in the Company or its subsidiaries and affiliates exceeds two percent (2%) of its subscribed capital</i>
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		<p>stock. The disqualification shall be lifted if the limit is later complied with;</p> <ul style="list-style-type: none"> • If any of the judgments or orders cited in the grounds for the permanent disqualification of directors has not yet become final; and • If any person earlier elected as Independent Director of the Corporation becomes an officer, employee or consultant of the Company.
<p>(ii) Non-Executive Directors</p>	<p>A temporarily disqualified director shall, within sixty (60) business days from such disqualification, take the appropriate action to remedy or correct the disqualification. If he fails or refuses to do so for unjustified reasons, the disqualification shall become permanent, except in the case of temporary disqualification where the Independent Director becomes an officer, employee or consultant of the Company, in which case such disqualified Independent Director shall become eligible for election as Independent Director after the lapse of two (2) years from the termination of his officership, employment or consultancy with the Company.</p>	<p>Any of the following shall be a ground for the temporary disqualification of a director:</p> <ul style="list-style-type: none"> • Refusal to fully disclose the extent of his business interest or comply with disclosure requirements as required under the Securities Regulation Code and its Implementing Rules and Regulations. This disqualification shall be in effect as long as his refusal persists; • Absence in more than fifty percent (50%) of all meetings, both regular and special, of the Board during his incumbency, or any twelve (12) month period during said incumbency, unless the absence is due to illness, death

		<p><i>in the immediate family or serious accident. This disqualification applies for purposes of the succeeding election;</i></p> <ul style="list-style-type: none"> • <i>Dismissal or termination for cause as director of any corporation covered by SEC Memorandum Circular No. 6, series of 2009. This disqualification shall be in effect until he has cleared himself of any involvement in the alleged irregularity;</i> • <i>If the beneficial equity ownership of an Independent Director in the Company or its subsidiaries and affiliates exceeds two percent (2%) of its subscribed capital stock. The disqualification shall be lifted if the limit is later complied with;</i> • <i>If any of the judgments or orders cited in the grounds for the permanent disqualification of directors has not yet become final; and</i> • <i>If any person earlier elected as Independent Director of the Company becomes an officer, employee or consultant of the Company.</i>
(iii) Independent	A temporarily disqualified director	Any of the following shall be

Directors	<p><i>shall, within sixty (60) business days from such disqualification, take the appropriate action to remedy or correct the disqualification. If he fails or refuses to do so for unjustified reasons, the disqualification shall become permanent, except in the case of temporary disqualification where the Independent Director becomes an Officer, employee or consultant of the Corporation, in which case such disqualified Independent Director shall become eligible for election as Independent Director after the lapse of two (2) years from the termination of his officership, employment or consultancy with the Company.</i></p>	<p><i>a ground for the temporary disqualification of a director:</i></p> <ul style="list-style-type: none"> • <i>Refusal to fully disclose the extent of his business interest or comply with disclosure requirements as required under the Securities Regulation Code and its Implementing Rules and Regulations. This disqualification shall be in effect as long as his refusal persists;</i> • <i>Absence in more than fifty percent (50%) of all meetings, both regular and special, of the Board of Directors during his incumbency, or any twelve (12) month period during said incumbency, unless the absence is due to illness, death in the immediate family or serious accident. This disqualification applies for purposes of the succeeding election;</i> • <i>Dismissal or termination for cause as director of any corporation covered by SEC Memorandum Circular No. 6, series of 2009. This disqualification shall be in effect until he has cleared himself of any involvement in the alleged irregularity;</i>
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		<ul style="list-style-type: none"> • <i>If the beneficial equity ownership of an Independent Director in the Company or its subsidiaries and affiliates exceeds two percent (2%) of its subscribed capital stock. The disqualification shall be lifted if the limit is later complied with;</i> • <i>If any of the judgments or orders cited in the grounds for the permanent disqualification of directors has not yet become final; and</i> • <i>If any person earlier elected as Independent Director of the Company becomes an Officer, employee or consultant of the Company.</i>
e. Removal		
(i) Executive Directors	<p><i>The Nomination and Hearing Committee by the nature of its function may consider and recommend to the Board the removal of the Executive Director if there is a ground to permanently disqualify the said director.</i></p> <p><i>The Company's Compliance Officer monitors compliance with the provisions and requirements of the Company's CG Manual and determine violations of the same. He may recommend penalty for the said violation, which may include removal, for further review and approval of the Board.</i></p>	<p><i>The grounds for the permanent disqualification of Executive Directors should be present.</i></p> <p><i>Violation of the provisions of the CG Manual may also be a ground for removal.</i></p>
(ii) Non-Executive Directors	<p><i>The Nomination and Hearing Committee by the nature of its function may consider and recommend to the Board the removal of a Non-Executive Director if there is a ground to permanently disqualify the said</i></p>	<p><i>The grounds for the permanent disqualification of Non-Executive Directors should be present.</i></p> <p><i>Violation of the provisions of</i></p>

	<p>director.</p> <p>The Company's Compliance Officer monitors compliance with the provisions and requirements of the Company's CG Manual and determine violations of the same. He may recommend penalty for the said violation, which may include removal, for further review and approval of the Board.</p>	<p>the CG Manual may also be a ground for removal.</p>
(iii) Independent Directors	<p>The Nomination and Hearing Committee by the nature of its function may consider and recommend to the Board the removal of an Independent Director if there is a ground to permanently disqualify the said director.</p> <p>The Company's Compliance Officer monitors compliance with the provisions and requirements of the Company's CG Manual and determine violations of the same. He may recommend penalty for the said violation, which may include removal, for further review and approval of the Board.</p>	<p>The grounds for the permanent disqualification of Independent Directors should be present.</p> <p>Violation of the provisions of the CG Manual may also be a ground for removal.</p>
f. Re-instatement		
(i) Executive Directors	<p>The procedure for the Selection/Appointment as discussed above is also adopted in case of re-instatement.</p>	<p>The criteria for the Selection/Appointment of Executive Directors as discussed above are the same criteria used for re-instatement.</p>
(ii) Non-Executive Directors	<p>The procedure for the Selection/Appointment as discussed above is also adopted in case of re-instatement.</p>	<p>The criteria for the Selection/Appointment of Non-Executive Directors as discussed above are the same criteria used for re-instatement.</p>
(iii) Independent Directors	<p>The procedure for the selection and election discussed above is also adopted in case of re-instatement.</p>	<p>The criteria for the election of Independent Directors as discussed above are the same criteria used for re-instatement. However, in re-appointment, the provision on term limits of directors as provided in SEC Memorandum Circular No. 9, series of 2011, is taken into</p>

		<i>account.</i>
g. Suspension		
(i) Executive Directors	<p><i>The Nomination and Hearing Committee by the nature of its function may consider and recommend to the Board the suspension of the Executive Director, if there is a ground to temporarily disqualify the said director.</i></p> <p><i>The Company's Compliance Officer monitors compliance with the provisions and requirements of the Company's CG Manual and determine violations of the same. He may recommend penalty for the said violation, which may include suspension, for further review and approval of the Board.</i></p>	<p><i>The grounds for the temporary disqualification of Executive Directors should be present.</i></p> <p><i>Violation of the provisions of the Company's CG Manual may also be a ground for suspension of a director.</i></p>
(ii) Non-Executive Directors	<p><i>The Nomination and Hearing Committee by the nature of its function may consider and recommend to the Board the suspension of the Non-Executive Director, if there is a ground to temporarily disqualify the said director.</i></p> <p><i>The Company's Compliance Officer monitors compliance with the provisions and requirements of the Company's CG Manual and determine violations of the same. He may recommend penalty for the said violation, which may include suspension, for further review and approval of the Board.</i></p>	<p><i>The grounds for the temporary disqualification of Non-Executive Directors should be present.</i></p> <p><i>Violation of the provisions of the Company's CG Manual may also be a ground for suspension of a director.</i></p>
(iii) Independent Directors	<p><i>The Nomination and Hearing Committee by the nature of its function may consider and recommend to the Board the suspension of an Independent Director, if there is a ground to temporarily disqualify the said director.</i></p> <p><i>The Company's Compliance Officer monitors compliance with the provisions and requirements of the Company's CG Manual and determine violations of the same. He may recommend penalty for the said violation, which may include suspension, for further review and approval of the Board.</i></p>	<p><i>The grounds for the temporary disqualification of Independent Directors should be present.</i></p> <p><i>Violation of the provisions of the Company's CG Manual may also be a ground for suspension of a director.</i></p>

Voting Result of the last Annual General Meeting¹⁷

Name of Director		Votes Received
1.	<i>Eduardo M. Cojuangco, Jr.</i>	<i>Each director received a vote of about 83%</i>
2.	<i>Ramon S. Ang</i>	
3.	<i>Leo S. Alvez</i>	
4.	<i>Gabriel S. Claudio</i>	
5.	<i>Bernard D. Marquez</i>	
6.	<i>Roberto V. Ongpin</i>	
7.	<i>Ferdinand K. Constantino</i>	
8.	<i>Minita V. Chico-Nazario</i>	
9.	<i>Angelina S. Gutierrez</i> ¹⁸	

6) Orientation and Education Program

- (a) Disclose details of the company's orientation program for new directors, if any.

The Company requires that all its new directors must have attended a Corporate Governance Seminar during his/her incumbency. New directors are also encouraged to attend other seminars which may be helpful to them in the performance of their duties and responsibilities as directors of the Company.

- (b) State any in-house training and external courses attended by Directors and Senior Management¹⁹ for the past three (3) years:

For the past three (3) years, the Company, together with the other companies within the SMC Group and in coordination with the University of the Philippines –Institute of Judicial Administration (UP-IJA) organized Corporate Governance Seminars which were attended by the directors, officers and managers of the Company. The said seminars were held on August 4, 2009, December 9, 2010 and November 9, 2011.

- (c) Continuing education programs for directors: programs and seminars and roundtables attended during the year²⁰.

Name of Director/Officer	Date of Training	Program	Name of Training Institution
<i>Eduardo M. Cojuangco, Jr.</i> ²¹	<i>September 19, 2014</i>	<i>Corporate Governance Training Seminar</i>	<i>SGV & Co.</i>
<i>Ramon S. Ang</i> ²²	<i>July 11-12, 2012</i>	<i>Mandatory Accreditation Programme for Directors of Public Listed Companies</i>	<i>Bursatrasdn. Bhd. in KL, Malaysia</i>
	<i>September 11, 2012</i>	<i>Directors Training: Role of Company Director and Regulatory Framework and Board Practices</i>	<i>The Hong Kong Institute of Directors</i>

¹⁷ Updated to reflect the results of the 2014 Annual General Meeting. The percentage is in relation to the total outstanding shares.

¹⁸ Resigned effective October 8, 2014 as disclosed in SEC form 17-C filed with SEC on October 17, 2014.

¹⁹ Senior Management refers to the CEO and other persons having authority and responsibility for planning, directing and controlling the activities of the company.

²⁰ Updated for the year ended December 31, 2014.

²¹ Updated per Letter filed with SEC on September 29, 2014.

²² Updated per Letter filed with SEC on November 11, 2014.

		<i>Overview of Risk Management</i>	
	<i>October 21, 2013</i>	<i>Conflicts of Interests and Board Evaluation Seminar</i>	<i>The Hong Kong Institute of Directors</i>
	<i>November 6, 2014</i>	<i>Seminar of Corporate Governance</i>	<i>Risks, Opportunities, Assessments and Management (ROAM)</i>
<i>Ferdinand K. Constantino²³</i>	<i>October 21, 2013</i>	<i>Conflicts of Interests and Board Evaluation Seminar</i>	<i>The Hong Kong Institute of Directors</i>
	<i>September 19, 2014</i>	<i>Corporate Governance Training Seminar</i>	<i>SGV & Co.</i>
	<i>November 6, 2014</i>	<i>Seminar of Corporate Governance</i>	<i>ROAM</i>
<i>Leo S. Alvez²⁴</i>	<i>September 19, 2014</i>	<i>Corporate Governance Training Seminar</i>	<i>SGV & Co.</i>
<i>Joseph N. Pineda²⁵</i>	<i>December 9, 2010</i>	<i>Corporate Governance Seminar</i>	<i>UP-IJA</i>
	<i>September 19, 2014</i>	<i>Corporate Governance Training Seminar</i>	<i>SGV & Co.</i>
<i>Minita V. Chico-Nazario²⁶</i>	<i>December 7, 2012</i>	<i>Corporate Governance Seminar</i>	<i>UP-IJA</i>
	<i>November 6, 2014</i>	<i>Seminar of Corporate Governance</i>	<i>ROAM</i>
<i>Franciso H. Villaruz, Jr.²⁷</i>	<i>November 6, 2014</i>	<i>Seminar on Corporate Governance</i>	<i>ROAM</i>

B. CODE OF BUSINESS CONDUCT & ETHICS

- 1) Discuss briefly the company's policies on the following business conduct or ethics affecting directors, senior management and employees:

The Company is part of the business conglomerate of San Miguel Corporation ("SMC") and as such, except for those peculiar to the Company, the various policies of SMC cover/apply to all the companies belonging to the said conglomerate (the "San Miguel Group") including the Company. The policies, unless otherwise provided, apply to directors, senior management and employees.

²³ Updated per Letters filed with SEC on September 29, 2014 and November 11, 2014.

²⁴ Updated per Letter filed with SEC on September 29, 2014.

²⁵ Updated per Letter filed with SEC on October 21, 2014.

²⁶ Updated per Letter filed with SEC on November 11, 2014.

²⁷ Elected during the Regular Board Meeting held on November 6, 2014 vice Justice Angelina S. Gutierrez (Ret.) who resigned effective October 8, 2014. The resignation of Justice Gutierrez (Ret.) and the election of Justice Villaruz, Jr. (Ret.) were disclosed in separate SEC Form 17-C filed with SEC on October 17, 2014 and November 6, 2014, respectively. Also updated per Letter filed with SEC on November 11, 2014.

Business Conduct & Ethics	Directors	Senior Management	Employees
(a) Conflict of Interest	<p>The Company's By-laws prohibits the nomination and election of a director who is engaged in any business which competes with or is antagonistic to that of the Company.</p> <p>Moreover, one of the corporate values of the Company is "Integrity". The Board is dedicated to high ethical and moral standards. Uncompromising honesty, fairness, and professionalism are exercised in the Company's dealings with its employees, customers, business partners, the public and other stakeholders.</p> <p>The Company's CG Manual mandates that a director to conduct fair business transactions with the Company and ensure that personal interest does not conflict with the interests of the Company.</p>	<p>The Company's policy on Conflict of Interest embodies the principle that officers and employees have a duty to act in the best interest of the Company. As such, in the event that any personal interest of an officer or employee may conflict with the interest of the Company, proper disclosure through the accomplishment of the Full Business Interest Disclosure Form should be made and a review by higher Management shall resolve the conflict.</p> <p>Moreover, one of the corporate values of the Company is "Integrity". Management is dedicated to high ethical and moral standards. Uncompromising honesty, fairness, and professionalism are exercised in the Company's dealings with its employees, customers, business partners, the public and other stakeholders.</p>	<p>The Company's policy on Conflict of Interest embodies the principle that officers and employees have a duty to act in the best interest of the Company. As such, in the event that any personal interest of an officer or employee may conflict with the interest of the Company, proper disclosure through the accomplishment of the Full Business Interest Disclosure Form should be made and a review by higher Management shall resolve the conflict.</p> <p>Moreover, one of the corporate values of the Company is "Integrity". Employees are dedicated to high ethical and moral standards. Uncompromising honesty, fairness, and professionalism is exercised in the performance of their duties and responsibilities as well as in their dealings with the Company, co-employees, customers, business partners, the public and other stakeholders.</p>
(b) Conduct of Business and Fair Dealings	<p>Among others, the Company has a Policy on Securities Dealing. This policy mandates that the directors, officers and employees of the Company and its subsidiaries ("GSMI Group") to exercise extreme caution when dealing in the Company's securities and ensure that such dealings comply with this policy and the requirements under the</p>	<p>Among others, the Company has a Policy on Securities Dealing. This policy mandates that the directors, officers and employees of the Company and its subsidiaries ("GSMI Group") to exercise extreme caution when dealing in the Company's</p>	<p>Among others, the Company has a Policy on Securities Dealing. This policy mandates that the directors, officers and employees of the Company and its subsidiaries ("GSMI Group") to exercise extreme caution when dealing in the Company's</p>

	<p>Securities Regulation Code ("SRC"). It sets out the conditions and rules under which the directors, officers and employees of the GSMI Group ("Relevant Persons") shall deal in securities of the Company.</p> <p>The Company's policy on this matter is also reflected in its corporate value of "Integrity".</p> <p>The Company's CG Manual also mandates the Board to conduct itself with utmost honesty and integrity in the discharge of its duties, functions and responsibilities. The said manual also emphasizes that a director's office is one of trust and confidence. A director shall act in a manner characterized by transparency, accountability and fairness and in the best interest of the Company. He should exercise leadership, prudence and integrity in directing the Company towards sustained progress.</p>	<p>securities and ensure that such dealings comply with this policy and the requirements under the Securities Regulation Code ("SRC"). It sets out the conditions and rules under which the directors, officers and employees of the GSMI Group ("Relevant Persons") shall deal in securities of the Company.</p> <p>The Company's policy on this matter is also reflected in its corporate value of "Integrity".</p>	<p>securities and ensure that such dealings comply with this policy and the requirements under the Securities Regulation Code ("SRC"). It sets out the conditions and rules under which the directors, officers and employees of the GSMI Group ("Relevant Persons") shall deal in securities of the Company.</p> <p>The Company's policy on this matter is also reflected in its corporate value of "Integrity".</p>
(c) Receipt of gifts from third parties	<p>The Company's policy on this matter is reflected in its corporate value of "Integrity".</p> <p>The Company's CG Manual also mandates the Board to conduct itself with utmost honesty and integrity in the discharge of its duties, functions and responsibilities. The said manual also emphasizes that a director's office is one of trust and confidence. A director shall act in a manner characterized by transparency, accountability and fairness and in the best interest of the Company. He should exercise leadership, prudence and integrity in directing the Company towards sustained progress.</p>	<p>The Company has a Policy on Solicitation and Acceptance of Gifts. The Company is committed to succeed in a manner that upholds the highest standards of honesty, integrity and fairness. Consistent with this commitment, the Company expects each employee to observe reasonable standards of conducts. It requires employees to conduct business affairs with fairness, avoid granting undue personal favors, exercise discretion in accepting favors or gifts from persons seeking or doing business within the Company and refuse gifts that might connote bribery in any way.</p>	<p>The Company has a Policy on Solicitation and Acceptance of Gifts. The Company is committed to succeed in a manner that upholds the highest standards of honesty, integrity and fairness. Consistent with this commitment, the Company expects each employee to observe reasonable standards of conducts. It requires employees to conduct business affairs with fairness, avoid granting undue personal favors, exercise discretion in accepting favors or gifts from persons seeking or doing business within the Company and refuse gifts that might connote bribery in any way.</p>

		<i>The Company's policy on this matter is also reflected in its corporate value of "Integrity".</i>	<i>The Company's policy on this matter is also reflected in its corporate value of "Integrity".</i>
(d) Compliance with Laws & Regulations	<p><i>The Company has always espoused compliance with prevailing laws and regulations. This is manifested not only in the adoption and implementation of numerous policies all intended to ensure compliance with laws and regulations. One such policy is the Securities Dealing Policy adopted to make sure that the Relevant Persons exercise extreme caution when dealing in the Company's securities and ensure that such dealings comply with this policy and the requirements under the SRC.</i></p> <p><i>Moreover, the Company's CG Manual specifies that it shall be the duty of the Board to ensure that the Corporation complies with all relevant laws, regulations and best business practice.</i></p>	<i>The Company has always espoused compliance with prevailing laws and regulations. This is manifested not only in the adoption and implementation of numerous policies all intended to ensure compliance with laws and regulations. One such policy is the Securities Dealing Policy adopted to make sure that the Relevant Persons exercise extreme caution when dealing in the Company's securities and ensure that such dealings comply with this policy and the requirements under the SRC.</i>	<i>The Company has always espoused compliance with prevailing laws and regulations. This is manifested not only in the adoption and implementation of numerous policies all intended to ensure compliance with laws and regulations. One such policy is the Securities Dealing Policy adopted to make sure that the Relevant Persons exercise extreme caution when dealing in the Company's securities and ensure that such dealings comply with this policy and the requirements under the SRC.</i>
(e) Respect for Trade Secrets/Use of Non-public Information	<p><i>The Company's CG Manual also requires the directors to observe confidentiality of all non-public information which they may acquire or learn by reason of position as directors.</i></p> <p><i>The Company's policy on this matter is also reflected in its corporate value of "Integrity".</i></p>	<i>The Company has among others, Intellectual Property Procedure and Guidelines (with the objective of developing, managing, maintaining and protecting its Intellectual Property to maximize value and drive growth, innovation and cooperative relationships with other companies, consistent with its tradition of quality and integrity) as well as Information Security Policies and Guidelines (such as Electronic Communications Security Policy & Guidelines) all intended to ensure respect for Trade Secrets and protection of non-public information.</i>	<i>The Company has among others, Intellectual Property Procedure and Guidelines (with the objective of developing, managing, maintaining and protecting its Intellectual Property to maximize value and drive growth, innovation and cooperative relationships with other companies, consistent with its tradition of quality and integrity) as well as Information Security Policies and Guidelines (such as Electronic Communications Security Policy & Guidelines) all intended to ensure respect for Trade Secrets and protection of non-public information.</i>

		<i>The Company's policy on this matter is also reflected in its corporate value of "Integrity".</i>	<i>The Company's policy on this matter is also reflected in its corporate value of "Integrity".</i>
(f) Use of Company Funds, Assets and Information	<i>The Company's CG Manual mandates the Board to conduct itself with utmost honesty and integrity in the discharge of its duties, functions and responsibilities. The said Manual also emphasizes that a director's office is one of trust and confidence. A director shall act in a manner characterized by transparency, accountability and fairness and in the best interest of the Company. He should exercise leadership, prudence and integrity in directing the Company towards sustained progress.</i>	<i>The Company has various policies reflective of its corporate principles relative to the proper use of Company funds, assets and information. Among others, it has a policy on Cash Management, Cash Disbursements and Trade Management.</i> <i>The Company Rules and Regulations for employees also sanctions the improper, irregular or unlawful use of Company funds, assets and information.</i>	<i>The Company has various policies reflective of its corporate principles relative to the proper use of Company funds, assets and information. Among others, it has a policy on Cash Management, Cash Disbursements and Trade Management.</i> <i>The Company Rules and Regulations for employees also sanction the improper, irregular or unlawful use of Company funds, assets and information.</i>
(g) Employment & Labor Laws & Policies	<i>One of the duties and responsibilities of the Board is to ensure that the Company complies with all relevant laws, regulations and best business practices. Thus, directors are also expected to comply with all relevant laws and regulations.</i>	<i>The Company recognizes the importance of its people as shown in its corporate value of "Respect for our People". This value is summed up in the statement below:</i> <i>"We are committed to maintain a work environment that encourages trust, openness and mutual respect, regardless of rank or title. We promote a healthy work and life balance and provide opportunities for professional and personal growth. Our people are our strength."</i>	<i>The Company recognizes the importance of its people as shown in its corporate value of "Respect for our People". This value is summed up in the statement below:</i> <i>"We are committed to maintain a work environment that encourages trust, openness and mutual respect, regardless of rank or title. We promote a healthy work and life balance and provide opportunities for professional and personal growth. Our people are our strength."</i>
(h) Disciplinary action	<i>The Company's Compliance Officer monitors compliance with the provisions and requirements of the Company's CG Manual and determine violations of the same. He may recommend penalty for the said violation for further review and approval of the Board.</i>	<i>The Company espouses the principle of progressive discipline in its Company Rules and Regulations on employee discipline and believes that the purpose of disciplinary action is to correct rather than to punish the individual. Should an employee</i>	<i>The Company espouses the principle of progressive discipline in its Company Rules and Regulations on employee discipline and believes that the purpose of disciplinary action is to correct rather than to punish the individual. Should an employee</i>

		<p><i>violate policies, rules and regulations of the Company, disciplinary actions are imposed as much as possible, in progressive increasing weight after he has been given the right to be heard. Depending on the history, circumstances and gravity of the situation, superiors take corrective action in the form of verbal discussion, written warning, suspension and dismissal. Only in extraordinary cases does the Company impose demotion, as this is counterproductive. Likewise, it does not regard the restitution of damages to or loss of Company property as a disciplinary action.</i></p> <p><i>Progressive disciplinary action, however, does not apply to grave offenses for which the employee may be dismissed immediately. As further action, the Company may institute the necessary civil and /or criminal case against the employee.</i></p>	<p><i>violate policies, rules and regulations of the Company, disciplinary actions are imposed as much as possible, in progressive increasing weight after he has been given the right to be heard. Depending on the history, circumstances and gravity of the situation, superiors take corrective action in the form of verbal discussion, written warning, suspension and dismissal. Only in extraordinary cases does the Company impose demotion, as this is counterproductive. Likewise, it does not regard the restitution of damages to or loss of Company property as a disciplinary action.</i></p> <p><i>Progressive disciplinary action, however, does not apply to grave offenses for which the employee may be dismissed immediately. As further action, the Company may institute the necessary civil and /or criminal case against the employee.</i></p>
(i) Whistle Blower	<p><i>The Company adopts the SMC Group-wide Whistleblowing Policy (the "Policy"). It provides that all complaints on accounting, internal accounting controls, auditing or financial reporting matters may be communicated to the General Counsel and Compliance Officer (the "Compliance Officer"), if such concerns involves the Compliance Officer, then the same may be communicated to the President. The said complaints are ultimately referred to the Audit Committee, which complaints may be on anonymous basis and which</i></p>	<p><i>The Company adopts the SMC Group-wide Whistleblowing Policy (the "Policy"). It provides that all complaints on accounting, internal accounting controls, auditing or financial reporting matters may be communicated to the General Counsel and Compliance Officer (the "Compliance Officer"), if such concerns involves the Compliance Officer, then the same may be communicated to the President. The said</i></p>	<p><i>The Company adopts the SMC Group-wide Whistleblowing Policy (the "Policy"). It provides that all complaints on accounting, internal accounting controls, auditing or financial reporting matters may be communicated to the General Counsel and Compliance Officer (the "Compliance Officer"), if such concerns involves the Compliance Officer, then the same may be communicated to the President. The said</i></p>

	<p>shall be placed in confidential files and will be retained for seven (7) years or for such longer time as the Audit Committee may deem necessary. If it is unclear whether a communication involves accounting, auditing, internal accounting controls or financial reporting matters, the Compliance Officer shall likewise direct such communication to the Audit Committee, with a note to that effect.</p> <p>All communications received through the established channels will be kept confidential. The original copies or records of all communications will be available to any Audit Committee member upon request.</p> <p>The Audit Committee will determine whether any action or response is necessary or appropriate in respect of a communication, and it will take or direct such action as it deems appropriate. Such action may include engaging external advisers, for which funding will be available. The determinations made by the Audit Committee in respect of each communication and any further action taken will be recorded in the log maintained for such purpose by the Compliance Officer or a person designated by the Audit Committee if the Compliance Officer is the subject of a communication. These determinations may be recorded based on the standard categories established by the Audit Committee, which may include: the communication is not a "complaint" or "concern", as contemplated by the applicable requirements; the communication is misdirected</p>	<p>complaints are ultimately referred to the Audit Committee, which complaints may be on anonymous basis and which shall be placed in confidential files and will be retained for seven (7) years or for such longer time as the Audit Committee may deem necessary. If it is unclear whether a communication involves accounting, auditing, internal accounting controls or financial reporting matters, the Compliance Officer shall likewise direct such communication to the Audit Committee, with a note to that effect.</p> <p>All communications received through the established channels will be kept confidential. The original copies or records of all communications will be available to any Audit Committee member upon request.</p> <p>The Audit Committee will determine whether any action or response is necessary or appropriate in respect of a communication, and it will take or direct such action as it deems appropriate. Such action may include engaging external advisers, for which funding will be available. The determinations made by the Audit Committee in respect of each communication and any further action taken will be recorded in the log maintained for such</p>	<p>complaints are ultimately referred to the Audit Committee, which complaints may be on anonymous basis and which shall be placed in confidential files and will be retained for seven (7) years or for such longer time as the Audit Committee may deem necessary. If it is unclear whether a communication involves accounting, auditing, internal accounting controls or financial reporting matters, the Compliance Officer shall likewise direct such communication to the Audit Committee, with a note to that effect.</p> <p>All communications received through the established channels will be kept confidential. The original copies or records of all communications will be available to any Audit Committee member upon request.</p> <p>The Audit Committee will determine whether any action or response is necessary or appropriate in respect of a communication, and it will take or direct such action as it deems appropriate. Such action may include engaging external advisers, for which funding will be available. The determinations made by the Audit Committee in respect of each communication and any further action taken will be recorded in the log maintained for such purpose by the Compliance Officer or a</p>
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	<p>(such as a communication involving an employment dispute); no further action shall be required because the communication can be analyzed on its face; and further action required (with a record of the action taken and its outcome). The Compliance Officer or any other person designated by the Audit Committee will report on the status of any further action directed by the Audit Committee on a monthly basis or at such frequency as the Audit Committee may otherwise require.</p> <p>Misdirected communications as determined by the Audit Committee or concerns not relating to accounting, internal accounting control, auditing or financial reporting matters shall be addressed to and be acted upon by the appropriate responsible supervisor or officer of the business units affected in accordance with the SMC Group's conventional reporting channels. In this connection, employees with such concerns should raise them with their respective supervisors and the supervisors have the responsibility to ensure that such concerns are properly acted upon.</p> <p>Employees are protected from retaliation as it is categorically provided in the Policy that the SMC Group, which includes herein Company shall not tolerate retaliation in any form against a director, officer, employee or other interested party who, in good faith, raises a concern or reports a possible violation under the policy.</p>	<p>purpose by the Compliance Officer or a person designated by the Audit Committee if the subject of a communication. These determinations may be recorded based on the standard categories established by the Audit Committee, which may include: the communication is not a "complaint" or "concern", as contemplated by the applicable requirements; the communication is misdirected (such as a communication involving an employment dispute); no further action shall be required because the communication can be analyzed on its face; and further action required (with a record of the action taken and its outcome). The Compliance Officer or any other person designated by the Audit Committee will report on the status of any further action directed by the Audit Committee on a monthly basis or at such frequency as the Audit Committee may otherwise require.</p> <p>Misdirected communications as determined by the Audit Committee or concerns not relating to accounting, internal accounting control, auditing or financial reporting matters shall be addressed to and be acted upon by the appropriate responsible supervisor or officer of the business units</p>	<p>person designated by the Audit Committee if the Compliance Officer is the subject of a communication. These determinations may be recorded based on the standard categories established by the Audit Committee, which may include: the communication is not a "complaint" or "concern", as contemplated by the applicable requirements; the communication is misdirected (such as a communication involving an employment dispute); no further action shall be required because the communication can be analyzed on its face; and further action required (with a record of the action taken and its outcome). The Compliance Officer or any other person designated by the Audit Committee will report on the status of any further action directed by the Audit Committee on a monthly basis or at such frequency as the Audit Committee may otherwise require.</p> <p>Misdirected communications as determined by the Audit Committee or concerns not relating to accounting, internal accounting control, auditing or financial reporting matters shall be addressed to and be acted upon by the appropriate responsible supervisor or officer of the business units affected in accordance with the SMC Group's conventional</p>
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		<p><i>affected in accordance with the SMC Group's conventional reporting channels. In this connection, employees with such concerns should raise them with their respective supervisors and the supervisors have the responsibility to ensure that such concerns are properly acted upon.</i></p> <p><i>Employees are protected from retaliation as it is categorically provided in the Policy that the SMC Group, which includes herein Company shall not tolerate retaliation in any form against a director, officer, employee or other interested party who, in good faith, raises a concern or reports a possible violation under the policy.</i></p>	<p><i>reporting channels. In this connection, employees with such concerns should raise them with their respective supervisors and the supervisors have the responsibility to ensure that such concerns are properly acted upon.</i></p> <p><i>Employees are protected from retaliation as it is categorically provided in the Policy that the SMC Group, which includes herein Company shall not tolerate retaliation in any form against a director, officer, employee or other interested party who, in good faith, raises a concern or reports a possible violation under the policy.</i></p>
(j) Conflict Resolution	<p><i>The Company encourages the use of alternative modes of dispute resolution that can amicably settle conflicts or differences between the Company and its shareholders or third parties, including regulatory agencies.</i></p>	<p><i>The Company encourages the use of alternative modes of dispute resolution that can amicably settle conflicts or differences between the Company and its shareholders or third parties, including regulatory agencies.</i></p>	<p><i>The Company encourages the use of alternative modes of dispute resolution that can amicably settle conflicts or differences between the Company and its shareholders or third parties, including regulatory agencies.</i></p>

2) Has the code of ethics or conduct been disseminated to all directors, senior management and employees?

Yes.

3) Discuss how the company implements and monitors compliance with the code of ethics or conduct.

The Company's adherence to its Code of Ethics or Conduct can be seen in the various policies it has adopted and implemented. The relevant policy may provide the manner of monitoring compliance therewith, as well as the penalty for violation therefor.

With respect to the employee's code of conduct, all employees are provided with a copy of the Company Rules and Regulations (the "Rules") which lay down the acts constituting an offense and for which appropriate disciplinary action should be meted out. The purpose of this disciplinary action is to correct rather than to punish the individual. Should an employee violate policies, rules and regulations of the company, disciplinary actions are imposed, as much as possible in progressively increasing weight, after the employee is given opportunity to be heard. Depending on the

history, circumstances and gravity of the situation, superiors can take corrective action in the form of verbal discussion, written warning, suspension and dismissal. Only in extraordinary cases does the Company impose demotion. As to restitution of damages to or loss of company property, the same is not regarded as a disciplinary action. The Rules also provide that violation of Company policies, rules and regulations not otherwise covered therein will be subject to disciplinary action dependent on the gravity or consequence of such violation. The Rules are likewise cascaded to employees by the Human Resources Office as part of the Orientation Program for new employees.

On compliance with the CG Manual, which is to ensure adherence to corporate governance principles and best practices, the Board of Directors has appointed a Compliance Officer who is responsible for monitoring compliance with the provisions and requirements of the said manual and other relevant rules and regulations.

4) Related Party Transactions

(a) Policies and Procedures

Describe the company's policies and procedures for the review, approval or ratification, monitoring and recording of related party transactions between and among the company and its parent, joint ventures, subsidiaries, associates, affiliates, substantial stockholders, officers and directors, including their spouses, children and dependent siblings and parents and of interlocking director relationships of members of the Board.

Related Party Transactions	Policies and Procedures
(1) Parent Company	<i>To ensure the integrity and transparency of related party transactions between the Company and its parent company, such transactions are made in the ordinary course of business, on an arms-length basis and at market rates. An assessment is undertaken at each fiscal year by examining the financial position of the related party and the market in which the related party operates. Moreover, consistent with the CG Manual that all material information, i.e., anything that could potentially affect share price, shall be publicly disclosed, related party transactions are fully disclosed in the Company's notes to its audited consolidated financial statements.</i>
(2) Joint Ventures	<i>To ensure the integrity and transparency of related party transactions between the Company and its joint ventures, such transactions are made in the ordinary course of business, on an arms-length basis and at market rates. An assessment is undertaken at each fiscal year by examining the financial position of the related party and the market in which the related party operates. Moreover, consistent with the CG Manual that all material information, i.e., anything that could potentially affect share price, shall be publicly disclosed, related party transactions are fully disclosed in the Company's notes to its audited consolidated financial statements.</i>
(3) Subsidiaries	<i>To ensure the integrity and transparency of related party transactions between and among the Company and its subsidiaries, such transactions are made in the ordinary course of business, on an arms-length basis and at market rates. An assessment is undertaken at each fiscal year by examining the financial position of the related party and the market in which the related party operates. Moreover, consistent with the CG Manual that all material information, i.e., anything that could potentially affect share price, shall be</i>

	<i>publicly disclosed, related party transactions are fully disclosed in the Company's notes to its audited consolidated financial statements.</i>
(4) Entities Under Common Control	<i>To ensure the integrity and transparency of related party transactions between and among the Company and entities under common control with it, such transactions are made in the ordinary course of business, on an arms-length basis and at market rates. An assessment is undertaken at each fiscal year by examining the financial position of the related party and the market in which the related party operates. Moreover, consistent with the CG Manual that all material information, i.e., anything that could potentially affect share price, shall be publicly disclosed, related party transactions are fully disclosed in the Company's notes to its audited consolidated financial statements.</i>
(5) Substantial Stockholders	<i>The Company has no substantial stockholders other than its parent company, SMC. At any rate, all related party transactions of the Company are made in the ordinary course of business, on an arms-length basis and at market rates. An assessment is undertaken at each fiscal year by examining the financial position of the related party and the market in which the related party operates. Moreover, consistent with the CG Manual that all material information, i.e., anything that could potentially affect share price, shall be publicly disclosed, related party transactions are fully disclosed in the Company's notes to its audited consolidated financial statements.</i>
(6) Officers including spouse/children/siblings/parents	<i>All related party transactions are made in the ordinary course of business, on an arms-length basis and at market rates. An assessment is undertaken at each fiscal year by examining the financial position of the related party and the market in which the related party operates. Moreover, consistent with the CG Manual that all material information, i.e., anything that could potentially affect share price, shall be publicly disclosed, related party transactions are fully disclosed in the Company's notes to its audited consolidated financial statements.</i>
(7) Directors including spouse/children/siblings/parents	<i>All related party transactions are made in the ordinary course of business, on an arms-length basis and at market rates. An assessment is undertaken at each fiscal year by examining the financial position of the related party and the market in which the related party operates. Moreover, consistent with the CG Manual that all material information, i.e., anything that could potentially affect share price, shall be publicly disclosed, related party transactions are fully disclosed in the Company's notes to its audited consolidated financial statements.</i>
(8) Interlocking director relationship of Board of Directors	<i>All related party transactions are made in the ordinary course of business, on an arms-length basis and at market rates. An assessment is undertaken at each fiscal year by examining the financial position of the related party and the market in which the related party operates. Moreover, consistent with the CG Manual that all material information, i.e., anything that could potentially affect share price, shall be publicly</i>

	<i>disclosed, related party transactions are fully disclosed in the Company's notes to its audited consolidated financial statements.</i>
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(b) Conflict of Interest

(i) Directors/Officers and 5% or more Shareholders

Identify any actual or probable conflict of interest to which directors/officers/5% or more shareholders may be involved.

	Details of Conflict of Interest (Actual or Probable)
Name of Director/s	<i>NONE</i>
Name of Officer/s	
Name of Significant Shareholders	

(ii) Mechanism

Describe the mechanism laid down to detect, determine and resolve any possible conflict of interest between the company and/or its group and their directors, officers and significant shareholders.

	Directors/Officers/Significant Shareholders
Company	<p><i>The Company's By-laws prohibits the nomination and election of a director who is engaged in any business which competes with or is antagonistic to that of the Company.</i></p> <p><i>Directors are mandated to fully disclose the extent of their business interest or comply with disclosure requirements as required under the Securities Regulation Code and its Implementing Rules and Regulations.</i></p> <p><i>Officers are required to accomplish Full Business Interest Disclosure Form.</i></p>
Group	<p><i>The Company's By-laws prohibits the nomination and election of a director who is engaged in any business which competes with or is antagonistic to that of the Company.</i></p> <p><i>Directors are mandated to fully disclose the extent of their business interest or comply with disclosure requirements as required under the Securities Regulation Code and its Implementing Rules and Regulations.</i></p> <p><i>Officers are required to accomplish Full Business Interest Disclosure Form.</i></p>

5) Family, Commercial and Contractual Relations

(a) Indicate, if applicable, any relation of a family,²⁸ commercial, contractual or business nature that exists between the holders of significant equity (5% or more), to the extent that they are known to the company:

²⁸ Family relationship up to the fourth civil degree either by consanguinity or affinity.

Names of Related Significant Shareholders	Type of Relationship	Brief Description of the Relationship
<i>NONE</i>		

- (b) Indicate, if applicable, any relation of a commercial, contractual or business nature that exists between the holders of significant equity (5% or more) and the company:

Names of Related Significant Shareholders	Type of Relationship	Brief Description
<i>San Miguel Corporation</i>	<i>Licenser-Licensee</i>	<i>The Company has a Trademark Licensing Agreement with its parent company relative to the marks used in some of the Company's products.</i>

- (c) Indicate any shareholder agreements that may impact on the control, ownership and strategic direction of the company:

Name of Shareholders	% of Capital Stock affected (Parties)	Brief Description of the Transaction
<i>NONE</i>		

6) Alternative Dispute Resolution

Describe the alternative dispute resolution system adopted by the company for the last three (3) years in amicably settling conflicts or differences between the corporation and its stockholders, and the corporation and third parties, including regulatory authorities.

Alternative Dispute Resolution System	
Corporation & Stockholders	<i>The Company has always encouraged the use of alternative modes of dispute resolution that can amicably settle conflicts or differences. Thus, in such a situation best efforts were exerted to settle the conflicts or differences in a peaceful manner through open communication/discussion, without resorting to court action or similar action</i>
Corporation & Third Parties	<i>The Company has always encouraged the use of alternative modes of dispute resolution that can amicably settle conflicts or differences. Thus, it actively participates in the mandatory conciliation and mediation proceedings prescribed by judicial, quasi-judicial and administrative bodies.</i> <i>With respect to disputes involving Management and the Company's</i>

	<i>employees who are covered by Collective Bargaining Agreements, the said agreement provides for a "Grievance Machinery". Likewise, it is provided therein that "the parties agree on the principle that all disputes between Labor and Management may be settled through friendly negotiations. The same Agreement provides for Arbitration to the effect that if the Grievance Machinery fails, the dispute may be settled by a voluntary arbitrator mutually chosen by the parties.</i>
Corporation & Regulatory Authorities	<i>The Company has always encouraged the use of alternative modes of dispute resolution that can amicably settle conflicts or differences. Thus, the Company accordingly and promptly responds to the communications, request for clarification, comments, requirements of regulatory authorities and ultimately comply with the decision or instruction of the regulatory agency in the absence of a clear conflict with existing laws.</i>

C. BOARD MEETINGS & ATTENDANCE

- 1) Are Board of Directors' meetings scheduled before or at the beginning of the year?

They are scheduled at the beginning of the year.

- 2) Attendance of Directors²⁹

Board	Name	Date of Election	No. of Meetings Held during the year (2014)	No. of Meetings Attended (2014)	%
<i>Chairman</i>	<i>Eduardo M. Cojuangco, Jr.</i>	<i>October 21, 1988</i>	7	7	100
<i>Member</i>	<i>Ramon S. Ang</i>	<i>April 4, 2000</i>	7	7	100
<i>Member</i>	<i>Bernard D. Marquez</i>	<i>May 12, 2011</i>	7	7	100
<i>Member</i>	<i>Leo S. Alvez</i>	<i>April 24, 2012</i>	7	7	100
<i>Member</i>	<i>Gabriel S. Claudio</i>	<i>November 11, 2010</i>	7	7	100
<i>Member</i>	<i>Ferdinand K. Constantino</i>	<i>May 10, 2012</i>	7	7	100
<i>Member</i>	<i>Joseph N. Pineda</i>	<i>May 9, 2013</i>	7	7	100

²⁹ Updated per advisement letter filed with SEC on January 30, 2014.
Updated per advisement letter filed with SEC on January 6, 2015.

<i>Independent</i>	<i>Minita V. Chico-Nazario</i>	<i>March 9, 2012</i>	7	7	100
<i>Independent</i>	<i>Francisco H. Villaruz, Jr.³⁰</i>	<i>November 6, 2014</i>	1	1	100

- 3) Do non-executive directors have a separate meeting during the year without the presence of any executive? If yes, how many times?

None.

- 4) Is the minimum quorum requirement for Board decisions set at two-thirds of board members? Please explain.

No. The Company complies with Section 8 of its Amended By-Laws which requires that a majority of the number of directors as fixed in the Articles of Incorporation (which is 9 directors) shall constitute a quorum for the transaction of corporate business, and every decision of at least a majority of directors present at a meeting of which there is a quorum shall be valid as a corporate act, except for the election of officers which shall require the vote of a majority of all the members of the board.

- 5) Access to Information

- (a) How many days in advance are board papers³¹ for board of directors' meetings provided to the board?

The CG Manual requires Management to provide the Board with complete, adequate and timely information about the matters to be taken during their meeting.

- (b) Do board members have independent access to Management and the Corporate Secretary?

Yes. As mandated in the CG Manual the members of the Board shall be given independent access to Management and the Corporate Secretary.

- (c) State the policy of the role of the company secretary. Does such role include assisting the Chairman in preparing the board agenda, facilitating training of directors, keeping directors updated regarding any relevant statutory and regulatory changes, etc.?

The Company's By-laws and CG Manual provide for the role of the Company Secretary and enumerates the powers, duties and responsibilities of the Company Secretary. The Company By-Laws provides, among others that the Corporate Secretary shall maintain and be the custodian of the corporate books and records. He shall also be the recorder of the formal actions and transactions of the Company. The CG Manual, provides among others that the Corporate Secretary coordinate with the Chairman in preparing the agenda of the meeting. It is also his responsibility to ensure that the Board has the necessary information to enable it to arrive at intelligent decisions on matters requiring approval and in making business judgments in good faith, which necessarily includes updating the Board on relevant laws.

- (d) Is the company secretary trained in legal, accountancy or company secretarial practices? Please explain should the answer be in the negative.

³⁰ Elected during the Regular Board Meeting held on November 6, 2014 vice Justice Angelina S. Gutierrez (Ret.) who resigned effective October 8, 2014. The resignation of Justice Gutierrez (Ret.) and the election of Justice Villaruz, Jr. (Ret.) were disclosed in separate SEC Form 17-C filed with SEC on October 17, 2014 and November 6, 2014, respectively.

Updated per advisement letter filed with SEC on January 6, 2015. Justice Gutierrez (Ret.) attended all Board meetings during her term in 2014.

³¹ Board papers consist of complete and adequate information about the matters to be taken in the board meeting. Information includes the background or explanation on matters brought before the Board, disclosures, budgets, forecasts and internal financial documents.

Yes.

(e) Committee Procedures

Disclose whether there is a procedure that Directors can avail of to enable them to get information necessary to be able to prepare in advance for the meetings of different committees:

Yes

No

Committee	Details of the procedures
Executive	<p><i>Section 2.2.1.8. of the Company's CG Manual requires Management to provide the Board with complete, adequate and timely information about the matters to be taken during their meetings.</i></p> <p><i>Upon reasonable request, the directors, individually or as a group, may seek independent professional advice in the discharge of their duties at the expense of the Company, which expense must be reasonable.</i></p> <p><i>The members of the Board shall be given independent access to Management and the Corporate Secretary.</i></p>
Audit	<p><i>Section 2.2.1.8. of the Company's CG Manual requires Management to provide the Board with complete, adequate and timely information about the matters to be taken during their meetings.</i></p> <p><i>Upon reasonable request, the directors, individually or as a group, may seek independent professional advice in the discharge of their duties at the expense of the Company, which expense must be reasonable.</i></p> <p><i>The members of the Board shall be given independent access to Management and the Corporate Secretary.</i></p> <p><i>The Audit Committee Charter also provides that a notice of each meeting confirming the date, time, venue, and agenda shall be given to each member of the Committee at least two (2) working days prior to the date of the meeting. The notice will include the agenda to be discussed during the meeting. Notices, minutes, agenda and supporting papers will be made available to any Director upon request to the Corporate Secretary.</i></p>
Nomination	<p><i>Section 2.2.1.8. of the Company's CG Manual requires Management to provide the Board with complete, adequate and timely information about the matters to be taken during their meetings.</i></p> <p><i>Upon reasonable request, the directors, individually or as a group, may seek independent professional advice in the discharge of their duties at the expense of the Company, which expense must be reasonable.</i></p> <p><i>The members of the Board shall be given independent access to Management and the Corporate Secretary.</i></p>
Remuneration	<p><i>Section 2.2.1.8. of the Company's CG Manual requires</i></p>

	<p><i>Management to provide the Board with complete, adequate and timely information about the matters to be taken during their meetings.</i></p> <p><i>Upon reasonable request, the directors, individually or as a group, may seek independent professional advice in the discharge of their duties at the expense of the Company, which expense must be reasonable.</i></p> <p><i>The members of the Board shall be given independent access to Management and the Corporate Secretary.</i></p>
Others (specify)	None

6.) External Advice

Indicate whether or not a procedure exists whereby directors can receive external advice and, if so, provide details:

Procedures	Details
<p><i>As provided in the CG Manual, upon reasonable request, the directors individually or as a group, may seek independent professional advice in the discharge of their duties at the expense of the Company, which expense must be reasonable.</i></p>	

7.) Change/s in existing policies

Indicate, if applicable, any change/s introduced by the Board of Directors (during its most recent term) on existing policies that may have an effect on the business of the company and the reason/s for the change:

Existing Policies	Changes ³²	Reason
Manual on Corporate Governance	The Board amended the provisions affecting the duties of the Compliance Officer, Corporate Secretary and Directors, as well as the requirement relating to directors' attendance in Board meetings. The Board also further amended the CG Manual to incorporate the revisions made by the SEC to the Revised Code of Corporate Governance embodied in SEC Memorandum Circular No. 9, Series of 2014.	To align the provisions of the CG Manual with the SEC Memorandum Circulars Nos. 5 and 20, Series of 2013, and SEC Memorandum Circular No. 1, Series of 2014, and SEC Memorandum Circular No. 9, Series of 2014.

D. REMUNERATION MATTERS

1) Remuneration Process

Disclose the process used for determining the remuneration of the CEO and the four (4) most highly compensated management officers:

Process	CEO	Top 4 Highest Paid Management Officers
(1) Fixed remuneration	Based on salary review and market competitiveness policy	Based on salary review and market competitiveness policy
(2) Variable remuneration		

³² Updated per advisement letter to SEC dated July 21, 2014 in relation to the amendments made to the Company's CG Manual.

(3) Per diem allowance	<i>and as guided by the Executive Compensation Committee</i>	<i>and as guided by the Executive Compensation Committee</i>
(4) Bonus	<i>Based on the Company's performance, salary review and market competitiveness policy and as guided by the Executive Compensation Committee</i>	<i>Based on the Company's performance, salary review and market competitiveness policy and as guided by the Executive Compensation Committee</i>
(5) Stock Options and other financial instruments	<i>Based on the Company's performance and as may be warranted by circumstances.</i>	<i>Based on the Company's performance and as may be warranted by circumstances.</i>
(6) Others (specify)		

2) Remuneration Policy and Structure for Executive and Non-Executive Directors

Disclose the company's policy on remuneration and the structure of its compensation package. Explain how the compensation of Executive and Non-Executive Directors is calculated.

	Remuneration Policy	Structure of Compensation Packages	How Compensation is Calculated
Executive Directors	<i>Except for the President, Directors only receive a per diem of Ten Thousand Pesos (Php10,000.00) per attendance in Board and Board Committee meeting. The President's compensation package is based on salary review and market competitiveness policy and as guided by the Executive Compensation Committee.</i>		
Non-Executive Directors			

Do stockholders have the opportunity to approve the decision on total remuneration (fees, allowances, benefits-in-kind and other emoluments) of board of directors? Provide details for the last three (3) years.

Remuneration Scheme	Date of Stockholders' Approval
<i>Per Diem</i>	<i>There has been no change in the last three years which would require stockholders' approval.</i>

3) Aggregate Remuneration

Complete the following table on the aggregate remuneration accrued during the most recent year:

Except for the President, Directors only receive a per diem of Ten Thousand Pesos (Php10,000.00) per attendance in Board and Board Committee meetings.

Remuneration Item	Executive Directors	Non-Executive Directors (other than independent directors)	Independent Directors
(a) Fixed Remuneration	<i>None</i>	<i>None</i>	<i>None</i>
(b) Variable Remuneration	<i>None</i>	<i>None</i>	<i>None</i>
(c) Per diem Allowance ³³	<i>The President of the Company, who is an Executive Director,</i>	<i>Php420,000.00</i>	<i>Php160,000.00</i>

³³ Updated for the year ended December 31, 2013.

	<i>does not receive any per diem. He receives remuneration as employee of the Company.</i>		
(d) Bonuses	<i>None</i>	<i>None</i>	<i>None</i>
(e) Stock Options and/or other financial instruments	<i>None</i>	<i>None</i>	<i>None</i>
(f) Others (Specify)	<i>None</i>	<i>None</i>	<i>None</i>
Total	<i>None</i>	<i>Php420,000.00</i>	<i>Php160,000.00</i>

Other Benefits	Executive Directors	Non-Executive Director (other than independent directors)	Independent Directors
1) Advances	<i>The President of the Company, who is an Executive Director, receives remuneration as employee of the Company.</i>	<i>NONE</i>	<i>NONE</i>
2) Credit granted			
3) Pension Plan/s Contributions			
(d) Pension Plans, Obligations incurred			
(e) Life Insurance Premium			
(f) Hospitalization Plan			
(g) Car Plan			
(h) Others (Specify)			
Total	<i>NOT APPLICABLE</i>		

4) Stock Rights, Options and Warrants

(a) Board of Directors

Complete the following table, on the members of the company's Board of Directors who own or are entitled to stock rights, options or warrants over the company's shares:

Only members of the Board who are employees of the Company are entitled to participate in the Employee Stock Purchase Plan (the "ESPP"), wherein qualified employees may acquire a minimum of 500 shares to a maximum of 15,000 shares per offering.

The subscription price of the shares under the ESPP which is equal to the weighted average market closing prices of the last quarter immediately preceding the application/subscription period, less a discount of fifteen percent (15%), shall be paid without interest through salary deduction over a period of five (5) years from Exercise Date. "Exercise Date" is the last working day of the month during which the notice addressed to the ESPP Committee from an employee of his decision to subscribe to shares under the ESPP is received by the Committee.

The shares covered by the ESPP are no longer available for subscription as the offering period provided under the ESPP expired on January 21, 2013. Of the 2013 members of the Board, only Mr. Bernard D. Marquez is an

employee of the Company.³⁴

Director's Name	ESPP SHARES	Total % from Capital Stock
Bernard D. Marquez	30,000	0.00%

(b) Amendments of Incentive Programs

Indicate any amendments and discontinuation of any incentive programs introduced, including the criteria used in the creation of the program. Disclose whether these are subject to approval during the Annual Stockholders' Meeting:

Incentive Program	Amendments	Date of Stockholders' Approval
NONE		

5) Remuneration of Management

Identify the five (5) members of management who are not at the same time executive directors and indicate the total remuneration received during the financial year:

Name of Officer/Position	Total Remuneration ³⁵
Chief Finance Officer	Php 33,235,359
Marketing Manager	
Business Procurement Manager	
Manufacturing and Engineering Services Manager	
Planning and Management Services Manager	

E. BOARD COMMITTEES

1) Number of Members, Functions and Responsibilities

Provide details on the number of members of each committee, its functions, key responsibilities and the power/authority delegated to it by the Board:

Committee	No. of Members			Committee Charter	Functions	Key Responsibilities	Power
	Executive Director (ED)	Non-executive Director (NED)	Independent Director (ID)				
Executive	1	3	0	No Charter	Exercise all the powers of the Board in the management of the business and affairs of the Company when the Board is not	Responsible for the management of the business and affairs of the Company between sessions of the	To act, by a majority vote of all its members, on such specific matters within the competence of the Board, as may be delegated

³⁴ Updated for the year ended December 31, 2013.

³⁵ Updated for the year ended December 31, 2013.

					<i>in session.</i>	<i>Board of Directors.</i>	<i>to it in the By-laws or on a majority vote of the Board, subject to the limitations provided by Section 35 of the Corporation Code of the Philippines.</i>
Audit	0	2	2	<i>Has adopted a Charter³⁶</i>	<i>Assist the Board in the performance of its oversight responsibility for financial reports and financial reporting process, internal control system, audit process and in monitoring and facilitating compliance with both the internal financial management handbook and pertinent accounting standards, legal and regulatory requirements.</i> <i>Perform oversight financial management functions specifically in the areas of managing credit, market, liquidity, operational, legal and other risks of the Company, and crisis management.</i>	<i>The Audit Committee, among others, have the following responsibilities: Evaluate and determine any non-audit work performed by External Auditors; Establish and identify the reporting line of the Internal Auditor; Monitor and evaluate the adequacy and effectiveness of the Company's internal control system, including financial reporting control and information technology security; Review all interim and annual financial statements before submission to the Board; Ensure that the accounting and auditing processes, practices and</i>	<i>To conduct investigations and make recommendations relating to any communication or reports referred to it under the Whistle Blowing Policy Procedures of the Company, or relating to any findings of major investigations on internal control or financial reporting matters as delegated by the Board or on the Committee's own initiative , and management's response thereto.</i>

³⁶ Updated for the year ended December 31, 2013.

						<p><i>methods of the Company comply with Philippine and internationally-accepted standards; Develop a transparent financial management system that will ensure the integrity of internal control activities throughout the Corporation through a step-by-step procedures and policies handbook that will be used by the entire organization; and Supervise Management in Management's formulation of rules and procedures on financial reporting and internal controls in accordance with relevant guidelines.</i></p>	
Nomination	1	3	1	Has adopted a Charter ³⁷	The Nomination and Hearing Committee functions as the body that pre-screens and shortlists candidates nominated to become a member of the Board of Directors.	To ensure that all individuals nominated to become a director of the Company have all the qualifications and none of the disqualifications set forth in the Company's By-laws and CG	It has the power to set guidelines on the number of directorships which a member of the Board may hold pursuant to the policy on multiple board seats under the Company's CG Manual.

³⁷ Updated for the year ended December 31, 2013.

						<i>Manual.</i>	
<i>Remuneration</i>	<i>1</i>	<i>2</i>	<i>1</i>	<i>Has adopted a Charter³⁸</i>	<i>The Executive Compensation Committee assists and advises the Board on remuneration packages of corporate officers and directors and provides oversight over remuneration of senior management and other key personnel ensuring that compensation is consistent with the Company's culture, strategy and control environment.</i>	<i>Establish a formal and transparent procedure for developing a policy on executive remuneration and for fixing the remuneration packages of corporate officers and directors; Provide oversight over remuneration of Senior Management and other key personnel ensuring that compensation is consistent with the Company's culture, strategy and control environment; Designate amount of remuneration, which shall be in a sufficient level to attract and retain directors and officers who are needed to run the Company successfully; and in the absence of such Personnel Handbook, cause the development of such, covering the same parameters of</i>	<i>Has the power to Review (if any) of the existing Human Resources Development or Personnel Handbook to strengthen provisions on conflict of interest, salaries and benefits policies, promotion and career advancement directives and compliance of personnel concerned with all statutory requirements that must be periodically met in their respective posts.</i>

³⁸ Updated for the year ended December 31, 2013.

						<i>governance set out in the CG Manual.</i>	
<i>Others (specify)</i>							

2) Committee Members

(a) Executive Committee³⁹

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman	<i>Eduardo M. Cojuangco, Jr.</i>	<i>October 21, 1998</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>15 years</i>
Member (NED)	<i>Ramon S. Ang</i>	<i>April 4, 2000</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>15 years</i>
Member (NED)	<i>Bernard D. Marquez</i>	<i>May 12, 2011</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>3 years</i>
Member (NED)	<i>Ferdinand K. Constantino</i>	<i>May 10, 2012</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>2 years</i>

(b) Audit Committee⁴⁰

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman	<i>Minita V. Chico-Nazario</i>	<i>March 9, 2012</i>	<i>4</i>	<i>3</i>	<i>75</i>	<i>2 years</i>
Member (NED)	<i>Leo S. Alvez</i>	<i>April 24, 2002</i>	<i>4</i>	<i>4</i>	<i>100</i>	<i>12 years</i>
Member (NED)	<i>Ferdinand K. Constantino</i>	<i>May 10, 2012</i>	<i>4</i>	<i>4</i>	<i>100</i>	<i>2 years</i>
Member (ID)	<i>Francisco H. Villaruz, Jr.⁴¹</i>	<i>November 6, 2014</i>	<i>N/A</i>	<i>N/A</i>	<i>N/A</i>	<i>Less than a year</i>

Disclose the profile or qualifications of the Audit Committee members.⁴²

Minita V. Chico-Nazario, Filipino, 74, is an Independent Director of the Company since March 9, 2012, Chairperson of the Company's Audit Committee and Member of the Company's Executive Compensation Committee. She is also an

³⁹With updated information regarding the length of service of the Committee Members brought about by their re-appointment during the Organizational Meeting held on May 8, 2014, as disclosed in the SEC Form 17-C filed with SEC on May 9, 2014.

Updated per advisement letter filed with SEC on January 6, 2014. The Executive Committee did not hold a meeting in 2014.

⁴⁰Updated per advisement letter filed with SEC on January 30, 2014 and includes update for the year ended December 31, 2013.

With updated information regarding the length of service of the Committee Members brought about by their re-appointment during the Organizational Meeting held on May 8, 2014, as disclosed in the SEC Form 17-C filed with SEC on May 9, 2014.

Updated per advisement letter filed with SEC on January 6, 2015.

⁴¹ Elected during the Regular Board Meeting held on November 6, 2014 vice Justice Angelina s. Gutierrez (Ret.) who resigned effective October 8, 2014. The resignation of Justice Gutierrez (Ret.) and the election of Justice Villaruz, Jr. (Ret.) were disclosed in separate SEC Form 17-C filed with SEC on October 17, 2014 and November 6, 2014, respectively.

Updated per advisement letter filed with SEC on January 6, 2015. Justice Angelina S. Gutierrez (Ret.) who resigned effective October 8, 2014 was formerly a member of the Audit Committee. She attended all Audit Committee meetings during her term.

⁴² Updated to reflect information contained in SEC Form 17-A filed with SEC on April 15, 2014.

Independent Director of San Miguel Properties, Inc. and Top Frontier Investment Holdings Inc. She is currently a Director of Banco San Juan (Rural Bank) and Legal Consultant of Union Bank of the Philippines. She is also the incumbent Dean of the College of Law of the University of Perpetual Help in Las Piñas City. She has previously held the following positions: Legal Consultant of Philippine Amusement and Gaming Corporation (January 2010-June 2010) and Metro Manila Development Authority (March 2010-June 2010); and Chairman of the Board of Directors (June 2010-August 2010) and Director (September 2010-September 2011) of 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 obtained her law degree from the University of the Philippines and is a member of the New York State Bar.

Leo S. Alvez, Filipino, 71, 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. He earned his Bachelor of Science Degree at the Philippine Military Academy and Masters in Business Administration at the University of the Philippines.

Ferdinand K. Constantino, Filipino, 62, has been a Director of the Company since May 10, 2012 and is the Chairman of the Company's Executive Compensation Committee and a Member of the Company's Executive Committee and Audit Committee. He holds, among others, the following positions: 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 Bank of Commerce; 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); Director of San Miguel Pure Foods Company, Inc. (2008-2009) and San Miguel Properties, Inc. (2001-2009); and has held directorships in various subsidiaries of San Miguel Corporation during the last five years. He holds a degree in AB Economics from the University of the Philippines and completed academic requirements for an MA Economics degree in the same university. He also took a strategic Finance Course in IMD-Lausanne, Switzerland.

Francisco H. Villaruz, Jr.,⁴³ Filipino, 76, is an Independent Director of the Company since November 6, 2014 and is a Member of the Company's Audit Committee and Nomination and Hearing Committee. He previously held, among others, the following positions: Presiding Justice of Sandiganbayan (October 10, 2011-June 8, 2013); Associate Justice of Sandiganbayan (October 8, 2001-October 9, 2011); Director of Securities and Exchange Commission (January 2001-October 7, 2001); Reviewer of Movie and Television Review and Classification Board (November 2000-January 2001) and Senior Partner of Villaruz, Contacto, Nievaes Law Office (April 1999-October 2000). He obtained his law degree at the University of the Philippines and has attended various domestic and foreign trainings, seminars and conferences.

Describe the Audit Committee's responsibility relative to the external auditor.

The Audit Committee assists the Board in its corporate governance and oversight responsibilities in relation to financial reporting, risk management, internal controls and internal and external audits. With respect to the external auditor, the Company's Audit Committee Charter enumerates the following duties and responsibilities:

- *Shall be primarily responsible for making recommendation to the Board on the appointment, reappointment and removal of the external auditor, to approve the remuneration and terms of engagement of the external auditor, and any questions of resignation or dismissal of such auditor.*
- *Assess and monitor the (i) external auditor's professional qualifications, competence, independence and objectivity and require the external auditor to make the statements necessary under applicable auditing standards as regards its relationship and services to the Company, discussing any relationship or services which may derogate its independence or objectivity; and (ii) the effectiveness of the audit process in*

⁴³ Elected during the Regular Board Meeting held on November 6, 2014 vice Justice Angelina S. Gutierrez (Ret.) who resigned effective October 8, 2014. The resignation of Justice Gutierrez (Ret.) and the election of Justice Villaruz, Jr. (Ret.) were disclosed in separate SEC Form 17-C filed with SEC on October 17, 2014 and November 6, 2014, respectively.

accordance with applicable standards.

- Obtain objective assurance from the external auditor that the conduct of the audit and the manner of the preparation of the financial statements comply with applicable auditing standards and rules of regulatory bodies, including exchanges on which the Company's securities are listed.
- Review and approve the nature and scope of the audit plans of the external auditor, including scope, audit resources and expenses, and reporting obligations before the audit commences.
- Review the reports or communications of the external auditor and ensure that management or the Board will provide a timely response to the issues raised in such reports or communications.
- Ensure the development and implementation of policies on the engagement of an external auditor to supply non-audit work, including the fees payable therefor, and evaluate any non-audit work undertaken by the external auditor to ensure that the same does not conflict with its audit functions.
- Ensure that the external auditor or the signing partner of the auditing firm engaged by the Company is changed every five (5) years or earlier.

(c) Nomination Committee⁴⁴

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman	Leo S. Alvez	April 24, 2002	2	2	100	12 years
Member (ED)	Bernard D. Marquez	May 12, 2011	2	2	100	3 years
Member (NED)	Gabriel S. Claudio	November 11, 2010	2	2	100	3 years
Member (ID)	Francisco H. Villaruz, Jr. ⁴⁵	November 6, 2014	N/A	N/A	N/A	Less than a year
Member (NED)	Joseph N. Pineda ⁴⁶	May 9, 2013	2	2	100	1 year
Non-Voting Member	Ma. Cristina M. Menorca	May 10, 2012	2			2 years

(d) Remuneration Committee⁴⁷

⁴⁴ With updated information regarding the length of service of the Committee Members brought about by their re-appointment during the Organizational Meeting held on May 8, 2014, as disclosed in the SEC Form 17-C filed with SEC on May 9, 2014.

Updated per advisement letter filed with SEC on January 6, 2015.

⁴⁵ Elected during the Regular Board Meeting held on November 6, 2014 vice Justice Angelina S. Gutierrez (Ret.) who resigned effective October 8, 2014. The resignation of Justice Gutierrez (Ret.) and the election of Justice Villaruz, Jr. (Ret. Were disclosed in separate SEC Form 17-C filed with SEC on October 17, 2014 and November 6, 2014, respectively.

Updated per advisement letter filed with SEC on January 6, 2014. Justice Angelina S. Gutierrez (Ret.) who resigned effective October 8, 2014 was formerly a member of the Nomination and Hearing Committee. She attended all the Nomination and Hearing Committee meetings during her term in 2014.

⁴⁶ Updated per advisement letter filed with SEC on January 30, 2014. Mr. Pineda was elected on May 9, 2013, replacing Mr. Roberto V. Ongpin.

⁴⁷ Updated per advisement letter filed with SEC on January 30, 2014 and includes update for the year ended December 31, 2013.

With updated information regarding the length of service of the Committee Members brought about by their re-appointment during the Organizational Meeting held on May 8, 2014, as disclosed in the SEC Form 17-C filed with SEC on May 9, 2014.

Updated per advisement letter filed with SEC on January 6, 2014. The Remuneration Committee did not hold a meeting in 2014.

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman	<i>Ferdinand K. Constantino</i>	<i>May 10, 2012</i>	1	1	100	<i>2 years</i>
Member (ED)	<i>Bernard D. Marquez</i>	<i>May 12, 2011</i>	1	1	100	<i>3 years</i>
Member (NED)	<i>Leo S. Alvez</i>	<i>April 24, 2002</i>	1	1	100	<i>12 years</i>
Member (ID)	<i>Minita V. Chico-Nazario</i>	<i>March 9, 2012</i>	1	1	100	<i>2 years</i>

(e) Others (Specify) *NONE*

Provide the same information on all other committees constituted by the Board of Directors: N/A

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman	<i>NOT APPLICABLE</i>					
Member (ED)						
Member (NED)						
Member (ID)						
Member						

3) Changes in Committee Members

Indicate any changes in committee membership that occurred during the year and the reason for the changes:

Name of Committee	Name	Reason
Executive	<i>None</i>	<i>None</i>
Audit	<i>Carmelo L. Santiago</i>	<i>Replaced by Minita V. Chico-Nazario due to resignation of Mr. Santiago</i>
	<i>Carlos Palanca III</i>	<i>Replaced by Angelina S. Gutierrez⁴⁹ due to resignation of Mr. Palanca</i>
	<i>Angelina S. Gutierrez⁴⁸</i>	<i>Replaced by Francisco H. Villaruz, Jr. due to resignation of Angelina S. Gutierrez.</i>
Nomination	<i>Carmelo L. Santiago</i>	<i>Replaced by Minita V. Chico-Nazario due to resignation of Mr. Santiago</i>
	<i>Angelina S. Gutierrez⁵⁰</i>	<i>Replaced by Francisco H. Villaruz, Jr.⁵¹ due to the resignation of Angelina S. Gutierrez</i>

⁴⁸ Resigned effective October 8, 2014. The resignation of Justice Gutierrez (Ret.) and the election of Justice Villaruz, Jr. (Ret.) were disclosed in separate SEC form 17-C filed with SEC on October 17, 2014 and November 6, 2014, respectively.

⁴⁹ Resigned effective October 8, 2014 as disclosed in SEC Form 17-C filed with SEC on October 17, 2014.

⁵⁰ Resigned effective October 8, 2014 as disclosed in SEC Form 17-C filed with SEC on October 17, 2014.

⁵¹ Elected during the Regular Board Meeting held on November 6, 2014 vice Justice Angelina S. Gutierrez (Ret.) who resigned effective October 8, 2014. The resignation of Justice Gutierrez (ret.) and the election of Justice Villaruz, Jr. (Ret.) were disclosed in separate SEC Form 17-C filed with SEC on October 17, 2014 and November 6, 2014, respectively.

Remuneration	<i>Carmelo L. Santiago</i>	<i>Replaced by Minita V. Chico-Nazario due to resignation of Mr. Santiago</i>
	<i>Carlos Palanca III</i>	<i>Replaced by Angelina S. Gutierrez⁵² due to resignation of Mr. Palanca</i>
Others (specify)	<i>None</i>	<i>None</i>

4) Work Done and Issues Addressed

Describe the work done by each committee and the significant issues addressed during the year.

Name of Committee	Work Done⁵³	Issues Addressed
Executive	<i>No Executive Committee meeting was held in 2013.</i>	<i>No material issues, such as issues of compliance matters were required to be addressed by the committee.</i>
Audit	<p><i>Endorsed for approval by the stockholders, and the stockholders approved the appointment of Manabat Sanagustin & Co., CPAs as the Company's independent external auditor for 2013;</i></p> <ul style="list-style-type: none"> <i>• Reviewed and approved the terms of engagement of the external auditor, including the audit, audit-related and any non-audit services provided by the external auditor to the Company and the fees for such services, and ensured that the same did not impair the external auditor's independence and objectivity;</i> <i>• Reviewed and approved the scope of the audit and audit programs of the external auditor as well as the internal audit group of the Company, and have discussed the results of their audit processes and their findings and assessment of the Company's internal controls and financial reporting systems;</i> <i>• Reviewed, discussed and recommended for approval of the Board the Company's annual and quarterly consolidated financial statements, and the reports required to be submitted to regulatory agencies in connection</i> 	<i>No material issues, such as issues on compliance matters were required to be addressed by the committee.</i>

⁵² Resigned effective October 8, 2014 as disclosed in SEC Form 17-C filed with SEC on October 17, 2014.

⁵³ Updated for the year ended December 31, 2013.

	<p><i>with such consolidated financial statements, to ensure that the information contained in such statements and reports presents a true and balanced assessment of the Company's position and condition and comply with the regulatory requirements of the Securities and Exchange Commission ("SEC");</i></p> <ul style="list-style-type: none"> <i>Reviewed the effectiveness and sufficiency of the Company's financial and internal controls, risk management systems, and control and governance processes, and ensured that, where applicable, necessary measures are taken to address any concern or issue arising therefrom; and</i> <i>Adopted on November 9, 2012 an Audit Committee Charter, in compliance with the Guidelines for the Assessment of the Performance of Audit Committees of Companies Listed on the Exchange issued by the SEC under SEC Memorandum Circular No.4, Series of 2012.</i> 	
Nomination	<i>Pre-screened and short listed all candidates nominated to become a member of the Board of Directors of the Company for 2013, in accordance with the qualifications and disqualifications as provided in the By-laws, CG Manual and relevant laws and government issuances.</i>	<i>No material issues, such as issues on compliance matters were required to be addressed by the committee,</i>
Remuneration	<i>No meeting was held in 2013.</i>	<i>No material issues, such as issues on compliance matters were required to be addressed by the committee.</i>
Others (specify)		

5) Committee Program

Provide a list of programs that each committee plans to undertake to address relevant issues in the improvement or enforcement of effective governance for the coming year.

Name of Committee	Planned Programs	Issues to be Addressed
Executive	<i>None</i>	<i>None</i>
Audit	<i>Implementation of the Self-Assessment Process</i>	<i>To align with corporate governance best practice</i>
Nomination	<i>Formally Adopt a Committee Charter</i>	<i>To align with corporate governance</i>

		<i>best practices</i>
Remuneration	<i>Formally Adopt a Committee Charter</i>	<i>To align with corporate governance best practices</i>
Others (specify)	<i>None</i>	<i>None</i>

F. RISK MANAGEMENT SYSTEM

1) Disclose the following:

(a) Overall risk management philosophy of the company;

The Company is aware that engaging in a business is an undertaking which entails a lot of risks. Thus, it has in place a system of identifying, prioritizing, measuring, monitoring and addressing and minimizing various risks. The various units/departments/offices of the Company are in charge of managing the risks associated or related to their respective functions and are expected to take into account these risks when undertaking their day-to-day activities and in establishing their plans and programs.

(b) A statement that the directors have reviewed the effectiveness of the risk management system and commenting on the adequacy thereof;

The Audit Committee conducts a regular review of the Company's activities related to risk management. This is included in the accomplishment of the Committee in 2013.⁵⁴

(c) Period covered by the review;

2013⁵⁵

(d) How often the risk management system is reviewed and the directors' criteria for assessing its effectiveness; and

The Board has oversight responsibilities for ensuring presence of adequate and effective internal control mechanisms. The Audit Committee is mandated to assist the Board in the performance of this oversight responsibility. Thus, risk management system is monitored regularly.

(e) Where no review was conducted during the year, an explanation why not.

N/A

2) Risk Policy

(a) Company

Give a general description of the company's risk management policy, setting out and assessing the risk/s covered by the system (ranked according to priority), along with the objective behind the policy for each kind of risk:

Risk Exposure	Risk Management Policy	Objective
Competitor Risk	<i>Maintain a strong brand and product portfolio; Expand product portfolio if necessary; and monitor consumer trends and competitor activities.</i>	<i>To be the brand of choice of consumers and to cater to shifting consumer preference.</i>
Regulatory Risk	<i>Appropriately address changes in</i>	<i>Cushion the effect/s of the</i>

⁵⁴ Updated for the year ended December 31, 2013.

⁵⁵ Updated for the year ended December 31, 2013.

	<i>regulations and actions by national or local regulators.</i>	<i>regulatory changes.</i>
Raw Materials and Supply Risk	<i>Maintain raw materials flexibility; Regular monitoring of its raw materials; Import materials when necessary; and Enter into various commodity derivatives.</i>	<i>To ensure steady supply of materials; Manage the price risk on strategic commodities; and Fix price of commodities at levels acceptable to the Company.</i>
Foreign Currency Risk	<i>Enter into foreign currency hedges using a combination of non-derivative and derivative instruments such as foreign currency forwards or swaps.</i>	<i>Reduce or eliminate earnings volatility and any adverse impact on equity.</i>
Credit Risk	<i>To enter into transactions with a diversity of credit worthy parties; and Maintain an internal mechanism to monitor the granting of credit and management of credit exposures.</i>	<i>Mitigate any significant concentration of credit risk.</i>
Interest Rate Risk	<i>Use an optimal combination of fixed and variable rate debt instruments.</i>	<i>To reduce the impact of short-term fluctuations on the Company's earnings.</i>
Commodity Price Risk	<i>Enter into various commodity derivatives to manage its price risks on strategic commodities.</i>	<i>Fix the prices of commodities at levels acceptable to the Company. Thus, protecting raw material costs and preserving margins.</i>
Liquidity Risk	<i>Constant monitoring and management of its liquidity position, liquidity gaps or surplus on a daily basis; Ensure availability of funds through committed stand-by credit facility from several local banks; and Use derivative instruments.</i>	<i>To ensure the adequate funding is available at all times; To meet commitments as they arise without incurring unnecessary costs; To be able to access funding when needed at the least possible cost; and To maintain an adequate time spread of refinancing maturities.</i>

(b) Group

Give a general description of the Group's risk management policy, setting out and assessing the risk/s covered by the system (ranked according to priority), along with the objective behind the policy for each kind of risk:

Risk Exposure	Risk Management Policy	Objective
Competitor Risk	<i>Maintain a strong brand and product portfolio; Expand product portfolio if necessary; and monitor consumer trends and competitor activities.</i>	<i>To be the brand of choice of consumers and to cater to shifting consumer preference.</i>
Regulatory Risk	<i>Appropriately address changes in regulations and actions by national or local regulators.</i>	<i>Cushion the effect/s of the regulatory changes.</i>
Raw Materials and Supply Risk	<i>Maintain raw materials flexibility; Regular monitoring of its raw materials; Import materials when</i>	<i>To ensure steady supply of materials; Manage the price risk on strategic commodities; and Fix</i>

	<i>necessary; and Enter into various commodity derivatives.</i>	<i>price of commodities at levels acceptable to the Company.</i>
Foreign Currency Risk	<i>Enter into foreign currency hedges using a combination of non-derivative and derivative instruments such as foreign currency forwards or swaps.</i>	<i>Reduce or eliminate earnings volatility and any adverse impact on equity.</i>
Credit Risk	<i>To enter into transactions with a diversity of credit worthy parties; and Maintain an internal mechanism to monitor the granting of credit and management of credit exposures.</i>	<i>Mitigate any significant concentration of credit risk.</i>
Interest Rate Risk	<i>Use an optimal combination of fixed and variable rate debt instruments.</i>	<i>To reduce the impact of short-term fluctuations on the Group's earnings.</i>
Commodity Price Risk	<i>Enter into various commodity derivatives to manage its price risks on strategic commodities.</i>	<i>Fix the prices of commodities at levels acceptable to the Group. Thus, protecting raw material costs and preserving margins.</i>
Liquidity Risk	<i>Constant monitoring and management of its liquidity position, liquidity gaps or surplus on a daily basis; Ensure availability of funds through committed stand-by credit facility from several local banks; and Use derivative instruments.</i>	<i>To ensure the adequate funding is available at all times; To meet commitments as they arise without incurring unnecessary costs; To be able to access funding when needed at the least possible cost; and To maintain an adequate time spread of refinancing maturities.</i>

(c) Minority Shareholders

Indicate the principal risk of the exercise of controlling shareholders' voting power.

Risk to Minority Shareholders
<i>As every stockholder entitled to vote shall be entitled to one (1) vote for each share of stock in his name in the books of the Company, there is a possibility that majority shareholders will be able to overturn the votes or decisions of the minority shareholders. The Company, however, have provisions in its CG Manual, which would afford protection to minority shareholders such as the non-removal of director without cause, if it will have the effect of denying minority shareholders' representation in the Board.</i>

3) Control System Set Up

(a) Company

Briefly describe the control systems set up to assess, manage and control the main issue/s faced by the company:

Risk Exposure	Risk Assessment (Monitoring and Measurement Process)	Risk Management and Control (Structures, Procedures, Actions Taken)
<i>Competitor Risk</i>	<i>Monitoring of competitive activities and tri-media campaign; Periodic evaluation of industry & market reports by third parties.</i>	<i>Market Share Readings; Advertising Efficiency Reports; Sales-To-Trade Volume Reports.</i>
<i>Regulatory Risk</i>	<i>Monitoring of government</i>	<i>Advocacy on proposed regulation</i>

	<i>agencies' regulations and legislations by presence in agency briefings and public hearings.</i>	<i>and legislations such as, excise tax, product standards, patents and certifications.</i>
<i>Foreign Currency Risk</i>	<i>Coordinates with SMC Group for placements, if necessary.</i>	<i>Close coordination with the parent company's treasury group.</i>
<i>Credit Risk</i>	<i>Monitoring of Accounts Receivable balances.</i>	<i>Aging Analysis of Accounts Receivable; Periodic Trade Inventory Counts to establish collection gaps, if any.</i>
<i>Interest Rate Risk</i>	<i>Monitoring of Funds Requirements, Credit Facilities and Interest Rates.</i>	<i>Treasury Bill Rates, LIBOR and SIBOR</i>
<i>Commodity Price Risk</i>	<i>Monitoring of Major Raw Material and Packaging Prices and Supplies.</i>	<i>Forward Contracts on Molasses and other alternative feed stocks for brewing and distillation. Negotiated Cost for Bottles and Packaging Materials.</i>
<i>Liquidity Risk</i>	<i>Monitoring of Short-Term Debt vs. Funds Requirement.</i>	<i>Maintaining a balance between Debt and Trade Financing Analysis of Liquidity Measures, i.e., Current Ratio, Debt-to-Equity Ratio and Earnings Before Interest, Depreciation & Amortization (EBITDA).</i>

(b) Group

Briefly describe the control systems set up to assess, manage and control the main issue/s faced by the company:

Risk Exposure	Risk Assessment (Monitoring and Measurement Process)	Risk Management and Control (Structures, Procedures, Actions Taken)
<i>Competitor Risk</i>	<i>Monitoring of competitive activities and tri media campaign; Periodic evaluation of industry & market reports by third parties.</i>	<i>Market Share Readings Advertising Efficiency Reports Sales-To-Trade Volume Reports</i>
<i>Regulatory Risk</i>	<i>Monitoring of government agencies' regulations and legislations by presence in agency briefings and public hearings.</i>	<i>Advocacy on proposed regulation and legislations such as, excise tax, product standards, patents and certifications.</i>
<i>Foreign Currency Risk</i>	<i>Coordinates with SMC Group for placements, if necessary.</i>	<i>Close coordination with the parent company's treasury group.</i>
<i>Credit Risk</i>	<i>Monitoring of Accounts Receivable balances.</i>	<i>Aging Analysis of Accounts Receivable; Periodic Trade Inventory Counts to establish collection gaps, if any.</i>
<i>Interest Rate Risk</i>	<i>Monitoring of Funds Requirements, Credit Facilities and Interest Rates.</i>	<i>Treasury Bill Rates, LIBOR and SIBOR</i>
<i>Commodity Price Risk</i>	<i>Monitoring of Major Raw Material and Packaging Prices and Supplies.</i>	<i>Forward Contracts on Molasses and other alternative feed stocks for brewing and distillation. Negotiated Cost for Bottles and Packaging Materials.</i>

<i>Liquidity Risk</i>	<i>Monitoring of Short-Term Debt vs. Funds Requirement.</i>	<i>Maintaining a balance between Debt and Trade Financing Analysis of Liquidity Measures, i.e., Current Ratio, Debt-to-Equity Ratio and Earnings Before Interest, Depreciation & Amortization (EBITDA).</i>
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(c) Committee

Identify the committee or any other body of corporate governance in charge of laying down and supervising these control mechanisms, and give details of its functions:

Committee/Unit	Control Mechanism	Details of its Functions
<i>Business Procurement Group (Raw Materials and Supply and Commodity Price Risks)</i>	<i>Raw Material and Packaging Supply and Prices</i>	<i>Monitors Prices and Supply of Molasses, Alcohol and Packaging Materials Price Negotiations of Raw and Packaging Materials.</i>
<i>Sales and Marketing Groups (Competitor Risk)</i>	<i>Industry/Consumer Trends Market Share</i>	<i>Monitors consumer trends and competitive activities Address immediate issues with tactical programs Develop products for changing customer consumption patterns.</i>
<i>Finance Group/Internal Audit (Regulatory, Credit, Interest Rate, Liquidity and Foreign Currency Risks)</i>	<i>Working Capital Management</i>	<i>Monitors Customer Credit Standing Collection Gap Analysis Trade Inventory Count Conducts Periodic Inventory Count of Full Goods and Materials & Supplies.</i>

G. INTERNAL AUDIT AND CONTROL

The Company is part of the business conglomerate of SMC and as such, except for those peculiar to the Company, the various policies of SMC, including those relating to internal audit and controls cover/apply to all the companies belonging to the SMC Group including the Company.

1) Internal Control System

Disclose the following information pertaining to the internal control system of the company:

(a) Explain how the internal control system is defined for the company;

Internal control, as defined by the Company in its "Corporate Policy on Internal Control" comprises any action taken by management, the Board and other parties to enhance risk management, and increase likelihood that established objectives and goals will be achieved. The primary objectives of internal control are to ensure:

- Reliability and integrity of financial and operational information;*
- Effectiveness and efficiency of operation;*
- Safeguarding of assets;*
- Compliance with policies, plans, procedures, laws, regulations and contracts; and*
- Accomplishment of established objectives and goals for operations or programs.*

- (b) A statement that the directors have reviewed the effectiveness of the internal control system and whether they consider them effective and adequate;

The Audit Committee conducts a regular review of the Company's internal control system. This is included in the accomplishment of the Committee in 2013.⁵⁶

- (c) Period covered by the review;

2013.⁵⁷

- (d) How often internal controls are reviewed and the directors' criteria for assessing the effectiveness of the internal control system; and

The Board has oversight responsibilities for ensuring presence of adequate and effective internal control mechanisms. The Audit Committee is mandated to assist the Board in the performance of this oversight responsibility. Thus, internal controls are monitored regularly.

- (e) Where no review was conducted during the year, an explanation why not.

N/A⁵⁸

2) Internal Audit

- (a) Role, Scope and Internal Audit Function

Give a general description of the role, scope of internal audit work and other details of the internal audit function.

Role	Scope	Indicate whether In-house or Outsource Internal Audit Function	Name of Chief Internal Auditor/Auditing Firm	Reporting process
<i>Ginebra San Miguel Group Audit (GSMGA) provides independent, objective assurance and consulting services designed to add value and improve the operations of GSMI and its Subsidiaries, and help the Ginebra San Miguel Group accomplish its objectives by bringing a</i>	<i>The scope of work of GSMGA is to assist the Board and Management in determining whether the risk management, control, and governance processes within the GSMI Group, as designed and represented by Management, are adequate and effective in a</i>	<i>In-house with Outsourcing</i>	<i>Group Audit Manager: Isadora A. Papica</i> <i>Auditing Firms:</i> <ul style="list-style-type: none"> • <i>MV Reyes & Associates</i> • <i>Reyes Tacandong & Co.</i> 	<i>Functionally to the GSMI Audit Committee; administratively to the GSMI President</i>

⁵⁶ Updated for the year ended December 31, 2013.

⁵⁷ Updated for the year ended December 31, 2013.

⁵⁸ Updated for the year ended December 31, 2013.

<p><i>systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes.</i></p>	<p><i>manner to ensure that:</i></p> <ul style="list-style-type: none"> • <i>Significant exposures to risks are appropriately identified and adequately managed.</i> • <i>Significant financial, managerial, and operating information is accurate, reliable, and timely.</i> • <i>Employees' and Company's actions are in compliance with policies, standards, procedures, and applicable laws and regulations.</i> • <i>Resources are acquired economically, used efficiently, and adequately protected.</i> • <i>Objectives and goals for operations or programs are achieved.</i> • <i>Effectiveness, efficiency and continuous improvement are promoted in the</i> 			
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	<i>Company's operating systems and processes.</i>			
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- (b) Do the appointment and/or removal of the Internal Auditor or the accounting /auditing firm or corporation to which the internal audit function is outsourced require the approval of the audit committee?

Yes. The Audit Committee Charter provides, among others, that the Audit Committee confirms the appointment or replacement by management of the head of the internal auditor. The said Committee also reviews and confirms the annual audit and strategic plans prepared by the internal auditor in consultation with Management. Such plans include, among others, the outsourcing of some audit functions to an auditing firm.

- (c) Discuss the internal auditor's reporting relationship with the audit committee. Does the internal auditor have direct and unfettered access to the board of directors and the audit committee and to all records, properties and personnel?

The Internal Auditor reports functionally to the Audit Committee. The office of the Internal Auditor has direct and unfettered access to the Board and the audit committee, as well as to Company records, properties and personnel in the conduct of internal audit function.

- (d) Resignation, Re-assignment and Reasons

Disclose any resignation/s or re-assignment of the internal audit staff (including those employed by the third-party auditing firm) and the reason/s for them.

Name of Audit Staff	Reason
<i>NOT APPLICABLE</i>	<i>NOT APPLICABLE</i>

- (e) Progress against Plans, Issues, Findings and Examination Trends

State the internal audit's progress against plans, significant issues, significant findings and examination trends.

The relationship among progress, plans, issues and findings should be viewed as an internal control review cycle which involves the following step-by-step activities:

- 1) Preparation of an audit plan inclusive of a timeline and milestones;
- 2) Conduct of examination based on the plan;
- 3) Evaluation of the progress in the implementation of the plan;
- 4) Documentation of issues and findings as a result of the examination;
- 5) Determination of the pervasive issues and findings ("examination trends") based on single year result and/or year-to-year results;
- 6) Conduct of the foregoing procedures on a regular basis.

Progress Against Plans	<i>Completed the 2013 Annual Audit Plan⁵⁹</i>
Issues⁶⁰	<i>There are no compliance matters that arise from adopting different interpretations</i>
Findings⁶¹	<i>As reported to the Audit Committee during its quarterly meetings</i>

⁵⁹ Updated for the year ended December 31, 2013.

⁶⁰ "Issues" are compliance matters that arise from adopting different interpretations.

⁶¹ "Findings" are those with concrete basis under the Company's policies and rules.

Examination Trends	<i>Generally adequate and effective internal control</i>
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(f) Audit Control Policies and Procedures

Disclose all internal audit controls, policies and procedures that have been established by the company and the result of an assessment as to whether the established controls, policies and procedures have been implemented under the column "Implementation."

Policies & Procedures	Implementation
<i>San Miguel Group Policies and Guidelines on Revenue Cycle</i>	<i>Generally in order</i>
<i>San Miguel Group Policies and Guidelines on Procurement Cycle</i>	<i>Generally in order</i>
<i>San Miguel Group Policies and Guidelines on Supply Chain – Logistics Cycle</i>	<i>Generally in order</i>
<i>San Miguel Group Policies and Guidelines on Finance – Treasury Cycle</i>	<i>Generally in order</i>

(g) Mechanism and Safeguards

State the mechanism established by the company to safeguard the independence of the auditors, financial analysts, investment banks and rating agencies (example, restrictions on trading in the company's shares and imposition of internal approval procedures for these transactions, limitation on the non-audit services that an external auditor may provide to the company):

Auditors (Internal and External)	Financial Analysts	Investment Banks	Rating Agencies
<i>The Board through the Audit Committee performs its oversight responsibility of the Company's corporate governance processes relating to the independence and performance of its internal and external auditors. The Audit Committee Charter lays down the specific duties and responsibilities of the Audit Committee with respect to the Internal and External Auditors and such duties and responsibilities include, among others, the obligation of maintaining the independence and objectivity of the said auditors.</i>	<i>As they are considered "third parties" or public, the PSE-disclosure rules to protect public interest shall apply.</i>	<i>As they are considered "third parties" or public, the PSE-disclosure rules to protect public interest shall apply.</i>	<i>As they are considered "third parties" or public, the PSE-disclosure rules to protect public interest shall apply.</i>

<p><i>Internal Auditors are covered by the Securities Dealing Policy of the Company. Moreover, its Charter espouses the principle of independence and objectivity. The said charter espouses the following:</i></p> <p><i>“Internal Auditing” is an independent, objective assurance and consulting activity designed to add value and improve an organization’s operations; and</i></p> <p><i>“Internal Audit Group” is a staff organization and functions in an advisory capacity; it exercises no direct authority over the operating activities or functions it reviews.</i></p> <p><i>As to its External Auditor, the Company is guided by the current ethical standards in the engagement of the services of such auditors and does not engage the same to render non-audit services if such services may create threats to the auditor’s independence.</i></p>			
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(h) State the officers (preferably the Chairman and the CEO) who will have to attest to the company’s full compliance with the SEC Code of Corporate Governance. Such confirmation must state that all directors, officers and employees of the company have been given proper instruction on their respective duties as mandated by the Code and that internal mechanisms are in place to ensure that compliance.

The Compliance Officer, as prescribed under the Company’s CG Manual issues a certification every January 30th on the extent of the Company’s compliance with the CG Manual for the completed year. When the said certification is filed with SEC, the Company’s President countersigns the same

H. ROLE OF STAKEHOLDERS

1) Disclose the company’s policy and activities relative to the following:

	Policy	Activities
Customers' welfare	<p><i>The Company’s policies on this matter are guided by the Company’s corporate value of “Consumer-focused”. The said value is summed up in this statement: “We delight our consumers by providing them with superior products and services that anticipate their needs and exceed their expectations. We engage them by creating unique and memorable experiences that entice them to come back for more. Our consumers are at the heart of what we do.”</i></p> <p><i>The Company also has a system of addressing customer complaints.</i></p> <p><i>The Company’s CG Manual provides the framework of rules, systems and processes in the corporation that governs the performance of the Board of Directors and Management of their respective duties and responsibilities to the Corporation’s stockholders and other stakeholders which include, among others, customers, employees, suppliers, financiers, government and the community in which it operates.⁶²</i></p>	<p><i>Conduct of various activities (sampling, promotional events) to keep the customers interested in the Company’s products as well as update them on new products.</i></p> <p><i>Monitor and promptly address consumer complaints.</i></p>
Supplier/contractor selection practice	<p><i>The Company has in place a Supplier Accreditation System which lays down the process of assessing a supplier’s capability in meeting the Company’s requirements for goods and services with the objective, among others, of maintaining a pool of world-class suppliers.</i></p> <p><i>The Company’s CG Manual provides the framework of rules, systems and</i></p>	<p><i>Assessment and evaluation of all prospective suppliers to determine qualification for accreditation.</i></p> <p><i>Conduct of supplier accreditation visits.</i></p> <p><i>Periodic review of accreditation.</i></p> <p><i>Determination of Suppliers’</i></p>

⁶² Updated per advisement letter to SEC dated July 21, 2014 in relation to the amendments made to the Company’s CG Manual.

	<p><i>processes in the corporation that governs the performance of the Board of Directors and Management of their respective duties and responsibilities to the Corporation's stockholders and other stakeholders which include, among others, customers, employees, suppliers, financiers, government and the community in which it operates.</i>⁶³</p>	<p><i>Offense and corresponding consequence/actions.</i></p> <p><i>Updating Supplier Information Record.</i></p>
Environmentally friendly value-chain	<p><i>It is the Company's policy to do its share in taking care of the environment. Thus, it is committed to comply with environmental laws, as well as rules and regulations issued by the Department of Environment and Natural Resources and its attached agencies.</i></p>	<p><i>The Company complies with the relevant environmental laws, rules and regulations and secures necessary environmental-related permits, licenses and authority.</i></p>
Community interaction	<p><i>Guided by the Company's corporate value of "Social Responsibility" summed up in this statement: "We are guided by our corporate values in the way we work and interact with all our stakeholders. As we deliver reasonable returns to our shareholders, we recognize that we are part of a bigger community. Thus, we commit to uplift the quality of life through education, environment – protection and community development programs. We create positive impact wherever we operate."</i></p> <p><i>In recognition of the above-mentioned value, the Company has annual Corporate Social Responsibility Programs in immediate and/or communities-at-stake areas of operation implemented by the relevant plants/office of the Company. The major thrusts of the CSR are education; environment, health and safety; Entrepreneurship and Employee Volunteerism.</i></p> <p><i>The Company's CG Manual provides the framework of rules, systems and processes in the corporation that governs the performance of the Board of Directors and Management</i></p>	<p><i>Establish and maintain good relationship with the Community where the Company operates.</i></p> <p><i>Implement community development programs or activities intended to achieve the thrusts established by the Company.</i></p>

⁶³ Ibid

	<p><i>of their respective duties and responsibilities to the Corporation's stockholders and other stakeholders which include, among others, customers, employees, suppliers, financiers, government and the community in which it operates.⁶⁴</i></p>	
<p>Anti-corruption programmes and procedures?</p>	<p><i>The Company has a policy on Solicitation and Acceptance of Gifts which espouses the Company's commitment to succeed in a manner that upholds the highest standards of honesty, integrity and fairness. Consistent with this commitment, the Company expects each employee to observe reasonable standards of conduct. It requires employees to conduct business affairs with fairness, avoid granting undue personal favors, exercise discretion in accepting favors or gifts from persons seeking or doing business within the Company and refuse gifts that might connote bribery in any way.</i></p> <p><i>The Company's CG Manual provides the framework of rules, systems and processes in the corporation that governs the performance of the Board of Directors and Management of their respective duties and responsibilities to the Corporation's stockholders and other stakeholders which include, among others, customers, employees, suppliers, financiers, government and the community in which it operates.⁶⁵</i></p>	<p><i>Regular monitoring of compliance</i></p>
<p>Safeguarding creditors' rights</p>	<p><i>The Company has a Debt Financing Policy intended to guide the Company in negotiating and securing loans.</i></p> <p><i>The Company's CG Manual provides the framework of rules, systems and processes in the corporation that governs the performance of the Board of Directors and Management of their respective duties and responsibilities to the Corporation's</i></p>	<p><i>Regular monitoring of compliance</i></p>

⁶⁴ Updated per advisement letter to SEC dated July 21, 2014 in relation to the amendments made to the Company's CG Manual.

⁶⁵ Updated per advisement letter to SEC dated July 21, 2014 in relation to the amendments made to the Company's CG Manual.

	<i>stockholders and other stakeholders which include, among others, customers, employees, suppliers, financiers, government and the community in which it operates.</i> ⁶⁶	
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2) Does the company have a separate corporate responsibility (CR) report/section or sustainability report/section?

Yes.

3) Performance-enhancing mechanisms for employee participation.

(a) What are the company's policy for its employees' safety, health, and welfare?

Concern for its employees' safety, health and welfare has always been the Company's top priority. The Company, among others, has adopted the Department of Labor and Employment's Self-Assessment for Occupational Safety and Health and adopted a Crises Management Manual.

To ensure the employees' safety, health and welfare, Annual Physical Examinations of employees are conducted, as well as other related activities are conducted throughout the year.

It is also the Company's policy to promote career advancement and development through the numerous training programs and seminars implemented by and/or facilitated by the Company's Human Resources Department.

The Company has adopted a Policy on Anti-Sexual Harassment, declaring all forms of sexual harassment in the workplace as unlawful. In the said policy, the Company declares its commitment in upholding the rights and dignity of all its employees through the creation of a work environment characterized by professionalism, fairness, openness, trust and respect.

The Company has also adopted a Policy and Guidelines on Drug Abuse. The said policy is intended to promote a workplace that is free from drug abuse as it is detrimental to the safety, health and work performance of its employees. Consistent with this policy, the Company shall provide opportunities to rehabilitate employees who are engaged in drug abuse and discipline employees who persistently refuse to give up drug abuse.

(b) Show data relating to health, safety and welfare of its employees.⁶⁷

In 2013, the Company, among others, implemented the following programs/activities:

- Health and Wellness forums and activities*
- Monthly First Friday Mass*
- Sportsfest*
- Plant Anniversary Celebration*

(c) State the company's training and development programmes for its employees. Show the data.⁶⁸

In 2013, the Company provided opportunities to its employees to attend numerous training programs covering various topics, conducted here and abroad. Training programs were also conducted in house. In summary, the number of employees who participated in the training programs is as follows:

<i>Local-External</i>	<i>103</i>
<i>Foreign-External</i>	<i>6</i>

⁶⁶ *Ibid.*

⁶⁷ Updated for the year ended December 31, 2013.

⁶⁸ Updated for the year ended December 31, 2013.

<i>In-House Programs</i>	220
<i>Total</i>	329

- (d) State the company's reward/compensation policy that accounts for the performance of the company beyond short-term financial measures

The Company has a variable pay program which provides financial incentives contingent in the achievement of the Company's annual goals and objectives.

- 4) What are the company's procedures for handling complaints by employees concerning illegal (including corruption) and unethical behaviour? Explain how employees are protected from retaliation.

The Company has a Whistleblowing Policy (the "Policy"). It provides that all complaints on accounting, internal accounting controls, auditing or financial reporting matters may be communicated to the General Counsel and Compliance Officer (the "Compliance Officer"), if such concerns involves the Compliance Officer, then the same may be communicated to the President. The said complaints are ultimately referred to the Audit Committee, which complaints may be on anonymous basis and which shall be placed in confidential files and will be retained for seven (7) years or for such longer time as the Audit Committee may deem necessary. If it is unclear whether a communication involves accounting, auditing, internal accounting controls or financial reporting matters, the Compliance Officer shall likewise direct such communication to the Audit Committee, with a note to that effect.

All communications received through the established channels will be kept confidential. The original copies or records of all communications will be available to any Audit Committee member upon request.

The Audit Committee will determine whether any action or response is necessary or appropriate in respect of a communication, and it will take or direct such action as it deems appropriate. Such action may include engaging external advisers, for which funding will be available. The determinations made by the Audit Committee in respect of each communication and any further action taken will be recorded in the log maintained for such purpose by the Compliance Officer or a person designated by the Audit Committee if the Compliance Officer is the subject of a communication. These determinations may be recorded based on the standard categories established by the Audit Committee, which may include: the communication is not a "complaint" or "concern", as contemplated by the applicable requirements; the communication is misdirected (such as a communication involving an employment dispute); no further action shall be required because the communication can be analyzed on its face; and further action required (with a record of the action taken and its outcome). The Compliance Officer or any other person designated by the Audit Committee will report on the status of any further action directed by the Audit Committee on a monthly basis or at such frequency as the Audit Committee may otherwise require.

Misdirected communications as determined by the Audit Committee or concerns not relating to accounting, internal accounting control, auditing or financial reporting matters shall be addressed to and be acted upon by the appropriate responsible supervisor or officer of the business units affected in accordance with the SMC Group's conventional reporting channels. In this connection, employees with such concerns should raise them with their respective supervisors and the supervisors have the responsibility to ensure that such concerns are properly acted upon.

Employees are protected from retaliation as it is categorically provided in the Policy that the SMC Group, which includes herein Company, shall not tolerate retaliation in any form against a director, officer, employee or other interested party who, in good faith, raises a concern or reports a possible violation under the policy.

I. DISCLOSURE AND TRANSPARENCY

- 1) Ownership Structure⁶⁹

(a) Holding 5% shareholding or more

⁶⁹ Updated to reflect information contained in SEC Form 17-A filed with SEC on April 15, 2014.

Shareholder	No. of Shares Held	Percent	Beneficial Owner
<i>San Miguel Corporation (parent company)</i>	<i>216,972,000 (Common)</i>	<i>77.36%</i>	<i>NOT APPLICABLE</i>
	<i>32,786,885 (Preferred)</i>		
<i>PCD Nominee Corporation (Filipino)</i>	<i>46,021,956</i>	<i>14.25%</i>	<i>NOT APPLICABLE</i>

There are no officers or senior management officials of the Company who holds 5% shareholding or more in the Company.

Name of Senior Management	Number of Direct shares	Number of Indirect shares / Through (name of record owner)	% of Capital Stock
<i>NOT APPLICABLE</i>	<i>NOT APPLICABLE</i>	<i>NOT APPLICABLE</i>	<i>NOT APPLICABLE</i>
TOTAL			

2) Does the Annual Report disclose the following:

Key risks	YES
Corporate objectives	YES
Financial performance indicators	YES
Non-financial performance indicators	YES
Dividend policy	YES
Details of whistle-blowing policy	YES
Biographical details (at least age, qualifications, date of first appointment, relevant experience, and any other directorships of listed companies) of directors/commissioners	YES
Training and/or continuing education programme attended by each director/commissioner	YES
Number of board of directors/commissioners meetings held during the year	YES
Attendance details of each director/commissioner in respect of meetings held	YES
Details of remuneration of the CEO and each member of the board of directors/commissioners	YES

Should the Annual Report not disclose any of the above, please indicate the reason for the non-disclosure.

3) External Auditor's fee⁷⁰

Name of auditor	Audit Fee	Non-audit Fee
<i>Manabat Sanagustin & Co., CPAs (now R.G. Manabat & Co.)</i>	<i>7 million</i>	

4) Medium of Communication

List down the mode/s of communication that the company is using for disseminating information.

⁷⁰ Updated to reflect information contained in SEC Form 17-A filed with SEC on April 15, 2014.

The Company keeps the stakeholders updated on material information through the filing of structured (such as but not limited to the following: SEC Form 17-A; SEC Form 17-Q; General Information Sheet; IS-20; Consolidated Financial Statements; Public Ownership Report; and Foreign Ownership Report) and unstructured reports (relative to the information relayed through the filing of SEC- Form 17-C on current reports) filed with the Securities and Exchange Commission and/or Philippine Stock Exchange, Inc.

The Company also conducts quarterly Investor's Briefing. Other information are disclosed to the Company through press releases and information uploaded in the Company website.

5) Date of release of audited financial report:

The Audited Consolidated Financial Statements of the Company for the fiscal year 2013 was filed with the SEC on April 15, 2014.⁷¹

6) Company Website

Does the company have a website disclosing up-to-date information about the following?

Business operations	YES
Financial statements/reports (current and prior years)	YES
Materials provided in briefings to analysts and media	YES
Shareholding structure	YES
Group corporate structure	YES
Downloadable annual report	YES
Notice of AGM and/or EGM	YES
Company's constitution (company's by-laws, memorandum and articles of association)	YES

Should any of the foregoing information be not disclosed, please indicate the reason thereto.

7) Disclosure of RPT⁷²

RPT	Relationship	Nature	Value (in Millions)
<i>The Company and its subsidiaries (GSMI Group) in the normal course of business purchases products and services from and sells products to related parties made at normal market prices and terms</i>	<i>Seller-Buyer</i>	<i>Revenue from Related Parties ("RP")</i>	<i>Php 20,805</i>
	<i>Buyer-Seller</i>	<i>Purchases from RP</i>	<i>Php193,568</i>
	<i>Creditor-Debtor</i>	<i>Amounts owed by RP</i>	<i>Php31,487</i>
	<i>Debtor-Creditor</i>	<i>Amounts owed to RP</i>	<i>Php123,911</i>

When RPTs are involved, what processes are in place to address them in the manner that will safeguard the interest of the company and in particular of its minority shareholders and other stakeholders?

Transactions with related parties are made at normal market prices and terms. An assessment is undertaken at

⁷¹ Updated to reflect information contained in SEC Form 17-A filed with SEC on April 15, 2014.

⁷² Updated to reflect information contained in SEC Form 17-A filed with SEC on April 15, 2014.

each financial year by examining the financial position of the related party and the market in which the related party operates.

The Company observes an arm's length policy in its dealings with related parties.

J. RIGHTS OF STOCKHOLDERS

1) Right to participate effectively in and vote in Annual/Special Stockholders' Meetings

(a) Quorum

Give details on the quorum required to convene the Annual/Special Stockholders' Meeting as set forth in its By-laws.

Quorum Required	<i>A quorum shall consist of stockholders representing a majority of the subscribed and outstanding capital stock.</i>
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(b) System Used to Approve Corporate Acts

Explain the system used to approve corporate acts.

System Used⁷³	<i>The approval of corporate acts will require an affirmative vote of the majority of the shares of stock present or represented by proxy at the meeting. As to the approval of the amendment to the Company's Amended Articles of Incorporation, the same requires the affirmative vote of at least 2/3 of the shares of stock present or represented by proxy at the meeting. As to the approval of the amendment to the Company's Amended By-Laws, the same requires the affirmative vote of at least a majority of the shares of stock present or represented by proxy at the meeting.</i>
Description	<i>The counting of Ayes and Nays or a show of hands is the method by which the votes are counted. The Corporate Secretary, with the assistance of the Company's stock transfer agent, is authorized to count any votes cast during the meeting.</i>

(c) Stockholders' Rights

List any Stockholders' Rights concerning Annual/Special Stockholders' Meeting that differ from those laid down in the Corporation Code.

Stockholders' Rights under The Corporation Code	Stockholders' Rights <u>not</u> in The Corporation Code
<i>Voting Rights Proprietary Rights: Right to Dividends and to Liquidation Assets Remedial Rights Appraisal Rights Right to Inspect Books</i>	<i>Right not to be denied representation in the Board as shown in the CG Manual provision which states that a director shall not be removed without cause if it will deny minority shareholders representation in the Board; The right specifically given to minority shareholders to propose the holding of the meeting and to propose items in the agenda of the meeting; and Right that any doubt about the validity of the proxy shall be resolved in the shareholder's favor.</i>

⁷³ Updated to reflect information relative to the Annual Stockholders' Meeting held on May 8, 2014.

Dividends

Declaration Date	Record Date	Payment Date
<i>No dividend declaration in 2013</i>		

(d) Stockholders' Participation

1. State, if any, the measures adopted to promote stockholder participation in the Annual/Special Stockholders' Meeting, including the procedure on how stockholders and other parties interested may communicate directly with the Chairman of the Board, individual directors or board committees. Include in the discussion the steps the Board has taken to solicit and understand the views of the stockholders as well as procedures for putting forward proposals at stockholders' meetings.

2. Measures Adopted	3. Communication Procedure
4. <i>Proxy form</i>	5. <i>Attached to the Information Statement sent to the stockholders.</i>
6. <i>Question and Answer/Open Forum</i>	7. <i>Stockholders are given the chance to ask questions, as well as make a statement or suggestion during the Annual Stockholders' Meeting.</i>

8. State the company policy of asking shareholders to actively participate in corporate decisions regarding:
 - a. Amendments to the company's constitution
 - b. Authorization of additional shares
 - c. Transfer of all or substantially all assets, which in effect results in the sale of the company

Shareholders are encouraged to actively participate in the annual meeting to discuss and approve the foregoing matters. Stockholders are encouraged to personally attend the annual meeting but if they cannot they are encouraged to appoint a proxy to represent them in the meeting. A sample of the proxy form, which need not be notarized is attached to the Information Statement distributed to stockholders for their easy reference.

The Company's CG Manual also emphasizes the duty of the directors in the promotion of shareholders' rights, as shown in the following duties of the directors:

- *duty to remove impediments to the exercise of shareholders' rights and allow possibilities to seek redress for violation of their rights;*
- *duty to encourage the exercise of shareholders' voting rights and the solution of collective action problems through appropriate mechanisms;*
- *duty to be instrumental in removing excessive costs and other administrative or practical impediments to shareholders participating in meetings and/or voting in person; and*
- *duty to pave the way for the electronic filing and distribution of shareholder information necessary to make informed decisions subject to legal constraints.*

9. Does the company observe a minimum of 21 business days for giving out of notices to the AGM where items to be resolved by shareholders are taken up?

No. Pursuant to its By-laws, the Company sends notices of regular meetings of stockholders at least two (2) weeks prior to the date of the meeting to each stockholder of record at his last known post office address. Thus,

effectively, the Company sends out the said notices at least fifteen (15) business days prior to the date of the annual stockholders' meeting.

- a. Date of sending out notices: April 14, 2014⁷⁴
- b. Date of the Annual/Special Stockholders' Meeting: May 8, 2014⁷⁵

10. State, if any, questions and answers during the Annual/Special Stockholders' Meeting.⁷⁶

Questions	Answers
<i>A stockholder asked how the Company performed in the 1st quarter and the outlook for full year 2014</i>	<i>Mr. Marquez, the Company President replied that the liquor sales volume for the first quarter of 2014 is up 10% vs. last year. This is driven primarily by the growth of the Company's Ginebra San Miguel brand which is up 20% vs. last year. As a result of this volume growth together with price adjustment, revenue for the first quarter is up 21% vs. last year. Together with the combination of fixed cost management, improvement in operations resulting to lower alcohol cost and improvement in secondhand bottle usage, the Company managed to have an operating profit of PHP 44 million for the year, a turnaround from a negative PHP390 million from the same period last year. He said that the Company expects the same performance and the same growth rate to be sustained for the rest of the year.</i>
<i>A stockholder inquired if there are new products to be introduced this year to compete primarily with brandy</i>	<i>Mr. Marquez stated that the Company is in the process of developing new products, not only for the brandy segment but also for the Company's core product, which is gin. He assured the stockholders that innovation and product development continue to be a thrust of the organization for it to grow this year and the years to come.</i>

11. Result of Annual/Special Stockholders' Meeting's Resolutions⁷⁷

12. Resolution	13. Approving	14. Dissenting	15. Abstaining
16. Approval of the Minutes of the 2013 Regular Stockholders' Meeting	17. 83.48%	18. None	19. None
20. Presentation of the Annual report	21. 83.48%	22. None	23. None
24. Approval of the Amendment to Article III of the Amended Articles of Incorporation of the Corporation to change	25. 83.48%	26. None	27. None

⁷⁴ Updated per Advisement Letter filed with SEC on May 13, 2014 to reflect information as of a May 8, 2014, the date of the 2014 Annual Stockholders' Meeting.

⁷⁵ Updated per Advisement Letter filed with SEC on May 13, 2014 to reflect information as of a May 8, 2014, the date of the 2014 Annual Stockholders' Meeting

⁷⁶ Updated per Advisement Letter filed with SEC on May 13, 2014 to reflect information as of a May 8, 2014, the date of the 2014 Annual Stockholders' Meeting.

⁷⁷ Updated per Advisement Letter filed with SEC on May 13, 2014 to reflect information as of a May 8, 2014, the date of the 2014 Annual Stockholders' Meeting.

the Principal Office of the Corporation from Metro Manila, Philippines to 3 rd and 6 th Floors, San Miguel Properties Centre, St. Francis Street, Ortigas Center, Mandaluyong City, Philippines			
28. Approval of the Amendment to Article I, Section 1 of the Amended By-Laws of the Corporation to change the date of the regular meetings of the stockholders from second Thursday of May to last Thursday of May	29. 83.48%	30. None	31. None
32. Ratification of acts and proceedings of the Board of Directors and Corporate Officers	33. 83.48%	34. None	35. None
36. Appointment of External Auditors – R.G. Manabat & Co.	37. 83.48%	38. None	39. None
40. Election of Directors	41. 83.48%	42. None	43. None

44. Date of publishing of the result of the votes taken during the most recent AGM for all resolutions:⁷⁸

On the date of the 2014 Annual Stockholders' Meeting, the results of the votes were immediately disclosed to the stockholders physically present in the meeting since every item in the agenda was taken up and voted upon and the attendance and quorum were announced at the beginning of the meeting.

(e) Modifications

State, if any, the modifications made in the Annual/Special Stockholders' Meeting regulations during the most recent year and the reason for such modification:

Modifications	Reason for Modification
NONE	NOT APPLICABLE

(f) Stockholders' Attendance⁷⁹

(i) Details of Attendance in the Annual/Special Stockholders' Meeting Held

Type of Meeting	Names of Board members / Officers present	Date of Meeting	Voting Procedure (by poll, show of hands, etc.)	% of SH Attending in Person	% of SH in Proxy	Total % of SH attendance
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⁷⁸ Updated per Advisement Letter filed with SEC on May 13, 2014 to reflect information as of a May 8, 2014, the date of the 2014 Annual Stockholders' Meeting

⁷⁹ Updated per Advisement Letter filed with SEC on May 13, 2014 to reflect information as of a May 8, 2014, the date of the 2014 Annual Stockholders' Meeting.

Annual	<i>Directors Present:</i> <i>Eduardo M. Cojuangco, Jr.</i> <i>Ramon S. Ang</i> <i>Ferdinand K. Constantino</i> <i>Bernard D. Marquez</i> <i>Leo S. Alvez</i> <i>Gabriel S. Claudio</i> <i>Angelina S. Gutierrez</i> ⁸⁰	May 8, 2014	By show of hands	0.083%	83.48%	83.57%
Special	No Special Meeting was held in 2013					

- (ii) Does the company appoint an independent party (inspectors) to count and/or validate the votes at the ASM/SSMs?

The counting of the ayes and nays or show of hands is the method by which votes are counted during the annual stockholders' meeting. The Corporate Secretary, with the assistance of SMC Stock Transfer Service Corporation, as the Company's stock transfer agent, is authorized to count any votes cast during the meeting.

- (iii) Do the company's common shares carry one vote for one share? If not, disclose and give reasons for any divergence to this standard. Where the company has more than one class of shares, describe the voting rights attached to each class of shares.

Every stockholder entitled to vote during the annual stockholders' meeting shall be entitled to one (1) vote for each share of stock in his name in the books of the Company. However, in electing members to the Board, every stockholder is entitled to accumulate his votes in accordance with Section 24 of the Corporation Code.

(g) Proxy Voting Policies

State the policies followed by the company regarding proxy voting in the Annual/Special Stockholders' Meeting.

	Company's Policies
Execution and acceptance of proxies	<i>Proxies must be in writing, executed by the stockholders or his duly authorized attorney-in-fact and must be submitted to the Corporate Secretary.</i>
Notary	<i>Proxies need not be notarized.</i>
Submission of Proxy	<i>Section 7 of the Company's By-Laws required that all proxies must be in the hands of the Corporate Secretary not later than ten (10) working days before the time set for the meeting unless the Board of Directors shall fix another period, which period must be made known to the stockholders within a reasonable time.</i>

⁸⁰ Resigned effective October 8, 2014 as disclosed in SEC Form 17-C filed with SEC on October 17, 2014.

Several Proxies	<i>The Company complies with the provisions on proxy as provided in the Implementing Rules and Regulations of the Securities Regulation Code. Accordingly, where the Company receives more than one (1) proxy from the same stockholder and they are all undated, the postmark dates shall be considered. If the proxies are mailed on the same date, the one bearing the latest time of day of postmark is counted. If the proxies are not mailed, then the time of their actual presentation is considered. That which is presented last will be recognized. Where a proxy is given to two (2) or more persons in the alternative in one instrument, the proxy designated as an alternate can only act as proxy in the event of non-attendance of the other designated person. Where the same stockholder gives two (2) or more proxies, the latest one given is to be deemed to revoke all former proxies.</i>
Validity of Proxy	<i>Proxies shall be valid only for the meeting at which it has been presented to the Corporate Secretary.</i>
Proxies executed abroad	<i>Proxies executed abroad to be effective and honored by the Company should be duly authenticated by the Philippines Embassy or Consular Office.</i>
Invalidated Proxy	<i>Invalidated proxies shall not be included for quorum and voting purposes.</i>
Validation of Proxy	<i>The Board shall schedule when the validation of proxies shall take place, which schedule is made known to the stockholders through the Notice of Meeting and Information Statement sent to them prior to the Annual Stockholders' Meeting</i>
Violation of Proxy	<i>If the instruction of the stockholder as set out in his proxy form is not followed, then the proxy vote shall not be honored.</i>

(h) Sending of Notices

State the company's policies and procedure on the sending of notices of Annual/Special Stockholders' Meeting.

Policies	Procedure
<i>Notices of regular meetings of stockholders together with the Information Statement are sent by the Corporate Secretary at least two (2) weeks prior to the date of the meeting to each stockholder of record. The notice shall state the place, date and hour of the meeting.</i>	<i>Notices of regular meetings of stockholders together with the Information Statement are sent by the Corporate Secretary by personal delivery or by mailing the notice at least two weeks prior to the date of the meeting to each stockholder of record at his last known post office address.</i>

(i) Definitive Information Statements and Management Report⁸¹

Number of Stockholders entitled to receive Definitive Information Statements and	<i>756 Stockholders were entitled to receive the Information Statement.</i>
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⁸¹ Updated to reflect information pertaining to the 2014 Annual Stockholders Meeting.

Management Report and Other Materials	
Date of Actual Distribution of Definitive Information Statement and Management Report and Other Materials held by market participants/certain beneficial owners	<i>April 14, 2014</i>
Date of Actual Distribution of Definitive Information Statement and Management Report and Other Materials held by stockholders	<i>April 14, 2014</i>
State whether CD format or hard copies were distributed	<i>Hard copies</i>
If yes, indicate whether requesting stockholders were provided hard copies	<i>Not Applicable</i>

(j) Does the Notice of Annual/Special Stockholders' Meeting include the following⁸²:

Yes, the information asked below were all included in the Information Statement circulated to the stockholders entitled to vote in the 2014 Annual Stockholders' Meeting.

Each resolution to be taken up deals with only one item.	YES
Profiles of directors (at least age, qualification, date of first appointment, experience, and directorships in other listed companies) nominated for election/re-election.	YES
The auditors to be appointed or re-appointed.	YES
An explanation of the dividend policy, if any dividend is to be declared.	YES
The amount payable for final dividends.	YES
Documents required for proxy vote.	YES

Should any of the foregoing information be not disclosed, please indicate the reason thereto.

2) Treatment of Minority Stockholders

(a) State the company's policies with respect to the treatment of minority stockholders.

Policies	Implementation
<i>The Company is committed to respect minority interests and declares such in its CG Manual.</i>	<p><i>Minority stockholders are accorded, among others, the following rights:</i></p> <p><i>Right not to be denied representation in the Board as shown in the CG Manual provision which states that a director shall not be removed without cause if it will deny minority shareholders representation in the Board;</i></p> <p><i>The right specifically given to minority shareholders to propose the holding of the meeting and to propose items in the agenda of the meeting;</i></p>

⁸² Updated to reflect information pertaining to the 2014 Annual Stockholders Meeting.

	<i>Right that any doubt about the validity of the proxy shall be resolved in the shareholder's favor</i>
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(b) Do minority stockholders have a right to nominate candidates for board of directors?

Yes.

K. INVESTORS RELATIONS PROGRAM

1) Discuss the company's external and internal communications policies and how frequently they are reviewed. Disclose who reviews and approves major company announcements. Identify the committee with this responsibility, if it has been assigned to a committee.

The Company has a Business Affairs Communications Office which handles communication with media and internal publications. Stakeholders are also provided through the Investor Relations Office of the Company and its parent company, SMC, disclosures, announcements, and upon request, with periodic reports filed with the SEC and PSE.⁸³

All information/disclosures for release are cleared and approved by the Corporate General Counsel, Chief Finance Officer and the President.

2) Describe the company's investor relations program including its communications strategy to promote effective communication with its stockholders, other stakeholders and the public in general. Disclose the contact details (e.g. telephone, fax and email) of the officer responsible for investor relations.

	Details
(1) Objectives	<i>To effectively communicate the company's performance, plans and strategies to the capital market, as well as, develop a long term relationship of trust with stakeholders, using the discipline in finance, communication and marketing and manage the content and flow of company information/disclosures to the financial markets.</i>
(2) Principles	<i>Provide a consistent and reliable information that would assist investors in their investment decision.</i>
(3) Modes of Communications	<i>Company disclosures, One-on-one meetings, Email, Telephone calls and quarterly joint investors briefing with the SMC Group.</i>
(4) Investors Relations Officer ⁸⁴	<i>Juan Carlos "Chito" D. Maningat, GSMI Investor Relations Contact no. +63 2 6899-151 Email – jmaningat@smg.sanmiquel.com.ph Reyna-Beth D. de Guzman, SMC Investor Relations Contact no. (632) 632-3752 Email: rdeguzman@smg.sanmiquel.com.ph</i>

3) What are the company's rules and procedures governing the acquisition of corporate control in the capital markets, and extraordinary transactions such as mergers, and sales of substantial portions of corporate assets?

Any major plans or extraordinary transactions of the Company pass through a team that evaluates the viability of the

⁸³ Updated for the year ended December 31, 2013.

⁸⁴ Updated as of May 8, 2014

transaction and ensures that it will have a strategic fit with the Company. This is eventually presented to the Board for approval.

Name of the independent party the board of directors of the company appointed to evaluate the fairness of the transaction price.

The Company gets the services of Investment Banks who provides advice on the fairness of transaction price.

L. CORPORATE SOCIAL RESPONSIBILITY INITIATIVES⁸⁵

Discuss any initiative undertaken or proposed to be undertaken by the company.

Initiative	Beneficiary
<i>Education Programs, which includes the granting of scholarships to students, as well conducting education-related seminars and activities such as participating in the “Brigada Eskwela” program of the Department of Education and donating a school building.</i>	<i>Underprivileged students from Mandaue, Sta. Barbara, Bacolod, Cabuyao, and the Company’s various host communities.</i>
<i>Livelihood Programs</i>	<i>Marginalized communities and retirees of the Company</i>
<i>Feeding Programs</i>	<i>Malnourished children in Bago City and other underprivileged kids.</i>
<i>Relief Operations such as Magnolia Purewater donation drive, fundraising programs, and distribution of relief packs/goods</i>	<i>Victims of the earthquake in Bohol and typhoon Yolanda.</i>
<i>The Company establishes an Annual Corporate Social Responsibility Program.</i>	<i>Communities where the Company operates.</i>

M. BOARD, DIRECTOR, COMMITTEE AND CEO APPRAISAL

Disclose the process followed and criteria used in assessing the annual performance of the board and its committees, individual director, and the CEO/President.

	Process	Criteria
Board of Directors	<i>Accomplishment of Annual Self-Rating Form</i>	<i>Performance of the Board in accordance with best practices in corporate governance and effectiveness of the Company’s governance process.</i> <i>The assessment covers the following areas of Board performance:</i> <i>Fulfillment of the Board’s Key Responsibilities;</i> <i>Board-Management Relationship;</i>

⁸⁵ Updated for the year ended December 31, 2013.

		<i>Effectiveness of Board Process and Meetings; Individual performance of directors.</i>
Board Committees	<i>Accomplishment of Self-Assessment Worksheet by the Audit Committee Members (pursuant to its Manual, which will be implemented in 2013) A similar Self-Assessment Worksheet is intended to be adopted for the Nomination and Hearing Committee and Executive Compensation Committee.</i>	<i>Assessment of the performance of the Committees based on their respective charters to determine if the same accords with best practice.</i>
Individual Directors	<i>Accomplishment of Annual Self-Rating Form (Portion on Individual Performance of Board Members)</i>	<i>Assessment of the individual performance of the Directors to determine if the same is in accordance with best practices in corporate governance.</i>
CEO/President	<i>Annual Performance Evaluation</i>	<i>Key Performance Indicators, which includes, among others, the business performance of the Company.</i>

N. INTERNAL BREACHES AND SANCTIONS

Discuss the internal policies on sanctions imposed for any violation or breach of the corporate governance manual involving directors, officers, management and employees

Violations	Sanctions
<i>Violations of the provisions of the CG Manual</i>	<i>The CG Manual provides that the among the duties of a Compliance Officer is the determination of violation/s of the CG Manual and recommendation of penalty for the said violation/s for further review and approval of the Board.</i>

Pursuant to the requirement of the Securities and Exchange Commission, this Annual Corporate Governance Report is signed on behalf of the registrant by the undersigned, thereunto duly authorized, in the City of _____ on _____, 20____.

SIGNATURES

(ORIGINAL SIGNED)
 EDUARDO M. COJUANGCO, JR.
 Chairman of the Board and
 Chief Executive Officer

(ORIGINAL SIGNED)
 MINITA V. CHICO-NAZARIO
 Independent Director

(ORIGINAL SIGNED)
 ANGELINA S. GUTIERREZ⁸⁶
 Independent Director

(ORIGINAL SIGNED)
 VIRGILIO S. JACINTO
 Compliance Officer

SUBSCRIBED AND SWORN to before me this 21st day of June 2013, affiant(s) exhibiting to me their _____, as follows:

<u>NAME</u>	<u>TYPE OF I.D./NO.</u>	<u>DATE OF ISSUE</u>	<u>PLACE OF ISSUE</u>
Eduardo M. Cojuangco, Jr.	Passport No. XX0410612	Feb. 16, 2012	Manila
Minita V. Chico-Nazario	TIN No. 146-148-455		
Angelina S. Gutierrez	TIN No. 130-188-514		
Virgilio S. Jacinto	Passport No. EB0971552	Sep 17, 2010	Manila

NOTARY PUBLIC

CARMELA T. DELA PAZ
 Commission No. 0364-12
 Notary Public for Mandaluyong City
 Until Dec. 31, 2013
 SMC, 40 San Miguel Ave., Mandaluyong City
 Roll No. 57052
 PTR No. 1619906; 01/03/13; Mandaluyong City
 IBP Lifetime Member No. 010580; 02/09/12; Makati City

Doc. No. 105;
 Page No. 22;
 Book No. IV;
 Series of 2013.

⁸⁶ Resigned Effective October 8, 2014 as disclosed in SEC Form 17-C filed with SEC on October 17, 2014.

SECRETARY'S CERTIFICATE

I, **Virgilio S. Jacinto**, of legal age, married, Filipino, with office address at San Miguel Corporation, No. 40 San Miguel Avenue, Mandaluyong City, after having been duly sworn in accordance with law, do hereby depose and state that:

1. I am the Corporate Secretary of **GINEBRA SAN MIGUEL INC.** (the "Corporation"), a corporation duly organized and registered in accordance with the laws of the Republic of the Philippines with principal office at 3rd & 6th Floors, San Miguel Properties Centre, St. Francis Street, Ortigas Center, Mandaluyong City;

2. As Corporate Secretary of the Corporation, I have under my supervision and control the Minutes Book wherein are recorded all the minutes of the meetings of the Board of Directors and Stockholders;

3. The resolutions approved by the Board of Directors and Stockholders of the Corporation for the fiscal year 2014 that resulted to changes and/or updates to the Annual Corporate Governance Report (ACGR) of the Corporation as of December 31, 2014, which changes were consolidated in the document entitled "Consolidated Changes in the ACGR for 2014", are set out below.

3.1. At the meetings of the Board of Directors held on the dates specified below, the relevant resolutions/matters were approved:

Date of Meeting	Resolutions/Matters
Regular Meeting held on March 26, 2014	<ul style="list-style-type: none">• The Board approved the recommendation of the Nomination and Hearing Committee to nominate the following for election of directors for the 2014 Annual Stockholders' Meeting: Eduardo M. Cojuangco, Jr. Ramon S. Ang Bernard D. Marquez Leo S. Alvez Gabriel S. Claudio Ferdinand K. Constantino Joseph N. Pineda Minita V. Chico-Nazario - Independent Director Angelina S. Gutierrez - Independent Director• The Board declared that the Annual Stockholders' Meeting of the Company will be held on May 8, 2014 at 2:00 P.M. The record date of the stockholders entitled to vote at the said meeting is April 11, 2014. The stock transfer books will be closed from April 12, 2014 to April 22, 2014. The deadline for the submission of proxies is on April 22, 2014 and the validation of proxies is on April 25, 2014.
Regular Meeting held on May 8, 2014	<ul style="list-style-type: none">• The Board approved to adopt certain amendments to the Company's Amended Manual on Corporate Governance (the "Manual") in order to align the provisions thereof with the prevailing SEC Memorandum Circulars affecting the duties of the Compliance Officer, Corporate Secretary and Directors, as well as the requirement relating to directors' attendance in Board meetings.

	<p>The amendments are set forth below.</p> <p>a.) Section 2.1.2 relative to the duty of the Compliance Officer to attest to the Company's compliance with the Manual and SEC Code of Corporate Governance where necessary or required by applicable laws, rules and regulations, instead of the filing of a certification of compliance with the Manual every January 30 of the year;</p> <p>b.) Section 2.2.1.4 relative to the duty of directors to attend a seminar or program on corporate governance at least once a year conducted by a SEC-accredited training provider; and</p> <p>c.) Sections 2.2.1.7 and 2.2.4.4 relative to the submission of a report, advice or certification on the directors' attendance at Board meetings in accordance with applicable laws, rules and regulations, instead of the filing of a sworn certification on such attendance every January 30 of the year;</p>
<p>Organizational Meeting held on May 8, 2014</p>	<ul style="list-style-type: none"> • The following officers were elected: <ul style="list-style-type: none"> Eduardo M. Cojuangco, Jr. : Chairman and Chief Executive Officer Ramon S. Ang : Vice Chairman Bernard D. Marquez : President Virgilio S. Jacinto : Corporate Secretary Cynthia M. Baroy : Treasurer Conchita P. Jamora : Assistant Corporate Secretary Orlando A. Santiago : Assistant Corporate Secretary <p>The following were elected as chairpersons and members of the following Board Committees:</p> <p><u>Executive Committee</u></p> <ol style="list-style-type: none"> 1. Eduardo M. Cojuangco, Jr. - Chairman 2. Ramon S. Ang 3. Bernard D. Marquez 4. Ferdinand K. Constantino <p><u>Audit Committee</u></p> <ol style="list-style-type: none"> 1. Minita V. Chico-Nazario - Chairperson 2. Leo S. Alvez 3. Ferdinand K. Constantino 4. Angelina S. Gutierrez <p><u>Executive Compensation Committee</u></p> <ol style="list-style-type: none"> 1. Ferdinand K. Constantino - Chairman 2. Bernard D. Marquez 3. Leo S. Alvez 4. Minita V. Chico-Nazario <p><u>Nomination and Hearing Committee</u></p> <ol style="list-style-type: none"> 1. Leo S. Alvez - Chairman 2. Bernard D. Marquez

	<p>3. Gabriel S. Claudio 4. Angelina S. Gutierrez 5. Joseph N. Pineda</p> <p>Maria Cristina M. Menorca – Ex Oficio Member</p>
Special Meeting held on July 17, 2014	<ul style="list-style-type: none"> The Board approved approved to adopt certain amendments to the Company's Amended Manual on Corporate Governance (the "Manual") in order to align the provisions thereof with the SEC Memorandum Circular No. 9, Series of 2014. <p>The amended sections of the Manual are set forth below.</p> <p>d.) Section 1 relative to the objective of the Manual; e.) Section 2.2.1.2 relative to the specific duties and functions of the Board of Directors; f.) Section 2.2.2.3.2 relative to the duties and responsibilities of the Audit Committee; g.) Section 2.2.4.4 relative to the duties and responsibilities of the Corporate Secretary; h.) Section 2.2.6.1. relative to the Internal Auditor; and Sections 4.2 and 4.5 relative to the Reportorial or Disclosure System of Corporation's Corporate Governance Policies.</p>
Regular Meeting held on November 6, 2014	<ul style="list-style-type: none"> The Board elected Justice Francisco H. Villaruz, Jr. (Ret.) as independent director of the Company vice Justice Angelina S. Gutierrez (Ret.), who resigned effective October 8, 2014 in the light of her appointment as a member of the Judicial and Bar Council. Justice Villaruz also replaced Justice Gutierrez as a member of the Audit Committee and the Nomination and Hearing Committee of the Company.

3.2 At the Annual Stockholders' Meeting held on May 8, 2014 the following resolutions/matters were approved:

Subject	Resolutions/Matters
Approval of the Previous Minutes	<ul style="list-style-type: none"> The Stockholders approved the Minutes of the 2013 Annual Stockholders' Meeting held on May 9, 2013.
Approval of the Annual Report	<ul style="list-style-type: none"> The Stockholders approved the 2013 Annual Report of Mr. Eduardo M. Cojuangco, Jr., Chairman of the Board of Directors.
Ratification of All Acts and Proceedings of the Board of Directors and Corporate Officers	<ul style="list-style-type: none"> The Stockholders approved the following resolution: "RESOLVED, that all acts, resolutions, and proceedings of the Board of Directors and corporate officers of the Company since the Annual Meeting of the Stockholders on May 9, 2013 until the date of this meeting as reflected in the minutes of the meetings of the Board of Directors, as well as financial statements and records of the Company be approved, confirmed and ratified."
Approval of the Amendment to Article III of the Amended Articles of Incorporation of the	<ul style="list-style-type: none"> The Stockholders approved the following resolution: "RESOLVED, as it is hereby resolved, that Article III of the Amended Articles of Incorporation of the

<p>Corporation to change the Principal Office of the Corporation <u>from</u> Metro Manila, Philippines to <u>3rd and 6th Floors, San Miguel Properties Centre, St. Francis Street, Ortigas Center, Mandaluyong City, Philippines</u></p>	<p>Company be amended as follows:</p> <p style="text-align: center;">THIRD: The principal office of the Corporation is located <u>at 3rd and 6th Floors, San Miguel Properties Centre, St. Francis Street, Ortigas Center, Mandaluyong City, Philippines.</u></p> <p>RESOLVED, FURTHER, that the directors and officers of the Company be authorized and directed to file the necessary documents with the Securities and Exchange Commission and other government agencies, and to do all things necessary, to carry out and effect the foregoing resolutions."</p>
<p>Approval of the Amendment to Article I, Section 1 of the Amended By-Laws of the Corporation to change the date of the regular meeting of the stockholders <u>from</u> second Thursday of May <u>to</u> last Thursday of May</p>	<ul style="list-style-type: none"> • The Stockholders approved the following resolution: <p style="text-align: center;">"RESOLVED, as it is hereby resolved, that Article I, Section 1 of the Amended By-Laws of the Company be amended as follows:</p> <p style="text-align: center;">"Section 1. Regular Meeting - The regular meetings of the stockholders shall be held <u>on the last</u> Thursday of May of each year at the stated date and hour, as may be determined by the Board of Directors. The Board of Directors may, however, provide that the regular meeting shall be held at another date and time as shall be specified in the notices of the meeting."</p> <p>RESOLVED, FURTHER, that the directors and officers of the Company be authorized and directed to file the necessary documents with the Securities and Exchange Commission and other government agencies, and to do all things necessary, to carry out and effect the foregoing resolutions."</p>
<p>Election of Board of Directors</p>	<ul style="list-style-type: none"> • The Stockholders elected the following as members of the Board of Directors for 2014: <p>Eduardo M. Cojuangco, Jr. Ramon S. Ang Bernard D. Marquez Leo S. Alvez Gabriel S. Claudio Ferdinand K. Constantino Joseph N. Pineda Minita V. Chico-Nazario - Independent Director Angelina S. Gutierrez - Independent Director</p>
<p>Appointment of External Auditor</p>	<ul style="list-style-type: none"> • Upon the recommendation of the Audit Committee, the Stockholders appointed the auditing firm of R. G. Manabat & Co., as the external auditor of the Company for the fiscal year 2014.

4. There is no provision in the Articles of Incorporation (the "Articles") or By-Laws of the Corporation limiting the power of the Board of Directors and the Stockholders to pass/approve the foregoing resolutions/items, and that the same are in conformity with the provisions of said Articles and By-Laws.

IN WITNESS WHEREOF, I have hereunto signed these presents this 9th day of January 2015 at Mandaluyong City.

Virgilio S. Jacinto
Corporate Secretary and
Compliance Officer

SUBSCRIBED AND SWORN to before me this 9th day of January 2015 at Mandaluyong City, affiant exhibiting to me his Passport No. EB0971552 issued on September 17, 2010 at Manila.

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Notary Public

MEINHART A. BIRA

Commission No. 0415-14

Notary Public for Mandaluyong City

Until December 31, 2015

SMYPC, 8th Floor, San Miguel Properties Centre,
No. 7 St. Francis Street, Mandaluyong City
Roll No. 61239

PTR No. 1937984; 01/03/14; Mandaluyong City
BP Lifetime Member No. 957532; 01/15/14; Dasmariñas City