May 15, 2014

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

Attention: **Ms. Janet A. Encarnacion**
Head-Disclosure Department

Gentlemen:

We submit herewith the attached quarterly report (SEC Form 17-Q) of the Company for the period ended March 31, 2014, which we filed with the Securities and Exchange Commission today.

Very truly yours,

Virgilio S. Jacinto
Corporate Secretary

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

COVER SHEET

1 4 2 3 1 2

S. E. C. Registration Number

G I N E B R A

S A N M I G U E L

I N C .

(Company's Full Name)

3rd & 6th Floor San Miguel

Properties Centre

St. Francis Street

Mandaluyong City

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

Cynthia M. Baroy

Contact Person

(632) 689-9100

Company Telephone Number

SEC FORM

1 2 Month Day

3 1 Day

17-Q (1st Qtr 2014)

FORM TYPE

Month

Annual Meeting

Secondary License Type, If Applicable

Dept. Requiring this Doc.

Amended Articles Number/Section

Total Amount of Borrowings

Total No. of Stockholders

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I. D.

Cashier

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STAMPS

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ELECTRONIC RECORDS AND MANAGEMENT DIVISION
MAY 15 2014
BY:
SUBJECT TO REVIEW OF FORM AND CONTENTS
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SECURITIES AND EXCHANGE COMMISSION
SEC FORM 17-Q
QUARTERLY REPORT PURSUANT TO SECTION 17 OF THE SECURITIES REGULATION CODE AND SRC RULE 17(2)(b) THEREUNDER

1. For the quarterly period ended **March 31, 2014**

2. Commission identification number **142312** 3. BIR Tax Identification No. **000-083-856**

3. Exact name of issuer as specified in its charter: **GINEBRA SAN MIGUEL, INC.**

PHILIPPINES
5. Province, country or other jurisdiction of incorporation or organization:

6. Industry Classification Code: [ ] (SEC use only)

3RD & 6TH FLOORS, SAN MIGUEL PROPERTIES CENTER,
ST. FRANCIS STREET, MANDALUYONG CITY **1550**
7. Address of issuer's principal office Postal Code

(632) 689-9100
8. Issuer's telephone number, including area code

N.A.
9. Former name, former address and former fiscal year, if changed since last report

10. Securities registered pursuant to Sections 8 and 12 of the Code, or Sections 4 and 8 of the RSA

	Outstanding Capital Stock and Amount of Debt Outstanding as of March 31, 2014
COMMON SHARES	**290,075,941**
PREFERRED SHARES	**32,786,885**
	322,862,829
TOTAL LIABILITIES	**Php 14,199,549,552**

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

Yes [/] No [ ]

If yes, state name of such Stock Exchange and the class/es of securities listed therein.

PHILIPPINE STOCK EXCHANGE - Common

12 Indicate by check mark whether the registrant:

a.) has filed all reports required to be filed by Section 17 of the Code and SRC Rule 17 thereunder or Sections 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 12 months (or for such shorter period the registrant was required to file such reports)

Yes [/] No [ ]

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

Yes [/] No [ ]

PART I – FINANCIAL INFORMATION

Item 1. Financial Statements.

The unaudited consolidated financial statements of Ginebra San Miguel, Inc. and its subsidiaries as of and for the period ended March 31, 2014 (with comparative figures as of December 31, 2013 and for the period ended March 31, 2013) and Selected Notes to Consolidated Financial Statements are attached hereto as **Annex "A"**.

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

The information required by Part III, Paragraph (A)(2)(b) of "Annex C, as amended" is attached hereto as **Annex "B"**.

PART II – OTHER INFORMATION

Ginebra San Miguel, Inc. may, at its option, report under this item any information not previously reported in a report on SEC Form 17-C. If disclosure of such information is made under this Part II, it need not be repeated in a report on Form 17-C which would otherwise be required to be filed with respect to such information or in a subsequent report on Form 17-Q.

NONE

SIGNATURES

Pursuant to the requirements of the Securities Regulation Code, the issuer has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Issuer	**GINEBRA SAN MIGUEL, INC.**
Signature and Title	**Cynthia M. Baroy** Chief Finance Officer
Date	**MAY 15, 2014**

GINEBRA SAN MIGUEL INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
MARCH 31, 2014 AND DECEMBER 31, 2013
(Amounts in Thousands)

	Note	2014 Unaudited	2013 Audited
ASSETS			
Current Assets			
Cash and cash equivalents	6, 7	P 288,343	P 513,312
Trade and other receivables - net	4, 6, 7	3,765,114	3,770,087
Inventories		3,474,923	3,864,413
Prepaid taxes and other current assets	6, 7	1,459,375	1,442,769
Total Current Assets		8,987,755	9,590,581
Noncurrent Assets			
Investments in joint ventures		714,640	720,189
Property, plant and equipment - net	3	6,721,981	6,802,089
Goodwill		226,863	226,863
Deferred tax assets		1,560,059	1,510,886
Other noncurrent assets - net	6	1,458,725	1,018,348
Total Noncurrent Assets		10,682,268	10,278,375
		P 19,670,023	P 19,868,956
LIABILITIES AND EQUITY			
Current Liabilities			
Notes payable	6	P 10,179,775	P 9,980,800
Trade and other payables	4, 6, 7	2,484,355	2,570,579
Income and other taxes payable		178,550	234,763
Current maturities of long-term debt - net of debt issue costs	6, 7	541,322	541,286
Total Current Liabilities		13,384,002	13,327,428
Noncurrent Liabilities			
Retirement liabilities		172,719	156,691
Long-term debt - net of current maturities and debt issue costs	6, 7	642,619	842,262
Deferred tax liabilities		210	210
Total Noncurrent Liabilities		815,548	999,163
Total Liabilities		14,199,550	14,326,591
Equity			
Capital stock		399,063	399,063
Additional paid-in capital		2,539,454	2,539,454
Reserve for retirement plan		(86,704)	(86,704)
Cumulative translation adjustments		(43,293)	(59,604)
Retained earnings:			
Appropriated		2,500,000	2,500,000
Unappropriated		2,741,362	2,829,565
Treasury stock		(2,579,409)	(2,579,409)
Total Equity		5,470,473	5,542,365
		P 19,670,023	P 19,868,956

Note : See accompanying Management's Discussion and Analysis of Financial Position and Performance and Selected Notes to Consolidated Financial Statements

GINEBRA SAN MIGUEL INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME
FOR THE PERIOD ENDED MARCH 31, 2014 AND 2013
(Amounts in Thousands, Except Per Share Data)

	Note		**2014**		2013
			Unaudited		Unaudited
SALES	*3*	**P**	**3,595,198**	P	2,975,772
COST OF SALES			**2,650,803**		2,495,403
GROSS PROFIT			**944,395**		480,369
SELLING AND MARKETING EXPENSES			**(496,604)**		(533,278)
GENERAL AND ADMINISTRATIVE EXPENSES			**(379,120)**		(348,580)
INTEREST EXPENSE			**(140,231)**		(161,953)
EQUITY IN NET LOSSES OF JOINT VENTURES			**(21,859)**		(19,823)
INTEREST INCOME			**893**		884
OTHER INCOME (CHARGES) - NET			**(22,709)**		10,159
LOSS BEFORE INCOME TAX			**(115,235)**		(572,222)
INCOME TAX BENEFIT			**(27,032)**		(160,602)
NET LOSS		**P**	**(88,203)**	P	(411,620)
Basic and diluted loss per share		**P**	**(0.35)**	P	(1.46)

Note : See accompanying Management's Discussion and Analysis of Financial Position and Performance and Selected Notes to Consolidated Financial Statements

GINEBRA SAN MIGUEL INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED MARCH 31, 2014 AND 2013
(Amounts in Thousands)

	2014	2013
	Unaudited	Unaudited
NET LOSS	**P (88,203)**	P (411,620)
SHARE IN OTHER COMPREHENSIVE INCOME OF JOINT VENTURES	**16,311**	30,351
OTHER COMPREHENSIVE INCOME	**16,311**	30,351
TOTAL COMPREHENSIVE LOSS - NET OF TAX	**P (71,892)**	P (381,269)

Note : See accompanying Management's Discussion and Analysis of Financial Position and Performance and Selected Notes to Consolidated Financial Statements

GINEBRA SAN MIGUEL INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE PERIOD ENDED MARCH 31, 2014 AND 2013
(Amounts in Thousands)

	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 (Audited)	P 345,625	P 53,438	P 2,539,454	P (86,704)	P (59,604)	P 2,500,000	P 2,829,565	P (2,579,409)	P 5,542,365
Share in other comprehensive income of joint ventures	-	-	-	-	16,311	-	-	-	16,311
Net loss for the period	-	-	-	-	-	-	(88,203)	-	(88,203)
Total comprehensive income (loss) for the period	-	-	-	-	16,311	-	(88,203)	-	(71,892)
As of March 31, 2014 (Unaudited)	P 345,625	P 53,438	P 2,539,454	P (86,704)	P (43,293)	P 2,500,000	P 2,741,362	P (2,579,409)	P 5,470,473
As of January 1, 2013 (Audited)	P 345,625	P 53,438	P 2,539,447	P (130,530)	P (65,823)	P 2,500,000	P 3,930,760	P (2,579,409)	P 6,593,508
Share in other comprehensive income of joint ventures	-	-	-	-	30,351	-	-	-	30,351
Net loss for the period	-	-	-	-	-	-	(411,620)	-	(411,620)
Total comprehensive income (loss) for the period	-	-	-	-	30,351	-	(411,620)	-	(381,269)
Stock options	-	-	7	-	-	-	-	-	7
As of March 31, 2013 (Unaudited)	P 345,625	P 53,438	P 2,539,454	P (130,530)	P (35,472)	P 2,500,000	P 3,519,140	P (2,579,409)	P 6,212,246

Note : See accompanying Management's Discussion and Analysis of Financial Position and Performance and Selected Notes to Consolidated Financial Statements

GINEBRA SAN MIGUEL INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE PERIOD ENDED MARCH 31, 2014 AND 2013
(Amounts in Thousands)

	2014	2013
	Unaudited	Unaudited
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before income tax	P **(115,235)**	P (572,222)
Adjustments for:		
Depreciation and amortization	**176,498**	176,851
Interest expense	**140,231**	161,953
Equity in net losses of joint ventures	**21,859**	19,823
Net derivative loss (gain)	**311**	(121)
Net unrealized foreign exchange gain	**(2,324)**	(367)
Interest income	**(893)**	(884)
Gain on sale of property and equipment	**-**	(485)
Operating income (loss) before working capital changes	**220,447**	(214,967)
Decrease (increase) in:		
Trade and other receivables	**(9,107)**	291,147
Inventories	**271,221**	(122,732)
Prepaid taxes and other current assets	**(15,305)**	(93,572)
Increase (decrease) in:		
Trade and other payables	**(73,824)**	(458,410)
Other taxes payable	**(60,708)**	(15,072)
Retirement liabilities	**16,028**	15,755
Cash provided by (used in) operations	**348,752**	(597,851)
Interest received	**893**	884
Income taxes paid	**(168)**	(153)
Net cash flows provided by (used in) operating activities	**349,477**	(597,120)
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to property, plant and equipment	**(71,221)**	(39,008)
Decrease (increase) in other noncurrent assets	**(347,092)**	618
Net cash flows used in investing activities	**(418,313)**	(38,390)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from:		
Short-term borrowings	**21,600,000**	32,755,835
Issuance of common shares	**2,478**	4,205
Payments of:		
Short-term borrowings	**(21,401,025)**	(31,999,462)
Long-term borrowings	**(200,000)**	(200,000)
Interest	**(160,464)**	(179,169)
Cash dividends	**(4)**	(179)
Net cash flows provided by (used in) financing activities	**(159,015)**	381,230
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	**2,882**	(726)
NET DECREASE IN CASH AND CASH EQUIVALENTS	**(224,969)**	(255,006)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**513,312**	497,503
CASH AND CASH EQUIVALENTS AT END OF PERIOD	P **288,343**	P 242,497

Note : See accompanying Management's Discussion and Analysis of Financial Position and Performance and Selected Notes to Consolidated Financial Statements

GINEBRA SAN MIGUEL INC. AND SUBSIDIARIES
AGING OF ACCOUNTS RECEIVABLES
MARCH 31, 2014 (UNAUDITED)
(Amounts in Thousands)

TYPE OF ACCOUNTS RECEIVABLE		TOTAL	Current	< 30 days past due	30 - 60 days past due	60 - 90 days past due	Over 90 days past due
a) Trade Receivables	P	3,367,374	1,827,509	714,630	429,928	254,048	141,259
Less: Allowance for Doubtful Accounts		108,194	-	-	-	-	108,194
Net Trade Receivables		3,259,180	1,827,509	714,630	429,928	254,048	33,065
b) Non-Trade Receivables		505,934	40,282	23,049	77,698	105,495	259,410
NET RECEIVABLES	**P**	**3,765,114**	**1,867,791**	**737,679**	**507,626**	**359,543**	**292,475**

GINEBRA SAN MIGUEL INC. AND SUBSIDIARIES
SELECTED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Amounts in Thousands, Except Per Share Data)

1. Summary of Significant Accounting and Financial Reporting Policies

The Group prepared its consolidated interim financial statements as of and for the period ended March 31, 2014 and comparative financial statements for the same period in 2013 following the new presentation rules under Philippine Accounting Standard (PAS) No. 34, *Interim Financial Reporting*. The consolidated financial statements of the Group have been prepared in compliance with Philippine Financial Reporting Standards (PFRS).

The consolidated financial statements are presented in Philippine peso and all values are rounded to the nearest thousand (₱000), except when otherwise indicated.

The principal accounting policies and methods adopted in preparing the interim consolidated financial statements of the Group are the same as those followed in the most recent annual audited consolidated financial statements.

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

Amendments to Standards Adopted in 2014

The Group has adopted the following PFRS starting 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*). The amendments clarify that the recoverable amount disclosure only applies to impaired assets (or cash-generating unit) and require additional disclosures to be made on fair value measurement on impaired assets when the recoverable amount is based on fair value less costs of disposal. The amendments harmonize the disclosure requirement for fair value less costs of disposal and value in use when present value techniques are used to measure the recoverable amount of impaired assets. The adoption of the amendments is required to be retrospectively applied for annual periods beginning on or after January 1, 2014.

- Offsetting Financial Assets and Financial Liabilities *(Amendments to PAS 32).* 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 the amendments is required to be retrospectively applied for annual periods beginning on or after January 1, 2014.

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

A number of new or revised standards, amendments to standards and interpretations are effective for annual periods beginning after January 1, 2014, and have not been applied in preparing the interim consolidated financial statements. Except as otherwise indicated, none of these is expected to have a significant effect on the interim consolidated financial statements of the Group. The Group does not plan to adopt these standards early.

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

- Defined Benefit Plans: Employee Contributions (*Amendments to PAS 19*). The amendments apply to contributions from employees or third parties to the defined benefit plans. The objective of the amendments is to simplify the accounting for contributions that are independent of the number of years of employee service (i.e., employee contributions that are calculated according to a fixed percentage of salary). The adoption of the amendments is required to be retrospectively applied for annual periods beginning on or after July 1, 2014. Earlier application is permitted. The Group does not plan to adopt these amendments early.

- *Annual Improvements to PFRS Cycles 2010-2012 and 2011-2013* contain 11 changes to nine standards with consequential amendments to other standards and interpretations.

  - Definition relating to vesting condition *(Amendment to PFRS 2, Share-based Payment)*. The amendment provided for the separate definitions of a 'performance condition' and a 'service condition' from the definition of a 'vesting condition' and thus made the description of each condition clearer. Performance condition and service condition are defined in order to clarify various issues, including the following: (a) a performance condition must contain a service condition; (b) a performance target must be met while the counterparty is rendering service; (c) a performance target may relate to the operations or activities of an entity, or to those of another entity in the same group; (d) a performance condition may be a market or non-market condition and; (e) if the counterparty, regardless of the reason, ceases to provide service during the vesting period, the service condition is not satisfied. The adoption of the amendments is required to be applied for annual periods beginning July 1, 2014.

  - Accounting for contingent consideration in a business combination *(Amendment to PFRS 3, Business Combinations)*. The amendment clarifies that contingent consideration in a business acquisition that is not classified as equity is subsequently measured at fair value through profit or loss whether or not it falls within the scope of PFRS 9, *Financial Instruments*. The adoption of the amendments is required to be applied for annual periods beginning July 1, 2014.

  - Aggregation of operating segments *(Amendment to PFRS 8, Operating Segment)*. The amendment clarifies that operating segments may be combined or aggregated if they are consistent with the core principle of the standard, if the segments have similar economic characteristics and if they are similar in other qualitative respects. If they are combined, the entity must disclose the economic characteristics (e.g., sales and gross margins) used to assess whether the segments are 'similar'. The adoption of the amendments is required to be applied for annual periods beginning July 1, 2014.

- Reconciliation of the total of the reportable segment assets to the entity's total assets *(Amendment to PFRS 8)*. The amendment clarifies that the reconciliation of segment assets to total assets is only required to be disclosed if the reconciliation is reported to the chief operating decision maker, similar to the required disclosure for segment liabilities. The adoption of the amendments is required to be retrospectively applied for annual periods beginning July 1, 2014.

- Short-term receivables and payables *(Amendment to PFRS 13, Fair Value Measurement)* clarifies that short-term receivables and payables with no stated interest rates can be held at invoice amounts when the effect of the discounting is immaterial. The adoption of the amendments is required to be applied for annual periods beginning July 1, 2014.

- Key management personnel *(Amendment to PAS 24, Related Parties)*. The amendment clarifies that a management entity - an entity that provides key management personnel services - is a related party subject to the related party disclosures. In addition, an entity that uses management entity is required to disclose the expenses incurred for management services. The adoption of the amendments is required to be retrospectively applied for annual periods beginning July 1, 2014.

- Scope exceptions for joint ventures (Amendment to PFRS 3). The amendment clarifies that: (a) joint arrangements are outside the scope of PFRS 3, not just joint ventures and; (b) the scope exception applies only to the accounting in the financial statements of the joint arrangement itself. The adoption of the amendments is required to be retrospectively applied for annual periods beginning July 1, 2014.

- Clarifying the interrelationship of PFRS 3 and PAS 40, *Investment Property*, when classifying property as investment property of owner-occupied property. The amendment clarifies that the description of ancillary services in PAS 40 differentiates between investment property and owner-occupied property. PFRS 3 is used to determine if the transaction is the purchase of an asset or a business combination. The adoption of the amendments is required to be retrospectively applied for annual periods beginning July 1, 2014.

- PFRS 9, *Financial Instruments (2009, 2010 and 2013)*. PFRS 9 (2009) introduces new requirements for the classification and measurement of financial assets. Under PFRS 9 (2009), financial assets are classified and measured based on the business model in which they are held and the characteristics of their contractual cash flows. PFRS 9 (2010) introduces additions relating to financial liabilities. PFRS 9 (2013) introduces the following amendments: (a) a substantial overhaul of hedge accounting that will allow entities to better reflect their risk management activities in the consolidated financial statements; (b) changes to address the so-called 'own credit' issue that were already included in PFRS 9 to be applied in isolation without the need to change any other accounting for financial instruments; and (c) removes the January 1, 2015 mandatory effective date of PFRS 9, to provide sufficient time for the companies to make the transition to the new requirements. The IASB is currently discussing some limited amendments to the classification and measurement requirements and the expected credit loss impairment model to be included. Once the deliberations are complete, the IASB expects to publish a final version of the standard that will include all of the phases: (a) Classification and Measurement, (b) Impairment, and (c) Hedge Accounting. That version of the standard will include a new mandatory effective date. The adoption of the first phase of PFRS 9 will have an effect on the classification and measurement of the Group's financial assets but will potentially have no impact on the classification and measurement of financial liabilities. The Group does not plan to adopt this standard early.

2. Segment Information

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 produced. The operating businesses are organized and managed separately according to geographical location, with each segment representing a strategic business unit that offers different products and serves different markets.

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

The alcoholic segment produces and markets alcoholic beverages.

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

Financial information about operating segments follow:

	Alcoholic		Nonalcoholic		Consolidated	
	2014	2013	**2014**	2013	**2014**	2013
REVENUES						
Net Sales	**P 3,450,444**	P 2,819,722	**P 144,754**	P 156,050	**P 3,595,198**	P 2,975,772
RESULT						
Segment Result *	**87,362**	(352,315)	**(43,413)**	(39,989)	**43,949**	(392,304)

**Includes sale of scrap.*

3. Property, Plant and Equipment

Property, plant and equipment consist of:

March 31, 2014

	January 1, 2014	Additions	Retirements	Reclassifications	March 31, 2014
Cost					
Land and Land Improvements	P 727,692	P -	P -	P -	P 727,692
Buildings and Building Improvements	2,510,685	-	-	3,394	2,514,079
Transportation Equipment	248,525	-	(1,474)	4,244	251,295
Machinery and Equipment	8,682,231	-	-	5,361	8,687,592
Furniture, Fixtures and Office Equipment	127,292	-	-	2,766	130,058
Other Equipment	786,190	-	-	120,808	906,998
Leasehold Improvements	141,389	-	-	-	141,389
Construction in Progress	530,828	71,221	-	(136,179)	465,870
	P 13,754,832	P 71,221	P (1,474)	P 394	P 13,824,973
Accumulated Depreciation and Amortization					
Land and Land Improvements	P 173,084	P 992	P -	P -	P 174,076
Buildings and Building Improvements	841,170	13,527	-	-	854,697
Transportation Equipment	174,619	8,860	(1,474)	-	182,005
Machinery and Equipment	4,735,729	106,026	-	-	4,841,755
Furniture, Fixtures and Office Equipment	98,735	7,046	-	-	105,781
Other Equipment	603,219	13,830	-	-	617,049
Leasehold Improvements	18,587	1,442	-	-	20,029
	P 6,645,143	P 151,723	P (1,474)	P -	P 6,795,392
Accumulated Impairment Losses					
Machinery and Equipment	P 307,600	P -	P -	P -	P 307,600
	P 307,600	P -	P -	P -	P 307,600
Net Book Value	P 6,802,089	P (80,502)	P -	P 394	P 6,721,981

March 31, 2013

	January 1, 2013	Additions	Retirements	Reclassifications	March 31, 2013
Cost					
Land and Land Improvements	P 708,069	P -	P -	P -	P 708,069
Buildings and Building Improvements	1,756,967	-	-	3,227	1,760,194
Transportation Equipment	241,287	-	(1,867)	807	240,227
Machinery and Equipment	8,552,085	-	-	12,612	8,564,697
Furniture, Fixtures and Office Equipment	111,331	-	(54)	270	111,547
Other Equipment	705,170	-	-	62,799	767,969
Leasehold Improvements	138,684	-	-	-	138,684
Construction in Progress	333,931	39,008	-	(80,052)	292,887
	P 12,547,524	P 39,008	P (1,921)	P (337)	P 12,584,274
Accumulated Depreciation and Amortization					
Land and Land Improvements	P 150,129	P 1,301	P -	P -	P 151,430
Buildings and Building Improvements	712,902	13,829	-	-	726,731
Transportation Equipment	151,507	7,745	(1,867)	-	157,385
Machinery and Equipment	3,726,273	116,893	-	(315)	3,842,851
Furniture, Fixtures and Office Equipment	82,346	3,847	(54)	-	86,139
Other Equipment	556,845	12,421	-	(2,374)	566,892
Leasehold Improvements	11,705	1,393	-	-	13,098
	P 5,391,707	P 157,429	P (1,921)	P (2,689)	P 5,544,526
Accumulated Impairment Losses					
Machinery and Equipment	P 269,600	P -	P -	P -	P 269,600
	P 269,600	P -	P -	P -	P 269,600
Net Book Value	P 6,886,217	P (118,421)	P -	P 2,352	P 6,770,148

Depreciation and amortization charged to operations amounted to P151,723 and P157,429 in March 31, 2014 and 2013, respectively.

4. Related Party Disclosures

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

		Revenue from Related Parties	Purchases from Related Parties	Amounts Owed by Related Parties	Amounts Owed to Related Parties	Terms	Conditions
Parent Company	**March 31, 2014**	**P 1,510**	**P 52,279**	**P 30,316**	**P 109,403**	On demand; non-interest bearing	Unsecured; no impairment
	December 31, 2013	20,805	193,568	31,487	123,911		
Under Common Control	**March 31, 2014**	**57,301**	**543,123**	**175,698**	**787,831**	On demand; non-interest bearing	Unsecured; no impairment
	December 31, 2013	480,192	2,817,997	211,071	694,387		
Joint Venture	**March 31, 2014**	**-**	**-**	**663,941**	**-**	On demand; non-interest bearing	Unsecured; no impairment
	December 31, 2013	-	-	316,778	-		
Associate of the Parent Company	**March 31, 2014**	**-**	**-**	**-**	**3,678,700**	3 months; interest bearing	Unsecured; no impairment
	December 31, 2013	-	-	-	2,177,200		
	March 31, 2014	**P 58,811**	**P 595,402**	**P 869,955**	**P 4,575,934**		
	December 31, 2013	P 500,997	P 3,011,565	P 559,336	P 2,995,498		

5. Basic and Diluted Loss Per Share

Basic and Diluted Loss Per Share is computed as follows:

	March 31	
	2014	2013
Net loss	**P (88,203)**	P (411,620)
Less: Dividends on preferred shares for the period	**12,295**	12,295
Net loss available to common shares (a)	**(100,498)**	(423,915)
Weighted average number of common shares outstanding (b)	**290,076**	290,076
Basic and Diluted Loss Per Share (a/b)	**P (0.35)**	P (1.46)

6. Financial Risk Management Objectives and Policies

Objectives and Policies

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

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

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

The Group's principal non-trade related financial instruments include cash and cash equivalents, short-term and long-term loans and derivative instruments. These financial instruments, except derivative instruments, are used mainly for working capital management purposes. The Group's trade-related financial assets and financial liabilities such as trade and other receivables, noncurrent receivables and deposits 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 Group's risk management framework. The BOD has established the Risk Management Committee, which is responsible for developing and monitoring the Group's risk management policies. The committee reports regularly to the BOD on its activities.

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

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

The BOD constituted the Group's 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 Group's financial statements and financial reporting process and the Group's systems of internal accounting and financial controls; (b) performance of the internal auditors; (c) annual independent audit of the Group's financial statements, the engagement of the independent auditors and the evaluation of the independent auditors' qualifications, independence and performance; (d) compliance by the Group with legal and regulatory requirements, including the Group's disclosure control and procedures; (e) evaluation of management's process to assess and manage the Group's 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 Group's annual report.

The Group's accounting policies in relation to derivatives are set out in Note 7 to the consolidated financial statements.

Interest Rate Risk

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

The Group manages its interest cost by using an optimal combination of fixed and variable rate debt instruments. Management is responsible for monitoring the prevailing market-based interest rate and ensures that the mark-up rates 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 Group's 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 by the amount of 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 P7,776 and P6,380 for the period ending March 31, 2014 and December 31, 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

As of March 31, 2014 and December 31, 2013, the terms and maturity profile of the interest-bearing financial instruments, together with the gross amounts, are shown in the following tables:

March 31, 2014	**<1 year**	**1-2 years**	**>2-3 years**	**>3-4 years**	**>4-5 years**	**Total**
Fixed Rate						
Philippine peso-denominated	**P 428,571**	**P 214,286**	**P -**	**P -**	**P -**	**P 642,857**
Interest rate	**7.25% - 7.89%**	**7.25% - 7.89%**				
Floating rate						
Philippine peso-denominated	**114,286**	**114,286**	**114,286**	**114,286**	**85,714**	**542,858**
Interest rate	**PDST-F + margin or BSP overnight rate, whichever is higher**	**PDST-F + margin or BSP overnight rate, whichever is higher**	**PDST-F + margin or BSP overnight rate, whichever is higher**	**PDST-F + margin or BSP overnight rate, whichever is higher**	**PDST-F + margin or BSP overnight rate, whichever is higher**	
	P 542,857	**P 328,572**	**P 114,286**	**P 114,286**	**P 85,714**	**P 1,185,715**

December 31, 2013	<1 year	1-2 years	>2-3 years	>3-4 years	>4-5 years	Total
Fixed Rate						
Philippine peso-denominated	P 428,571	P 385,714	P -	P -	P -	P 814,285
Interest rate	7.25% - 7.89%	7.25% - 7.89%				
Floating rate						
Philippine peso-denominated	114,286	114,286	114,286	114,286	114,285	571,429
Interest rate	PDST-F + margin or BSP overnight rate, whichever is higher	PDST-F + margin or BSP overnight rate, whichever is higher	PDST-F + margin or BSP overnight rate, whichever is higher	PDST-F + margin or BSP overnight rate, whichever is higher	PDST-F + margin or BSP overnight rate, whichever is higher	
	P 542,857	P 500,000	P 114,286	P 114,286	P 114,285	P 1,385,714

Foreign Currency Risk

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

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

	March 31, 2014		December 31, 2013	
	US Dollar	**Peso Equivalent**	US Dollar	Peso Equivalent
Assets				
Cash and cash equivalents	**US$ 1,546**	**P 69,297**	US$ 875	P 38,842
Trade and other receivables	**413**	**18,527**	520	23,084
Foreign currency-denominated monetary assets	**US$ 1,959**	**P 87,824**	US$ 1,395	P 61,926

The Group reported net foreign exchange gains amounting to P2,324 and P367 on March 31, 2014 and 2013, respectively, with the translation of its foreign currency-denominated assets. 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, 2012	41.050
March 31, 2013	40.800
December 31, 2013	44.395
March 31, 2014	44.815

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 by the amount of 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 Group's profit before tax (due to changes in the fair value of monetary assets and liabilities) and the Group's equity (due to translation of results and financial position of foreign operations) as of March 31, 2014 and December 31, 2013:

March 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	**(P 1,546)**	**(P 1,082)**	**P 1,546**	**P 1,082**
Trade and other receivables	**(413)**	**(289)**	**413**	**289**
	(P 1,959)	**(P 1,371)**	**P 1,959**	**P 1,371**

December 31, 2013	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	(P 875)	(P 613)	P 875	P 613
Trade and other receivables	(520)	(364)	520	364
	(P 1,395)	(P 977)	P 1,395	P 977

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

Commodity Price Risk

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

SMC enters into commodity derivative transactions on behalf of the Group to reduce cost by optimizing purchasing synergies within the SMC Group 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 in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. The Group's objectives to manage its liquidity risk are as follows: (a) to ensure that adequate funding is available at all times; (b) to meet commitments as they arise without incurring unnecessary costs; (c) to be able to access funding when needed at the least possible cost; and (d) to maintain an adequate time spread of refinancing maturities.

The Group constantly monitors and manages its liquidity position, liquidity gaps 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 payments used for liquidity management as of March 31, 2014 and December 31, 2013.

March 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	**P 288,343**	**P 288,343**	**P 288,343**	**P -**	**P -**
Trade and other receivables - net	**3,765,114**	**3,765,114**	**3,765,114**	**-**	**-**
Derivative assets (included under "Prepaid expenses and other current assets" account in the consolidated statements of financial position)	**812**	**812**	**812**	**-**	**-**
Noncurrent receivables and deposits (included under "Other noncurrent assets - net" account in the consolidated statements of financial position)	**854,389**	**854,389**	**-**	**189,963**	**664,426**
Financial Liabilities					
Notes payable	**10,179,775**	**10,238,078**	**10,238,078**	**-**	**-**
Trade and other payables (excluding dividends payable)	**2,477,902**	**2,477,902**	**2,477,902**	**-**	**-**
Derivative liabilities (included under "Trade and other payables" account in the consolidated statements of financial position)	**1,125**	**1,125**	**1,125**	**-**	**-**
Long-term debt (including current maturities)	**1,183,941**	**1,276,637**	**600,262**	**346,817**	**329,558**

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	P 513,312	P 513,312	P 513,312	P -	P -
Trade and other receivables - net	3,770,087	3,770,087	3,770,087	-	-
Derivative assets (included under "Prepaid expenses and other current assets" account in the consolidated statements of financial position)	768	768	768	-	-
Noncurrent receivables and deposits (included under "Other noncurrent assets - net" account in the consolidated statements of financial position)	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 in the consolidated statements of financial position)	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 Group's 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 Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the demographics of the Group's customer base, including the default risk of the industry and country in which customers operate, as these factors may have an influence on the credit risk.

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

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

The Group establishes an allowance for impairment 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 as of March 31, 2014 and December 31, 2013, without considering the effects of collaterals and other risk mitigation techniques, is presented below.

	March 31, 2014	December 31, 2013
Cash and cash equivalents	**P 288,343**	P 513,312
Trade and other receivables - net	**3,765,114**	3,770,087
Derivative assets	**812**	768
Noncurrent receivables and deposits	**854,389**	507,297
	P 4,908,658	P 4,791,464

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

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

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

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

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

The Group is not subject to externally-imposed capital requirements.

7. 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.

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

'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 Assets

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 Group's documented risk management or investment strategy. Derivative instruments (including embedded derivatives), except those covered by hedge accounting relationships, are classified under this category.

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

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

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

The Group carries financial assets at FVPL using their fair values. Attributable transaction costs are recognized in profit or loss as incurred. Fair value changes and realized gains or losses are recognized in profit or loss. Fair value changes from derivatives accounted for as part of an effective 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.

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

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

HTM Investments. HTM investments are non-derivative financial assets with fixed or determinable payments and fixed maturities for which the Group's management has the positive intention and ability to hold to maturity. Where the Group sells other than an insignificant amount of HTM investments, the entire category would be tainted and reclassified as AFS financial assets. After initial measurement, these investments are measured at amortized cost using the effective interest rate method, less impairment in value. Any interest earned on the HTM investments 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 the HTM investments are derecognized or impaired.

As of March 31, 2014 and December 31, 2013, the Group has no investments accounted for under this category.

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

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

The Group has no financial assets classified under this category as of March 31, 2014 and December 31, 2013.

Financial Liabilities

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

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

The Group's derivative liabilities are classified under this category.

Other Financial Liabilities. This category pertains to financial liabilities that are not designated or classified as at FVPL. After initial measurement, other financial liabilities are carried at amortized cost using the effective interest rate method. Amortized cost is calculated by taking into account any premium or discount and any directly attributable transaction costs that are considered an integral part of the effective interest rate of the liability.

The Group's liabilities arising from its trade or borrowings such as notes payable, trade and other payables and long-term debt are included in this category.

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.

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.

AFS Financial Assets. For equity instruments carried at fair value, the Group assesses, at each reporting date, whether objective evidence of impairment exists. Objective evidence of impairment includes a significant or prolonged decline in the fair value of an equity instrument below its cost. 'Significant' is evaluated against the original cost of the investment and 'prolonged' is evaluated against the period in which the fair value has been below its original cost. The Group generally regards fair value decline as being significant when decline exceeds 25%. A decline in a quoted market price that persists for 12 months is generally considered to be prolonged.

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

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

Classification of Financial Instruments Between Debt and Equity

From the perspective of the issuer, a financial instrument is classified as debt instrument if it provides for a contractual obligation to:

- deliver cash or another financial asset to another entity;

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

- satisfy the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of own equity shares.

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

Offsetting Financial Instruments

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

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

	March 31, 2014		December 31, 2013	
	Carrying Amount	**Fair Value**	Carrying Amount	Fair Value
Financial Assets				
Cash and cash equivalents	**P 288,343**	**P 288,343**	P 513,312	P 513,312
Trade and other receivables - net	**3,765,114**	**3,765,114**	3,770,087	3,770,087
Derivative assets (included under "Prepaid expenses and other current assets" account in the consolidated statements of financial position)	**812**	**812**	768	768
Noncurrent receivables and deposits (included under "Other noncurrent assets - net" account in the consolidated statements of financial position)	**854,389**	**854,389**	507,297	507,297
Financial Liabilities				
Notes payable	**10,179,775**	**10,179,775**	9,980,800	9,980,800
Trade and other payables (excluding dividends payable)	**2,477,902**	**2,477,902**	2,564,219	2,564,219
Derivative liabilities (included under "Trade and other payables" account in the consolidated statements of financial position)	**1,125**	**1,125**	1,027	1,027
Long-term debt (including current maturities)	**1,183,941**	**1,211,240**	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 both observable and non-observable inputs.

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

Long-term Debt. The fair value of interest-bearing fixed-rate loans is based on the discounted value of expected future cash flows using the applicable market rates for similar types of instruments as of reporting date. As of March 31, 2014 and December 31, 2013, discount rates used range from 1.75% to 2.39% and 0.45% to 1.61%, respectively. The carrying amounts of floating rate loans with quarterly interest rate repricing approximate their fair values.

Derivative Financial Instruments

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

Derivative Instruments not Designated as Hedges

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

Embedded Currency Forwards

The Group's embedded derivatives include currency forwards embedded in non-financial contracts. As of March 31, 2014 and December 31, 2013, the total outstanding notional amount of currency forwards embedded in non-financial contracts amounted to US$1,434 and US$1,020, respectively. These non-financial contracts consist mainly of foreign currency-denominated purchase orders and sales agreements. The embedded forwards are not clearly and closely related to their respective host contracts. As of March 31, 2014 and December 31, 2013, the net negative fair value of these embedded currency forwards amounted to P313 and P259, respectively.

For the periods ended March 31, 2014 and 2013 and December 31, 2013 and 2012, the Group recognized marked-to-market gains (losses) from embedded derivatives amounting to (P311), P121, P1,007 and P11,283, respectively.

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.

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. 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 economic best interest.

The Group uses valuation techniques that are appropriate in the circumstance 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, as explained above.

The Group's derivative assets and derivative liabilities amounting to P812 and P1,125, respectively, as of March 31, 2014 and P768 and P1,027, respectively, as of December 31, 2013, are valued based on Level 2. The Group has no financial instruments valued based on Level 1 and Level 3. During the period, 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.

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.

8. Other Matters

(a) 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.

(b) There were no material changes in estimates of amounts reported in prior financial years.

(c) Certain amounts in prior year have been reclassified for consistency with the current period presentation. These reclassifications had no effect on the reported results of operations for any period.

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

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

(f) 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. No material contingencies and any other events or transactions exist that are material to an understanding of the current interim period.

(g) 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, except for the outstanding derivative transactions entered by the Group as of and for the period March 31, 2014.

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

(i) The Group's material commitments for capital expenditure projects have been approved during the year but are still ongoing and not yet completed as of March 31, 2014. These consist of construction, acquisition, upgrade or repair of fixed assets needed for normal operations of the business. The said projects will be carried forward to next quarter until its completion. The fund to be used for these projects will come from available cash, short and long-term loans.

Annex "B"

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 unaudited 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 March 31, 2014 (with comparative figures as of December 31, 2013 and for the period ended March 31, 2013). All necessary adjustments to present fairly the consolidated financial position, financial performance and cash flows of the Group as of March 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

Volume growth coupled by the effect of the price increase on liquor products led to a 21% increase in first quarter revenues over the same period last year.

Cost of sales grew by just 6% as the increase in excise tax, which emanated from the price increase implemented in the first quarter, was partly cushioned by the improvement in alcohol and bottle usage costs.

Increase in volumes and higher selling prices resulted in gross profit for the first three months to grow 97% versus last year.

Selling and marketing expenses were reduced by 7% mainly due to rationalized spending for marketing programs. General and administrative expenses, however grew 9% brought about by the amortization pertaining to capitalization of pallets.

Thai San Miguel Liquor Co. Ltd. (TSML) incurred higher fixed operating expenses despite the increase in volumes and improved profitability, thus resulting to a 10% increase in equity in net losses of joint ventures.

Reduced short-term borrowings on account of lower working capital requirements, led interest expense, net of interest income to decrease by 13%.

Net other charges for this year was due to the inventory losses recognized in the first quarter.

The significant reduction in income tax benefit was on account of lower net loss recorded this quarter over year-ago.

First quarter net loss of P88 million was 79% lower than the same period in 2013. The improvement in the bottom-line results was due to the focus on core brands of the Group in sustaining awareness and increasing consumption.

The Group will leverage on the first quarter growth by sustaining current marketing programs and continued focus on cost reduction and improvements in distribution to further contribute to profit improvement. All these provide the Group's view of full recovery and generation of profits to fund its operations and reduce dependency on short-term borrowings.

2013 vs. 2012

The anticipation of higher prices in trade channels resulting from the excise tax increase effective January 1, 2013 dampened liquor sales revenues by 15% for the first quarter.

Cost of sales decreased by 7% due mainly to lower volumes as well as improvements in the usage cost of raw and packaging materials. However, despite these, cost of sales per unit increased by 18% due to the significant increase in excise tax.

General and administrative expenses improved by 18% owing to the reduced personnel costs resulting from the implementation of early retirement program in 2012 and lower repairs and maintenance on account of deferred maintenance activities in Distileria Bago, Inc. (DBI).

Lower profitability brought about by the decline in volumes coupled by the increase in fixed operating expenses, resulted to a 21% increase in equity in net losses of joint ventures.

Interest expense, net of interest income, increased by 23% on account of higher interest rates on short-term notes and increased-short term borrowings to fund working capital requirements. Meanwhile, other income, net of other charges, decreased by 75% chiefly on account of lower miscellaneous sales.

Despite operational and cost improvements, lower sales coupled by increased excise tax resulted to a 42% drop in gross profit. These impacted on the quarter's net loss of P412 million, 126% higher than year-ago level.

All sales and marketing initiatives the Group launched last year to address the decline in volume continued to the 1st quarter with the sequel to its "Lahing Ginebra, Ikaw Na!" campaign complemented by a nationwide Ginumanfest concert series in key cities and provinces. Other programs are underway to seize the momentum generated by this campaign. These and the gains expected from operational and cost improvements are expected to deliver better bottom-line results.

The Group will implement marketing programs which will increase brand Ginebra San Miguel volumes and regain market shares for its other brands. Meanwhile, distribution programs have been implemented to expand the reach of the Group's products to areas via wholesalers and retail outlets. The Group is continually monitoring consumer trends and is steadfast in its product research and development programs to address these new trends. The benefits from these are expected at the onset of the 2nd semester. Until then, operating cash requirements will be funded by short-term credit facilities.

II. FINANCIAL POSITION

2014 vs. 2013

Cash and cash equivalents declined by 44%, on account of the remittance of advances to the joint venture, TSML, coupled by settlement of maturing long-term debt.

The implementation of depletion program on inventories, particularly raw materials in order to reduce carrying costs, led to a 10% reduction on inventories.

Other non-current assets – net grew by 43% owing to the advances extended to TSML.

The 24% reduction in income and other taxes payable was due to partial settlement of value added tax (VAT) payable and remittance of tax withheld.

Retirement liabilities increased by 10% due to the accrual of the Group's retirement provision for the period.

Payment of the maturing long-term debt trimmed long-term debt, net of current maturities and debt issue costs by 24%.

Cumulative translation adjustments declined by 27% due to the share in other comprehensive income of joint ventures.

2013 vs. 2012

Cash and cash equivalents decreased by 51% from December 2012 to P242 million as these were used to fund operational requirements.

Trade and other receivables - net declined by 12% owing to collection efficiency and normalization of credit terms provided to dealers.

Prepaid taxes and other current assets increased by 17% chiefly on account of prepaid specific tax to satisfy obligations on withdrawn alcohol.

Deferred tax assets – net grew by 17% on account of the increase in recognized NOLCO.

Notes payable increased by 8% on account of higher short-term borrowings to fund operational requirements.

Trade and other payables trimmed by 14% owing chiefly to the payment of purchased alcohol and molasses.

Income and other taxes payable reduced by 19% due mainly to lower taxes withheld at source brought about by lower purchases of materials and supplies.

Retirement liabilities increased by 6% due to the accrual of the Group's retirement provision for the period.

Long-term debt – net of current maturities and debt issue costs decreased by 14% on account of payment of amortization.

Cumulative translation adjustments declined by 46% due to the share in other comprehensive income of joint ventures.

Unappropriated retained earnings decreased by 10% owing to recognized net loss for the period.

Equity

The decrease in equity for the three-month period ended March 31, 2014 and 2013 are due to:

	March 31	
	2014	2013
	(In Millions)	
Net loss for the period	**(P88)**	(P412)
Share in other comprehensive income of joint ventures	**P16**	P30
	(P72)	(P381)

III. Sources and Uses of Cash

A brief summary of cash flow movements is shown below:

	March 31	
	2014	2013
	(In Millions)	
Net cash flows provided by (used in) operating activities	**P349**	(P598)
Net cash flows used in investing activities	**(418)**	(38)
Net cash flows provided by (used in) financing activities	**(159)**	381

Net cash flows provided by (used in) 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:

	March 31	
	2014	2013
	(In Millions)	
Additions to property, plant and equipment	**(P71)**	(P39)
Decrease (increase) in other noncurrent assets	**(347)**	1

Major components of net cash flows provided by (used in) financing activities are as follows:

	March 31	
	2014	2013
	(In Millions)	
Proceeds from:		
Short-term borrowings	**P21,600**	P32,756
Issuance of common shares	**2**	4
Payments of:		
Short-term borrowings	**(21,401)**	(31,999)
Long-term borrowings	**(200)**	(200)
Interest	**(160)**	(179)

The effect of exchange rate changes on cash and cash equivalents amounted to P2.9 million and (P0.7) million for the three-month period ended March 31, 2014 and 2013, respectively.

Annex "B"

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	March 31, 2014	December 31, 2013
Liquidity:		
Current Ratio	**0.67**	0.72
Solvency:		
Debt to Equity Ratio	**2.60**	2.58
Asset to Equity Ratio	**3.60**	3.58
Profitability:		
Return on Average Equity	**(6%)**	(18%)
Interest Rate Coverage Ratio	**1.41**	(0.19)

KPI	Period Ended March 31	
	2014	2013
Operating Efficiency:		
Volume Growth	**10%**	(22%)
Revenue Growth	**21%**	(15%)
Operating Margin	**1%**	(13%)

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	$\frac{\text{Total Assets (Current + Noncurrent)}}{\text{Total Equity}}$
Return on Average Equity	$\frac{\text{Net Income *}}{\text{Average Stockholders' Equity}}$
Interest Rate Coverage Ratio	$\frac{\text{Earnings Before Interest, Taxes, Depreciation and Amortization}}{\text{Interest Expense and Other Financing Charges}}$
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	$\frac{\text{Income from Operating Activities}}{\text{Net Sales}}$

**Annualized for quarterly reporting*