

ANNEX “E”

TOP FRONTIER INVESTMENT HOLDINGS, INC.
2014
SUPPLEMENTARY SCHEDULES



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REPORT OF INDEPENDENT AUDITORS ON SUPPLEMENTARY INFORMATION

The Board of Directors and Stockholders
Top Frontier Investment Holdings, Inc.
No. 40 San Miguel Avenue
Mandaluyong City

We have audited, in accordance with Philippine Standards on Auditing, the financial statements of Top Frontier Investment Holdings, Inc. (the "Company") and Subsidiaries (the "Group") as at December 31, 2014 and 2013 and for each of the three years in the period ended December 31, 2014, and have issued our report thereon dated March 26, 2015.

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

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

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

R.G. MANABAT & CO.

JOSE P. JAVIER, JR.

Partner

CPA License No. 0070807

SEC Accreditation No. 0678-AR-2, Group A, valid until March 05, 2017

Tax Identification No. 112-071-224

BIR Accreditation No. 08-001987-16-2014

Issued January 22, 2014; valid until January 21, 2017

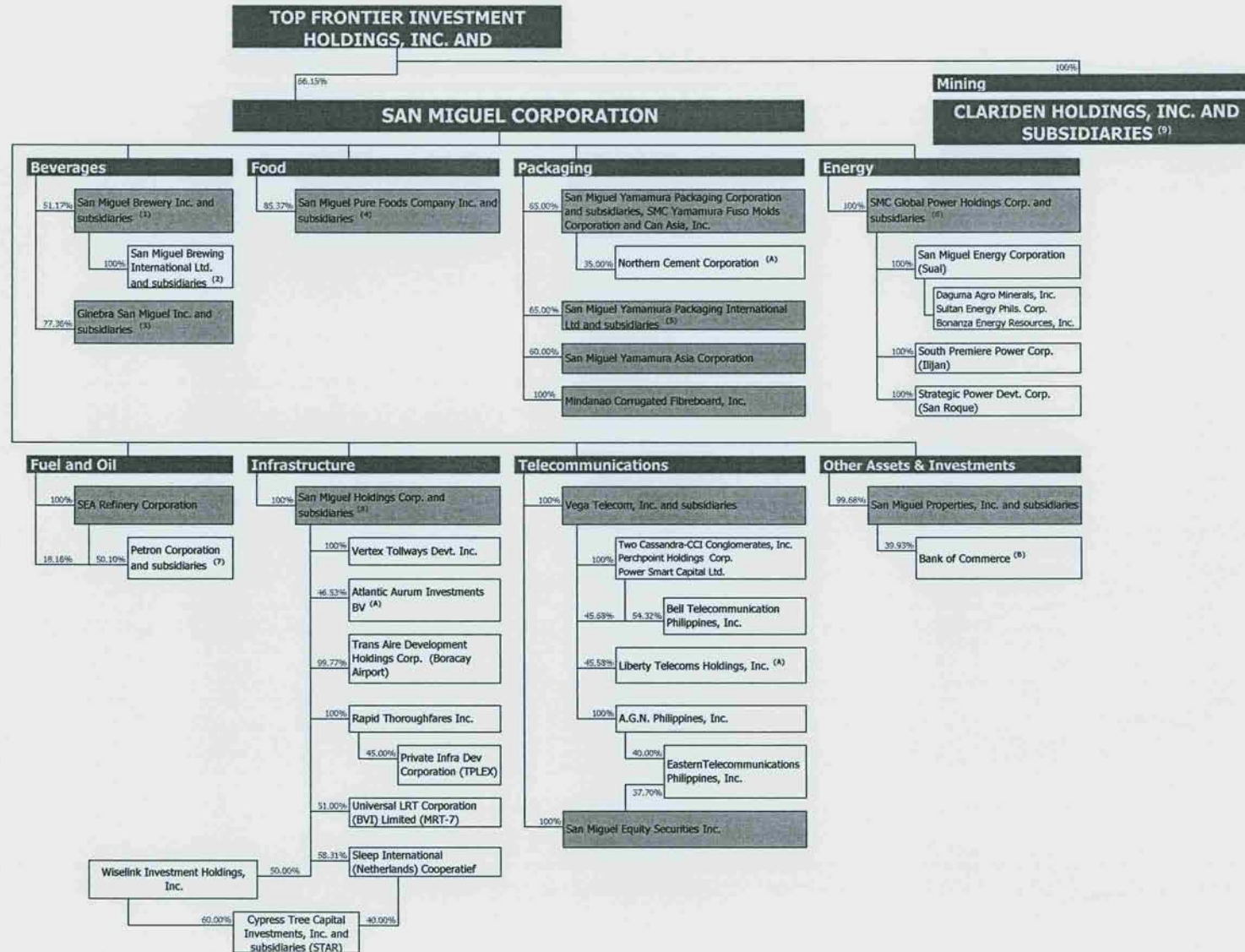
PTR No. 4748110MC

Issued January 5, 2015 at Makati City

March 26, 2015

Makati City, Metro Manila

TOP FRONTIER INVESTMENT HOLDINGS, INC. AND SUBSIDIARIES



Note:
(A) Associate
(8) Asset held for sale

Subsidiaries:

I. San Miguel Corporation

1. San Miguel Brewery Inc. subsidiaries also include Iconic Beverages, Inc. and Brewery Properties Inc. and
2. San Miguel Brewing International Ltd. subsidiaries include San Miguel Brewery Hong Kong Limited and subsidiaries, PT Delta Jakarta Tbk and subsidiary, San Miguel (Baoding) Brewery Company Limited, San Miguel Brewery Vietnam Limited, San Miguel Beer (Thailand) Limited and San Miguel Marketing (Thailand) Limited
3. Ginebra San Miguel Inc. subsidiaries include Distileria Bago, Inc., East Pacific Star Bottlers Phils Inc., Ginebra San Miguel International Ltd., GSM International Holdings Limited, Global Beverage Holdings Ltd. and Siam Holdings Ltd.
4. San Miguel Pure Foods Company Inc. subsidiaries include San Miguel Foods, Inc., San Miguel Mills, Inc. and subsidiaries, The Purefoods-Hormel Company, Inc., Magnolia, Inc. and subsidiaries, San Miguel Super Coffeemix Co., Inc., PT San Miguel Pure Foods Indonesia and San Miguel Pure Foods International Limited and subsidiary and San Miguel Hormel (Vn) Co., Ltd.
5. San Miguel Yamamura Packaging International Limited subsidiaries include San Miguel Yamamura Phu Tho Packaging Company Limited, Zhaoqing San Miguel Yamamura Glass Co., Ltd., Foshan San Miguel Yamamura Packaging Company Limited, San Miguel Yamamura Packaging & Printing Sdn. Bhd., San Miguel Yamamura Woven Products Sdn. Bhd., Packaging Research Centre Sdn. Bhd., San Miguel Yamamura Plastic Films Sdn. Bhd., San Miguel Yamamura Australasia Pty. Ltd. and subsidiaries and San Miguel Yamamura Glass (Vietnam) Limited and subsidiary
6. SMC Global Power Holdings Corp. subsidiaries also include San Miguel Electric Corp., SMC PowerGen Inc., PowerOne Ventures Energy Inc., Albay Power and Energy Corp., SMC Consolidated Power Corporation and San Miguel Consolidated Power Corporation
7. Petron Corporation subsidiaries include Petron Marketing Corporation, Petron Freeport Corporation, Petrogen Insurance Corporation, Overseas Ventures Insurance Corporation, Petron Singapore Trading Pte., Ltd., New Ventures Realty Corporation and subsidiaries, Petron Global Limited, Petron Oil & Gas International Sdn. Bhd. including Petron Fuel International Sdn. Bhd., Petron Oil (M) Sdn. Bhd. and Petron Malaysia Refining & Marketing Berhad (collectively Petron Malaysia), Petron Finance (Labuan) Limited, Limay Energen Corporation and Petrochemical Asia (HK) Limited and subsidiaries
8. San Miguel Holdings Corp. subsidiaries also include Optimal Infrastructure Development, Inc., Terramino Holdings, Inc. and subsidiary and Alloy Manila Toll Expressways Inc.

II. Clariden

9. Clariden Holdings, Inc. subsidiaries include V.I.L. Mines, Incorporated, Asia-Alliance Mining Resources Corp., Excelon Asia Holding Corporation, New Manila Properties Inc. and Philnico Holdings, Ltd. [including Pacific Nickel Philippines, Inc., Philnico Industrial Corporation, Philnico Processing Corp. (collectively the Philnico

TOP FRONTIER INVESTMENT HOLDINGS, INC. AND SUBSIDIARIES

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: Repeated Application of PFRS 1			✓
	Annual Improvements to PFRSs 2009 - 2011 Cycle: Borrowing Cost Exemption			✓
	Annual Improvements to PFRSs 2011 - 2013 Cycle: Meaning of effective PFRSs*			
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: Definition of 'vesting condition'*			
PFRS 3 (Revised)	Business Combinations	✓		
	Annual Improvements to PFRSs 2010 - 2012 Cycle: Accounting for contingent consideration in a business combination*			
	Annual Improvements to PFRSs 2011 - 2013 Cycle: Scope exceptions for 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 methods of 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	✓		
	Annual Improvements to PFRSs 2012 - 2014 Cycle: Servicing contracts*			
	Annual Improvements to PFRSs 2012 - 2014 Cycle: Applicability of the amendments to PFRS 7 to condensed interim financial statements*			
PFRS 8	Operating Segments	✓		
	Annual Improvements to PFRSs 2010 - 2012 Cycle: Aggregation of operating segments and reconciliation of the total of the reportable segments' assets to the entity's assets*			
PFRS 9 (2014)	Financial Instruments*			
PFRS 10	Consolidated Financial Statements	✓		
	Amendments to PFRS 10, PFRS 11, and PFRS 12: Transition Guidance	✓		
	Amendments to PFRS 10, PFRS 12, and PAS 27: 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: 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: Transition Guidance	✓		
	Amendments to PFRS 10, PFRS 12, and PAS 27: 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: Short-term receivables and payables	✓		
	Annual Improvements to PFRSs 2011 - 2013 Cycle: 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: 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: Classification of Servicing Equipment	✓		
	Annual Improvements to PFRSs 2010 - 2012 Cycle: Revaluation method - proportionate restatement of accumulated depreciation *			
	Amendments to PAS 16 and PAS 38: Clarification of Acceptable Methods of Depreciation and Amortization*			
	Amendments to PAS 16 and PAS 41: Bearer Plants*			
PAS 17	Leases	✓		
PAS 18	Revenue	✓		
PAS 19 (Amended)	Employee Benefits	✓		
	Amendments to PAS 19: Defined Benefit Plans: Employee Contributions*			
	Annual Improvements to PFRSs 2012 - 2014 Cycle: Discount rate: regional market issue*			

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2014		Adopted	Not Adopted	Not Applicable
PAS 20	Accounting for Government Grants and Disclosure of Government Assistance			✓
PAS 21	The Effects of Changes in Foreign Exchange Rates	✓		
	Amendment: Net Investment in a Foreign Operation	✓		
PAS 23 (Revised)	Borrowing Costs	✓		
PAS 24 (Revised)	Related Party Disclosures	✓		
	Annual Improvements to PFRSs 2010 - 2012 Cycle: Key management personnel*			
PAS 26	Accounting and Reporting by Retirement Benefit Plans			✓
PAS 27 (Amended)	Separate Financial Statements	✓		
	Amendments to PFRS 10, PFRS 12, and PAS 27: 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: Income Tax Consequences of Distributions	✓		
PAS 33	Earnings per Share	✓		
PAS 34	Interim Financial Reporting	✓		
	Annual Improvements to PFRSs 2009 - 2011 Cycle: 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	✓		

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2014		Adopted	Not Adopted	Not Applicable
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: Revaluation method - proportionate restatement of accumulated amortization*			
PAS 39	Financial Instruments: Recognition and Measurement	✓		
	Amendments to PAS 39: Transition and Initial Recognition of Financial Assets and Financial Liabilities	✓		
	Amendments to PAS 39: Cash Flow Hedge Accounting of Forecast Intragroup Transactions	✓		
	Amendments to PAS 39: The Fair Value Option	✓		
	Amendments to PAS 39 and PFRS 4: Financial Guarantee Contracts	✓		
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets	✓		
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets - Effective Date and Transition	✓		
	Amendments to Philippine Interpretation IFRIC-9 and PAS 39: Embedded Derivatives	✓		
	Amendment to PAS 39: Eligible Hedged Items	✓		
	Amendment to PAS 39: Novation of Derivatives and Continuation of Hedge Accounting	✓		
PAS 40	Investment Property	✓		
	Annual Improvements to PFRSs 2011 - 2013 Cycle: Inter-relationship of PFRS 3 and PAS 40*			
PAS 41	Agriculture	✓		
	Amendments to PAS 16 and PAS 41: 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	✓		

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2014		Adopted	Not Adopted	Not Applicable
IFRIC 12	Service Concession Arrangements	✓		
IFRIC 13	Customer Loyalty Programmes	✓		
IFRIC 14	PAS 19 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction	✓		
	Amendments to Philippine Interpretations IFRIC- 14, Prepayments of a Minimum Funding Requirement	✓		
IFRIC 16	Hedges of a Net Investment in a Foreign Operation	✓		
IFRIC 17	Distributions of Non-cash Assets to Owners	✓		
IFRIC 18	Transfers of Assets from Customers	✓		
IFRIC 19	Extinguishing Financial Liabilities with Equity Instruments	✓		
IFRIC 20	Stripping Costs in the Production Phase of a Surface Mine	✓		
IFRIC 21	Levies	✓		
SIC-7	Introduction of the Euro			✓
SIC-10	Government Assistance - No Specific Relation to Operating Activities			✓
SIC-15	Operating Leases - Incentives	✓		
SIC-25	Income Taxes - Changes in the Tax Status of an Entity or its Shareholders			✓
SIC-27	Evaluating the Substance of Transactions Involving the Legal Form of a Lease	✓		
SIC-29	Service Concession Arrangements: Disclosures.	✓		
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 (Amended)	PAS 27.10(d) - Clarification of criteria for exemption from presenting consolidated financial statements	✓		
PIC Q&A 2007-03	PAS 40.27 - Valuation of bank real and other properties acquired (ROPA)			✓
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 (Amended)	Framework.23 and PAS 1.23 - Financial statements prepared on a basis other than going concern	✓		
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	✓		

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2014		Adopted	Not Adopted	Not Applicable
PIC Q&A 2011-02	PFRS 3.2 - Common Control Business Combinations	✓		
PIC Q&A 2011-03	Accounting for Inter-company Loans	✓		
PIC Q&A 2011-04	PAS 32.37-38 - Costs of Public Offering of Shares	✓		
PIC Q&A 2011-05	PFRS 1.D1-D8 - Fair Value or Revaluation as Deemed Cost	✓		
PIC Q&A 2011-06	PFRS 3, Business Combinations (2008), and PAS 40, Investment Property - Acquisition of Investment properties - asset acquisition or business combination?	✓		
PIC Q&A 2012-01	PFRS 3.2 - Application of the Pooling of Interests Method for Business Combinations of Entities Under Common Control in Consolidated Financial Statements	✓		
PIC Q&A 2012-02	Cost of a New Building Constructed on the Site of a Previous Building	✓		
PIC Q&A 2013-01	Applicability of SMEIG Final Q&As on the Application of IFRS for SMEs to Philippine SMEs			✓
PIC Q&A 2013-02	Conforming Changes to PIC Q&As - Cycle 2013	✓		
PIC Q&A 2013-03 (Revised)	PAS 19 - Accounting for Employee Benefits under a Defined Contribution Plan subject to Requirements of Republic Act (RA) 7641, The Philippine Retirement Law	✓		

*These standards or amendments will become effective subsequent to December 31, 2014. The Group will adopt these new and amended standards on the respective effective dates.

TOP FRONTIER INVESTMENT HOLDINGS, INC. AND SUBSIDIARIES

**INDEX TO FINANCIAL STATEMENTS AND
SUPPLEMENTARY SCHEDULES
DECEMBER 31, 2014**

- | | | |
|---|--|----------------|
| A | - FINANCIAL ASSETS | |
| B | - AMOUNTS RECEIVABLE FROM (PAYABLE TO) DIRECTORS, OFFICERS,
EMPLOYEES, RELATED PARTIES AND PRINCIPAL STOCKHOLDERS
(OTHER THAN RELATED PARTIES) | NOT APPLICABLE |
| C | - AMOUNTS RECEIVABLE FROM (PAYABLE TO) RELATED PARTIES WHICH
ARE ELIMINATED DURING THE CONSOLIDATION OF FINANCIAL
STATEMENTS | |
| D | - INTANGIBLE ASSETS AND OTHER ASSETS | |
| E | - LONG-TERM DEBT | |
| F | - INDEBTEDNESS TO RELATED PARTIES | |
| G | - GUARANTEES OF SECURITIES OF OTHER ISSUERS | NOT APPLICABLE |
| H | - CAPITAL STOCK | |

TOP FRONTIER INVESTMENT HOLDINGS, INC. AND SUBSIDIARIES
SCHEDULE A - FINANCIAL ASSETS
DECEMBER 31, 2014
(Amounts in Millions)

Name of Issuing Entity/ Description of Each Issue	Amount Shown in the Statements of Financial Position	Value Based on Market Quotations at December 31, 2014	Income Received and Accrued
Cash and cash equivalents	P 258,763	P 258,763	P 2,772
Trade and other receivables - net	133,456	133,456	772
Option deposit	1,118	1,118	-
Derivative assets	360	360	7,513 *
Financial assets at fair value through profit or loss	136	136	19
Available-for-sale financial assets **	6,148	6,148	97
Noncurrent receivables and deposits - net	11,931	11,931	438
Restricted cash	2,683	2,683	29
	P 414,595	P 414,595	P 11,640

* This represents net marked-to-market gains/losses from derivative assets and derivative liabilities that have matured during the year and those that are still outstanding as of year-end.

** The number of shares or principal amount of bonds and notes are presented in ATTACHMENT TO SCHEDULE A - AVAILABLE-FOR-SALE FINANCIAL ASSETS.

See Notes 40 and 41 of the Consolidated Financial Statements.

TOP FRONTIER INVESTMENT HOLDINGS, INC. AND SUBSIDIARIES
ATTACHMENT TO SCHEDULE A - AVAILABLE-FOR-SALE FINANCIAL ASSETS
DECEMBER 31, 2014
(Amounts in Millions, Except No. of Shares Data)

Name of Issuing Entity	Number of Shares or Principal Amount of Bonds and Notes (a)	Value Based on Market Quotation at December 31, 2014 (a)
San Miguel Corporation		
Alabang Country Club	7 P	16
Ansor International	3,334	-
Apo Golf & Country Club	3	-
Baguio Country Club	1	2
Bancom Group Inc	999,546	-
Calatagan Golf Club	1	-
Camp John Hay	2	1
Canlubang Golf Club	3	3
Capitol Hills Golf & Country Club	1	-
Carmen Red Ltd.	-	5,139
Casino Espanol de Manila	2	-
Cebu Country Club	1	5
Celebrity Sports Plaza	3	-
Club Filipino	8	1
Continental Potash	7,909	-
Evercrest	2	-
Export & Industry Bank	940,560,000	-
Green Valley Club - Baguio	1	-
Greenfield Tennis Club	3	-
Iloilo Golf Club	1	-
Inter island Broadcasting Corp	4,458,928	-
Landgolf Inc	2	-
Makati Executive Center	1	-
Makati Sports Club	11	3
Manila Bankers Life	250,000	1
Manila Electric Company	100,331	1
Manila Golf & Country Club	3	65
Manila Polo Club	2	23
Manila Southwoods Golf & Country Club	1	1
Medical Doctors Inc.	83,379	13
Merchant Investment	41,660	-
Metropolitan Club	2	-
Metropolitan Theater	198	-
Mimosa Golf & Country Club	3	2
Montserrat Trading	1,000	-
Motor Services	52,500	-
Naga Telephone Co.	220	-
Negros Occidental Golf club	6	-
Norcem Philippines	80,000	-
Orchard Golf & Country Club	5	1
Pacific Club Corporate	1	-
Pantranco South Express	340,992	-
People's Press	1,500	-
Phil. Columbian Club	3	-
Phil. Dealing Sytem Holding Corp.	250,000	25
Phil. International Fair	500	-
Philippine Long Distance Telephone Company	230,594	2
Phil. Overseas Resources	10,000	-
Pilipino Telephone	600	-
Professional Services Inc.	11,250	5
Puerto Azul Golf Club	3	-
Quezon City Sports Club	1	-
Sta Elena Properties	7	5
Sta Elena Golf Club	1	3
Sta Lucia Realty Golf Club	2	1
Subic Bay Yacht Club	1	-
Tagaytay Highland Golf and Country Club	2	1
Tagaytay Midlands Country Club	1	-
The Country Club - Canlubang	2	-
Universal Leisure Club	1	-
Valle Verde Golf Club	53	15
Valley Golf Club Inc.	2	1
Victorias Country Club	1	-

(a) if the principal amount of bonds and notes and value based on market quotation of investment is less than P500,000, the amount will show zero.

Name of Issuing Entity	Number of Shares or Principal Amount of Bonds and Notes (a)	Value Based on Market Quotation at December 31, 2014 (a)
Petron Corporation		
HDMF 0515C038	- P	91
PSALMs (PSAL 0515D017)	-	41
Government Security - PIID 0311 G065	-	300
Government Security - PIID 0516 C107	-	73
Megaworld Bond	-	162
PSALM (PSAL0717D019)	-	55
San Miguel International Limited		
Others	-	16
San Miguel Brewery Inc.		
Royal Orchid International Golf Club	1	2
Guangzhou Luhu Golf Club	1	-
HSBC Holdings	20,400	9
Pacific Club Kowloon	2	6
Hongkong Arts Centre Ltd.	1	-
The American Club Hong Kong	1	8
Hong Kong Football Club	1	6
Discovery Bay Golf Club	1	8
San Miguel Properties, Inc.		
Apo Golf & Country Club	1	1
Mimosa Golf & Country Club	4	2
Sta. Elena Golf & Country Club	1	3
Metro Club	1	-
Philippine Long Distance Telephone Company	12,200	1
Manila Electric Company	273,118	8
Italia Country Club	89	-
Riviera Golf Course and Country Club	1	3
Tagaytay Midlands Country Club	1	-
Pacific Central Properties, Inc.		
Corporate Investment Phils Inc	200,000	-
Herald Publications	410	-
San Miguel Paper Packaging Corp.		
Philippine Long Distance Telephone Company	5,200	-
Evercrest Golf & Country Club	1	-
Orchard Golf & Country Club	1	1
Apo Golf & Country Club	1	-
Anchor Insurance Brokerage Corporation		
Philippine Long Distance Telephone Company	50	-
Export & Industry Bank	766,000	-
San Miguel Yamamura Asia Corporation		
Manila Southwoods Golf & Country Club	1	-
Orchard Golf and Country Club	1	-
Evercrest Golf & Country Club	1	1
San Miguel Yamamura Packaging Corporation		
Canlubang Golf & Country Club	1	1
Manila Southwoods	1	-
Orchard Golf & Country Club	1	-
Puerto Azul	1	1
Manila Southwoods Golf and Country Club	1	-
Orchard Golf and Country Club	1	-
Philippine Long Distance Telephone Company	1,800	-
Riviera Golf Club	1	-

(a) if the principal amount of bonds and notes and value based on market quotation of investment is less than P500,000, the amount will show zero.

Name of Issuing Entity	Number of Shares or Principal Amount of Bonds and Notes (a)	Value Based on Market Quotation at December 31, 2014 (a)
San Miguel Purefoods Company, Inc.		
Club Filipino	2	P -
Makati Sports Club, Inc.	2	1
Philippine Long Distance Telephone Company	4,253	1
Valle Verde Country Club	1	-
Capitol Hills Golf and Country Club, Inc.	1	-
Alabang Country Club	1	2
Golf Club Bogor Raya	1	-
Manila Southwoods Golf & Country Club	1	1
Sta Elena Golf Club	1	3
Manila Electric Company	73,894	1
Tagaytay Highland Golf and Country Club	1	1
Piltel	11,100	-
Royal Tagaytay Country Club	1	-
Orchard Golf and Country Club	1	-
Vega Telecom Holdings, Inc.		
Makati Sports Club, Inc.	6	1
Manila Electric Company - SIP	8,493	-
Other Telecom Companies	2,520,000	3
Total Available - for - Sale Financial Assets		P 6,148

(a) If the principal amount of bonds and notes and value based on market quotation of investment is less than P500,000, the amount will show zero.

See Notes 4, 5, 14, 40 and 41 of the Consolidated Financial Statements.

TOP FRONTIER INVESTMENT HOLDINGS, INC. AND SUBSIDIARIES
SCHEDULE C - AMOUNTS RECEIVABLE FROM RELATED PARTIES WHICH ARE ELIMINATED
DURING THE CONSOLIDATION OF FINANCIAL STATEMENTS
DECEMBER 31, 2014
(Amounts in Millions)

NAME OF RELATED PARTY	BEGINNING BALANCE	ADDITIONS/CURRENCY TRANSLATION ADJUSTMENTS/ RECLASS/OTHERS	AMOUNTS COLLECTED/ CREDIT MEMO	AMOUNTS WRITTEN OFF	TOTAL	CURRENT	NONCURRENT	ENDING BALANCE
San Miguel Corporation and Subsidiaries	P 5,669	P 58	(P 33)	P -	P 5,694	P 2,657	P 3,037	P 5,694
Top Frontier Investment Holdings, Inc.	1,304	2,231	(2,465)	-	1,070	1,070	-	1,070
	<u>P 6,973</u>	<u>P 2,289</u>	<u>(P 2,498)</u>	<u>P -</u>	<u>P 6,764</u>	<u>P 3,727</u>	<u>P 3,037</u>	<u>P 6,764</u>

TOP FRONTIER INVESTMENT HOLDINGS, INC. AND SUBSIDIARIES
SCHEDULE C - AMOUNTS PAYABLE TO RELATED PARTIES WHICH ARE ELIMINATED
DURING THE CONSOLIDATION OF FINANCIAL STATEMENTS
DECEMBER 31, 2014
(Amounts in Millions)

NAME OF RELATED PARTY	BEGINNING BALANCE	ADDITIONS/CURRENC Y TRANSLATION ADJUSTMENTS/ RECLASS/OTHERS	AMOUNTS PAID/ DEBIT MEMO	AMOUNTS WRITTEN OFF	TOTAL	CURRENT	NONCURRENT	ENDING BALANCE
Top Frontier Investment Holdings, Inc.	P 5,659	P 18	P -	P -	P 5,677	P 2,640	P 3,037	P 5,677
Clariden Holdings, Inc. and Subsidiaries	763	43	(270)	-	536	536	-	536
San Miguel Corporation and Subsidiaries	551	2,202	(2,202)	-	551	551	-	551
	<u>P 6,973</u>	<u>P 2,263</u>	<u>(P 2,472)</u>	<u>P -</u>	<u>P 6,764</u>	<u>P 3,727</u>	<u>P 3,037</u>	<u>P 6,764</u>

TOP FRONTIER INVESTMENT HOLDINGS, INC. AND SUBSIDIARIES
SCHEDULE D - INTANGIBLE ASSETS AND OTHER ASSETS
DECEMBER 31, 2014
(Amounts in Millions)

Part A - Goodwill and Other Intangible Assets

Description	Beginning Balance	Additions/ Acquisition of Subsidiaries	Disposal/ Reclassified to other Accounts	Charged to Costs and Expenses	Currency Translation Adjustments	Ending Balance
Goodwill	P 30,217	P 7	P -	P -	P -	P 30,224
Other Intangible Assets						
Cost:						
Computer software and licenses	P 8,885	P 34	(P 11)	P -	P 5	P 8,913
Trademarks and brand names	90,448	-	-	-	1	90,449
Airport concession right	1,414	1,402	-	-	-	2,816
Toll road concession rights	14,686	7,540	11,040	-	-	33,266
Mineral rights and evaluation assets	15,385	-	(15)	-	-	15,370
Power concession right	-	496	-	-	-	496
Leasehold and land use rights	1,582	-	(95)	-	6	1,493
Project development cost	11,040	-	(11,040)	-	-	-
Others	2,119	127	104	-	(30)	2,320
	145,559	9,599	(17)	-	(18)	155,123
Accumulated Amortization and Impairment Losses:						
Computer software and licenses	122	-	-	13	-	135
Trademarks and brand names	193	-	-	-	1	194
Airport concession right	25	-	-	12	-	37
Toll road concession rights	258	-	-	336	-	594
Power concession right	-	-	-	15	-	15
Leasehold and land use rights	510	-	(22)	33	2	523
Others	1,209	-	(1)	289	(16)	1,481
	2,317	-	(23)	698	(13)	2,979
Carrying Amount:	P 143,242	P 9,599	P 6	(P 698)	(P 5)	P 152,144

See Notes 4, 5, 18 and 38 of the Consolidated Financial Statements.

TOP FRONTIER INVESTMENT HOLDINGS, INC. AND SUBSIDIARIES
SCHEDULE D - INTANGIBLE ASSETS AND OTHER ASSETS
DECEMBER 31, 2014
(Amounts in Millions)

Part B - Other Noncurrent Assets

Description	Beginning Balance	Additions/ Acquisition of Subsidiaries	Charged to Cost and Expenses	Other Changes/ Reclassifications/ (Disposal)/(Collection)	Currency Translation Adjustments	Ending Balance
Noncurrent receivables and deposits	P 22,260	P 929	P -	(P 11,324)	P 66	P 11,931
Deferred containers expense - net of accumulated amortization	7,950	2,268	(1,252)	(688)	-	8,278
Noncurrent prepaid rent	5,039	85	(244)	(1,738)	(153)	2,989
Others - net	14,851	2,411	(423)	(4,556)	(24)	12,259
	<u>P 50,100</u>	<u>P 5,693</u>	<u>(P 1,919)</u>	<u>(P 18,306)</u>	<u>(P 111)</u>	<u>P 35,457</u>

See Notes 4, 5, 19, 33, 35, 39, 40 and 41 of the Consolidated Financial Statements.

TOP FRONTIER INVESTMENT HOLDINGS, INC.
SCHEDULE E - LONG-TERM DEBT
DECEMBER 31, 2014
(Amounts in Millions)

TITLE OF ISSUE	AGENT / LENDER	Outstanding Balance	Current Portion of Debt	Transaction Cost Current	Amount Shown as Current	Noncurrent Portion Debt	Noncurrent Transaction Cost	Amount Shown as Noncurrent	Current and Noncurrent	INTEREST RATES	Number of Periodic Installments	Interest Payments	Final Maturity
PARENT:													
TOP FRONTIER INVESTMENT HOLDINGS, INC.													
Term notes:													
Foreign currency - denominated													
Floating	Maybank International Labuan Branch	P 30,186	P 5,590	P (387)	P 5,203	P 24,596	P (101)	P 24,495	P 29,698	LIBOR plus margin	Bullet	Quarterly	June 2014
SUBSIDIARIES:													
Bonds:													
Peso - denominated:													
San Miguel Brewery Inc.													
Fixed	Philippine Depository & Trust Corp.	2,810	-	-	-	2,810	(17)	2,793	2,793	10.50%	Bullet	Semi-annual	April 2019
Fixed	Philippine Depository & Trust Corp.	3,000	-	-	-	3,000	(15)	2,985	2,985	6.05%	Bullet	Semi-annual	April 2017
Fixed	Philippine Depository & Trust Corp.	10,000	-	-	-	10,000	(67)	9,933	9,933	5.500%	Bullet	Semi-annual	April 2019
Fixed	Philippine Depository & Trust Corp.	7,000	-	-	-	7,000	(56)	6,944	6,944	6.60%	Bullet	Semi-annual	April 2022
Fixed	Philippine Depository & Trust Corp.	12,462	-	-	-	12,462	(113)	12,349	12,349	5.500%	Bullet	Semi-annual	April 2021
Fixed	Philippine Depository & Trust Corp.	2,538	-	-	-	2,538	(24)	2,514	2,514	6.00%	Bullet	Semi-annual	April 2024
		<u>37,810</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>37,810</u>	<u>(292)</u>	<u>37,518</u>	<u>37,518</u>				
Foreign currency - denominated													
SMC Global Power Holdings, Corp.													
Fixed	DB Trustees (Hongkong) Limited	13,262	-	-	-	13,262	(72)	13,190	13,190	7.00%	Bullet	Semi-annual	January 2016
Term notes:													
Peso - denominated:													
Petron Corporation													
Fixed	Deutsche Bank AG, Hongkong Branch	20,000	-	-	-	20,000	(109)	19,891	19,891	7.00%	Bullet	Semi-annual	November 2017
SMC PowerGen Inc.													
Fixed	Philippine National Bank as Trustee	13,607	1,373	(43)	1,330	12,234	(178)	12,056	13,386	6.2921% and 6.0606%	Amortized	Quarterly	September 2023
Petron Corporation													
Fixed	Rizal Commercial Banking Corporation	3,493	36	(3)	33	3,457	(24)	3,433	3,466	6.3212% and 7.1827%	Amortized	Semi-annual	October 2021
SMC Shipping and Lighterage Corporation													
Fixed	Security Bank Corporation	1,250	-	-	-	1,250	-	1,250	1,250	6.175%	Bullet	Quarterly	May 2016
Fixed	Security Bank Corporation	250	-	-	-	250	-	250	250	6.145%	Bullet	Quarterly	May 2016
		<u>1,500</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,500</u>	<u>-</u>	<u>1,500</u>	<u>1,500</u>				
San Miguel Pure Foods Company Inc.													
Fixed	China Bank Savings, Inc. Trust as Trustee	17	17	-	17	-	-	-	17	5.4885%	Bullet	Quarterly	December 2015
Fixed	China Banking Corporation	230	230	-	230	-	-	-	230	5.4885%	Bullet	Quarterly	December 2015
Fixed	China Banking Corporation - Trust Group as Trustee	53	53	-	53	-	-	-	53	5.4885%	Bullet	Quarterly	December 2015
Fixed	Land Bank of the Philippines	500	500	(2)	498	-	-	-	498	5.4885%	Bullet	Quarterly	December 2015
		<u>800</u>	<u>800</u>	<u>(2)</u>	<u>798</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>798</u>				
Philnico Processing Corp.													
Fixed	Equitable Bank	52	52	-	52	-	-	-	52	12%	Amortized	Semi Annual	December 2007
Private Infra Dev Corporation													
Floating	Banco De Oro Unibank, Inc. as Trustee	11,500	144	(16)	128	11,356	(69)	11,287	11,415	PDST-F plus margin	Amortized	Quarterly	September 2021
San Miguel Corporation													
Floating	Banco De Oro Unibank, Inc.	7,850	7,850	-	7,850	-	-	-	7,850	PDST-F plus margin	Bullet	Quarterly	December 2015
San Miguel Pure Foods Company Inc.													
Floating	Banco de Oro Unibank, Inc.	1,500	1,500	(3)	1,497	-	-	-	1,497	PDST-F plus margin	Bullet	Quarterly	December 2015
Floating	China Banking Corporation	1,200	1,200	(2)	1,198	-	-	-	1,198	PDST-F plus margin	Bullet	Quarterly	December 2015
Floating	Land Bank of the Philippines	500	500	(1)	499	-	-	-	499	PDST-F plus margin	Bullet	Quarterly	December 2015
Floating	Maybank Philippines, Inc.	500	500	(1)	499	-	-	-	499	PDST-F plus margin	Bullet	Quarterly	December 2015
		<u>3,700</u>	<u>3,700</u>	<u>(7)</u>	<u>3,693</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,693</u>				
San Miguel Yamamura Packaging Corporation													
Floating	Bank of Commerce	3,250	-	-	-	3,250	(10)	3,240	3,240	PDST-F plus margin	Amortized	Quarterly	October 2019
Star Infrastructure Development Corporation													
Floating	Philippine National Bank as Trustee	3,500	85	(7)	78	3,415	(31)	3,384	3,462	6.60%	Amortized	Quarterly	July 2023
Trans Aire Development Holdings Corp.													
Floating	Bank of Commerce	3,189	-	-	-	3,189	(14)	3,175	3,175	PDST-F plus margin	Amortized	Quarterly	October 2022
East Pacific Star Bottlers Phils Inc.													
Floating		457	114	-	114	343	-	343	457	PDST-F plus margin	Amortized	Quarterly	October 2019
San Miguel Yamamura Packaging Corporation													
Floating	Bank of Commerce	350	-	-	-	350	(1)	349	349	PDST-F plus margin	Amortized	Quarterly	April 2021

TOP FRONTIER INVESTMENT HOLDINGS, INC.
SCHEDULE E - LONG-TERM DEBT
DECEMBER 31, 2014
(Amounts in Millions)

TITLE OF ISSUE	AGENT / LENDER	Outstanding Balance	Current Portion of Debt	Transaction Cost Current	Amount Shown as Current	Noncurrent Portion Debt	Noncurrent Transaction Cost	Amount Shown as Noncurrent	Current and Noncurrent	INTEREST RATES	Number of Periodic Installments	Interest Payments	Final Maturity
<i>Foreign currency - denominated</i>													
San Miguel Corporation													
Fixed	DB Trustees (Hong Kong) Limited	P 35,776	P -	-	P -	35,776	P (440)	P 35,336	P 35,336	4.875%	Bullet	Semi-annual 12.5 months	April 2023
Floating	Standard Chartered Bank	67,080	-	-	-	67,080	(1,058)	66,022	66,022	LIBOR plus margin	Bullet	12.5 months	July 2015
Floating	Maybank International Labuan Branch	7,802	-	-	-	7,802	(118)	7,684	7,684	LIBOR plus margin	Bullet	12.5 months	October 2016
		<u>110,458</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>110,458</u>	<u>(1,616)</u>	<u>108,842</u>	<u>108,842</u>				
SMC Global Power Holdings Corp.													
Floating	Standard Chartered Bank (Hong Kong) Limited	22,360	-	-	-	22,360	(376)	21,984	21,984	LIBOR plus margin	Bullet	Quarterly	September 2018
Petron Corporation													
Floating	Standard Chartered Bank (Hong Kong) Limited	21,242	-	-	-	21,242	(421)	20,821	20,821	LIBOR plus margin	Amortized	Every 1, 3 or 6 months	May 2019
Floating	Standard Chartered Bank (Hong Kong) Limited	15,429	3,035	(172)	2,863	12,394	(163)	12,231	15,094	LIBOR plus margin	Amortized	Every 1, 3 or 6 months	November 2017
Floating	Standard Chartered Bank (Hong Kong) Limited	9,200	3,066	(101)	2,965	6,134	(47)	6,087	9,062	LIBOR plus margin	Amortized	Every 1, 3 or 6 months	November 2016
Floating	CIMB Bank	1,919	-	-	-	1,919	(16)	1,903	1,903	COF plus margin	Amortized	Quarterly	March 2019
Floating	Malayan Banking Berhad	48,708	6,101	(273)	5,828	43,606	(664)	42,944	48,772	COF plus margin	Amortized	Quarterly	July 2019
		<u>337,033</u>	<u>25,845</u>	<u>(733)</u>	<u>25,112</u>	<u>311,188</u>	<u>(3,557)</u>	<u>307,631</u>	<u>332,738</u>				
Total Long-term Debt before Purchase Price Allocation Adjustment													
		P 2,712	46	-	46	2,666	-	2,666	2,712				
Net Adjustment Due to Purchase Price Allocation													
		P 339,745	P 25,891	P (733)	P 25,153	P 313,854	P (3,557)	P 310,297	P 335,450				
Total Long-term Debt													

See Note 5, 22, 33, 40 and 41 of the Consolidated Financial Statements.

TOP FRONTIER INVESTMENT HOLDINGS, INC. AND SUBSIDIARIES
SCHEDULE F - INDEBTEDNESS TO RELATED PARTIES
DECEMBER 31, 2014
(Amounts in Millions)

NAME OF RELATED PARTY		Beginning Balance		Ending Balance *
Master Year Limited (MYL)	P	9,377	P	9,569
Bank of Commerce				
Loans payable		4,275		6,400
Long-term debt		8,976		10,240
	P	<u>22,628</u>	P	<u>26,209</u>

* The increase on the indebtedness to related parties in 2014 was mainly due to the availment of loans payable and long-term debt and the translation adjustments and interest expense, net of payment on the payable to MYL.

See Notes 20, 21, 22 and 33 of the Consolidated Financial Statements.

TOP FRONTIER INVESTMENT HOLDINGS, INC. AND SUBSIDIARIES
SCHEDULE H - CAPITAL STOCK
December 31, 2014

DESCRIPTION	NUMBER OF SHARES AUTHORIZED	NUMBER OF SHARES ISSUED	TREASURY SHARES	NUMBER OF SHARES OUTSTANDING	NUMBER OF SHARES HELD BY:	
					SUBSIDIARY	DIRECTORS, OFFICERS AND EMPLOYEES
ISSUED SHARES						
COMMON STOCK	740,000,000	490,196,200	157,310,033	332,886,167	2,561,031	199,709,943
PREFERRED SHARES	2,600,000	2,598,040	693,500	1,904,540	1,904,540	-
	742,600,000	492,794,240	158,003,533	334,790,707	4,465,571	199,709,943

See Note 25 of the Consolidated Financial Statements.

TOP FRONTIER INVESTMENT HOLDINGS, INC. AND SUBSIDIARIES
 TRADE AND OTHER RECEIVABLES
 DECEMBER 31, 2014
 (Amounts in Millions)

				Past Due		
	Total	Current	1 - 30 Days	31 - 60 Days	Over 60 Days	
Trade	P 57,899	P 46,001	P 5,441	P 1,671	P 4,786	
Non-trade	64,384	30,251	3,642	281	30,210	
Others	19,443	19,377	-	-	66	
Total	141,726	P 95,629	P 9,083	P 1,952	P 35,062	
Less allowance for impairment losses	8,270					
Net	P 133,456					

ANNEX “F”

TOP FRONTIER INVESTMENT HOLDINGS, INC.
2014
MANAGEMENT’S DISCUSSION AND ANALYSIS OF
FINANCIAL POSITION AND FINANCIAL
PERFORMANCE



MANAGEMENT'S DISCUSSION AND ANALYSIS **OF FINANCIAL POSITION AND FINANCIAL PERFORMANCE**

This discussion summarizes the significant factors affecting the consolidated financial performance, financial position and cash flows of Top Frontier Investment Holdings, Inc. (Top Frontier or the "Parent Company") and its subsidiaries (collectively referred to as the "Group") for the years ended December 31, 2014 and 2013 and the individual financial performance and cash flows of Top Frontier for the year ended December 31, 2012. The following discussion should be read in conjunction with the attached audited consolidated statements of financial position of the Group as of December 31, 2014 and 2013 and the related consolidated statements of income, comprehensive income, changes in equity and cash flows of the Group for the years ended December 31, 2014 and 2013 and the individual statements of income, comprehensive income, changes in equity and cash flows of Top Frontier for the year ended December 31, 2012. All necessary adjustments to present fairly the Group's consolidated financial position as of December 31, 2014 and 2013 and the consolidated financial performance and cash flows for the years ended December 31, 2014 and 2013 and the individual financial performance and cash flows for the year ended December 31, 2012, have been made.

I. BASIS OF PREPARATION

Statement of Compliance

The accompanying 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).

Basis of Measurement

The 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:

Items	Measurement Basis
Derivative financial instruments	Fair value
Financial assets at fair value through profit or loss (FVPL)	Fair value
Available-for-sale (AFS) financial assets	Fair value
Defined benefit retirement asset (liability)	Fair value of the plan assets less the present value of the defined benefit retirement obligation
Agricultural produce	Fair value less estimated costs to sell at the point of harvest

Functional and Presentation Currency

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

Significant Accounting Policies

The accounting policies set out below have been applied consistently to all periods presented in the 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 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 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 and PFRS 9, *Financial Instruments*, the intention is not to prevent entities from measuring short-term receivables and payables with 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 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 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 financial statements.

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

II. FINANCIAL PERFORMANCE

Comparisons of key financial performance for the last three years are summarized in the following tables.

	Years Ended December 31		
	2014	2013	2012
		(In Millions)	
Sales	P782,421	P205,340	P -
Gross Profit	110,859	31,197	-
Selling and Administrative Expenses	(58,125)	(22,775)	(157)
Operating Income (Loss)	52,734	8,422	(157)
Financing Charges - net	(23,081)	(7,040)	(2,191)
Equity in Net Earnings of Associates and Joint Ventures	1,255	21	-
Gain on Sale of Investments and Property and Equipment	610	30,756	-
Other Income (Charges) - net	6,170	(4,986)	(10,084)
Net Income (Loss)	26,536	25,004	(12,433)
Net Income (Loss) Attributable to Equity Holders of the Parent Company	3,358	11,312	(12,433)

2014 vs. 2013

The financial performance of the Group for the year ended December 31, 2014 consists of the consolidated financial performance of Top Frontier, San Miguel Corporation (SMC) and Clariden Holdings, Inc. (Clariden) for twelve months while the financial performance of the Group for the year ended December 31, 2013 consists of the financial performance of Top Frontier for twelve months and the financial performance of Clariden and SMC for the period from August 30 and October 17, 2013, respectively, to December 31, 2013.

The financial performance of the Group in 2014 substantially reflects the results of operations of SMC.

Consolidated sales revenue amounted to P782,421 million which primarily represents the sales revenue of SMC and its subsidiaries. Majority of the businesses posted healthy revenue growth on the back of robust volumes and higher selling prices.

Consolidated operating income in 2014 amounted to P52,734 million. The core businesses posted strong results, led by the double-digit growth from the food business and the profit delivery of the liquor business, a turnaround from last year loss. For the new businesses, the Energy business delivered optimum performance while Petron Corporation (Petron) was challenged by declining crude oil prices.

Equity in net earnings of associates and joint ventures pertains mainly to the share in the net income in the Group's non-controlling interests in Infra.

Gain on sale of investments and property and equipment mainly represents the net gain of the Group on the divestment of the equity interests in PAL and PAL Express and the gain on sale of certain fixed assets of the Group.

Other income includes mainly the: a) gain on derivatives on account of freestanding commodity and currency forwards of Petron, net of the derivative loss on the currency forwards of SMC, b) Power Sector Assets and Liabilities Management Corporation (PSALM) monthly fees reduction, c) other income of Clariden due to change in assumption on the computation of accretion expense on the payable to the Privatization Management Office and d) dividend income, net of foreign exchange loss.

With the foreign exchange loss on the translation of foreign currency denominated assets and liabilities mainly of SMC Global Power Holdings Corp. (SMC Global), SMC, Petron and Top Frontier and net financing charges incurred by the Group, consolidated net income before non-controlling interests amounted to P26,536 million, while net income attributable to equity holders of the Parent Company is P3,358 million.

Net income attributable to non-controlling interests primarily consists of the share of non-controlling stockholders in the net income of SMC, San Miguel Brewery Inc. (SMB), Petron Corporation (Petron) and San Miguel Pure Foods Company Inc. (SMPFC).

The following are the highlights of the performance of the individual business segments:

BEVERAGE

SMB

San Miguel Brewery Inc.'s consolidated volumes reached 207.3 million cases, an improvement from the previous year, when volumes slowed as a result of the implementation of the new excise tax structure beginning in 2013. Volume improvement was driven mainly by growth across the domestic market--particularly in the Visayas region and demand-generating programs.

SMB has put in place an effective price management program, which resulted in the increase in sales revenues.

SMB remained focused on managing its fixed costs and implementing cost efficiency measures. Beer International in particular was able to realize significant improvements in its operations. As a result, consolidated operating income amounted to P22,079 million.

Beer Domestic

2014 was a recovery year for SMB's domestic operations. Volumes reached 172.5 million cases while sales revenues reached P64,303 million and operating income amounted to P21,118 million. The improvement in sales performance was achieved through intensified implementation of demand-generating programs and cost-efficiency measures. Red Horse Beer remained the number 1 strong beer in the country and asserted dominance through the "Kaya Mo Na", Pambansang Muziklaban and Pasiklaban barangay activations. San Miguel Pale Pilsen's "iconic" positioning was reinforced through "Bilib" thematic campaign and the "Sarap MagBabad" summer program, among others.

San Mig Light strengthened relevance with the enhanced "One Word" campaign, "On All Night" loyalty program, Bucket Nights/Party All Night programs and digital campaigns, promotions and sponsorships.

Gold Eagle Beer improved sales through its well-focused "Sama-Sama Mag-Jamming, Sama-Sama Mag-Gold Eagle Beer" campaign in the Visayas and Mindanao. On the other hand, Lifestyle Brews, San Miguel Premium All-Malt, Super Dry and Cerveza Negra, brand image continued to improve with "Ingredients" and "Awards" campaigns. Newly-launched San Mig Zero started to make its contribution to the SMB portfolio, proving that campaigns focused on strengthening visibility and trial-generating activations were well-received by consumers.

Meanwhile, San Miguel Flavor Beer's market continued to expand through the success of "Game Tayo" digital campaign, "Talk" TVC and store penetration programs.

Beer International

San Miguel Beer International operations posted P14,702 million in revenues in 2014, mainly driven by modest growth in sales of its branded products. This was despite lower volumes resulting from discontinued private label volumes.

In South China, volumes of the San Miguel brand in targeted expansion areas continued to register double-digit growth, partly offset by lower volumes in the core markets due to distribution gaps. Total volumes however, grew due to higher local brand volumes and increased exports production. North China operations, on the other hand, continued to be challenged by intense competition.

SMB Hong Kong (SMBHK) volume ended flat due to the termination of the distribution agreement for certain premium brands, and the pro-democracy demonstrations (from September to December) in the country which resulted in weaker domestic volumes. Improvements in margins, together with higher exports slightly offset the effects of lower volumes in operating profitability.

Indonesia operations was weighed down by dealer and wholesaler pricing issues in the second and third quarter of the year, resulting in drop in volumes. However, recovery in the fourth quarter, as well as higher margins and prudent spending on fixed costs protected profitability.

Vietnam registered a double-digit growth in its domestic volumes, spearheaded by San Mig Light and WIN Bia.

Volume grew despite a political crisis in Thailand that saw the imposition of martial law in the second quarter. Marketing programs and outlet penetration activities proved successful in achieving monthly growth in the second half of 2014. Operating performance substantially improved, buoyed by higher volumes and better margins.

Exports volumes for San Miguel brands grew on the back of steady growth in the United Arab Emirates, Taiwan, Korea and the US and new markets in Africa and Australia. This, however, was outweighed by lower private label volumes, resulting to a volume decline in total exports.

Liquor and Spirits

Ginebra San Miguel Inc. (GSMI) achieved milestone results in 2014, a year which marked its flagship brand Ginebra San Miguel's 180th year of gin excellence. GSMI delivered a strong performance, registering an operating profit of P358 million, a turnaround from previous year's operating loss.

Growth was driven by the resurgence in volume sales and lower costs resulting from improved efficiency and more deliberate cost-management programs.

GSMI went back to basics and focused its strategy on its core gin products, led by flagship Ginebra San Miguel. The "Ganado sa Buhay" thematic campaign and the nationwide concert series "Ginumanfest" resonated with consumers and was a huge success which allowed GSMI to regain key markets in Northern Luzon. Purposive product launches also allowed GSMI to capture new markets, particularly in the Eastern Visayas. GSMI also reinforced its distribution network through wholesalers, extending its reach in unserved areas in Luzon and Visayas.

As a result, domestic liquor volume grew and consequently, revenues reached P15,511 million.

Increased use of second-hand bottles, better distillery and bottling efficiencies yielded reduced production spending. Fixed costs were kept in check with more prudent spending, particularly with advertising and promotion. These significantly improved margins and GSMI's overall profitability.

Inspired by the momentum generated in 2014, growth prospects for this year will be hinged on volume growth, with focus in securing relevance to its core drinkers and generating incremental consumption. The launch of the sequel to the "Ganado sa Buhay" thematic campaign will strengthen the dominance of the flagship brand Ginebra San Miguel in the gin category. The introduction of Primera Light brandy and the re-launch of GSM Blue, both lower proof alcohol products, will create an appeal to a younger consumer segment. These programs together with sustained cost improvement programs are expected to sustain profit growth of the business.

FOOD

San Miguel Pure Foods Company Inc. (SMPFC) registered another growth year in 2014 as revenues reached P102,999 million. This was mainly driven by the strong performance of its Agro-Industrial and Flour Milling businesses. Volumes were spurred by on-going innovation programs and expanded distribution network, further strengthened by improvements in its established branded products, development of new variants and supported by innovative marketing and promotional activities.

The impact of Typhoon Glenda and the congestion in Manila's main ports made operating conditions relatively difficult. Nevertheless, operating income amounted to P6,463 million, on

the back of strong performance of poultry and fresh meats businesses, which benefitted from favorable selling prices, better farm efficiencies and improved availability of cassava. The Milling business also contributed to operating income growth with increased sales volume and lower wheat cost.

San Miguel Pure Foods' established strategies and unwavering focus were key in mitigating effects of such uncontrollable forces and allowed the company to deliver a solid 2014 performance. Its vertically-integrated business model remains to be a fundamental strategy in controlling costs in all levels of production. The expansion of exclusive retail outlets, such as the Magnolia Chicken stations, Monterey Meatshops and Kambal Pandesal, continued to increase their contribution in sales. SMPFC also continued to increase brand equity through product innovations and brand-building initiatives.

Agro-Industrial

The Agro-Industrial business posted revenues of P69,648 million. Revenues from poultry and fresh meats grew on the back of favorable selling prices. On the other hand, revenues from the feeds business increased, driven by higher volumes in hogs, broiler and duck feeds.

Value-Added

2014 was relatively challenging for the Value-added Meats business which was affected by high trade inventory at the beginning of the year and the port congestion problem during the 2nd half of the year that had an adverse impact on logistics costs and raw materials availability.

Revenues amounted to P15,069 million given by higher selling prices, sales performance of new products and increased convenient food offerings such as bone-in fried chicken, canned chicken and meaty spaghetti sauce. The native line segment was also expanded showcasing SMPFC's Magnolia chicken.

Milling

The Milling operations ended the year with revenue of P9,916 million. Volume growth was led by the value - added flour products and additional revenues from the new Grains Terminal operations.

Third-party owned and operated Kambal Pandesal bakery outlets continue to grow at a remarkable rate, reaching 447 stores in December 2014, from only 168 outlets in the prior year. Using high quality ingredients from SMPFC's Milling and Branded Value-Added businesses, Kambal Pandesal bakeries brought delicious bread products such as Pan de Keso, Pan de Hotdog and Pan de Kape to the masses at affordable prices.

Dairy and Others

The Dairy, Fats and Oils business registered revenues of P7,787 million, on the back of strong volume growth from butter, margarine and cheese. New flavors launched strengthened the "Best of the Philippines" line that allowed Magnolia ice cream to make its contribution.

Meanwhile, the coffee business, under the San Mig Coffee brand, focused on its core products and realized revenue growth for its Sugarfree variant.

PACKAGING

While several external factors made 2014 a challenging year for San Miguel Yamamura Packaging Group (SMYPG), SMYPG remained focused on protecting its profitability and as a result, turned in improved margins for the year.

Operating income amounted to P2,305 million, while revenues reached P24,226 million. Lower requirements from beverage industry customers translated to lower orders for bottles, metal caps and crates, which affected both topline and bottomline performance of these segments.

However, SMYPG's long-established efficiency improvement and cost-containment programs, coupled with improved performance from paper, PET and exports, allowed them to deliver a higher operating performance compared to previous year.

Glass. Glass remained the biggest revenue contributor, despite the decline in volumes due to lower bottle requirements from beer and softdrinks customers in the first half of the year. This, however, was cushioned by increase in sales from other beverage customers in the second half. Exports from China and Vietnam also remained to be very strong.

The furnace repair and facilities upgrade in Manila, Cebu and Vietnam were completed during the year to improve utilization and quality of production.

Metal. Demand for metal cans remained stable in 2014, though affected by lower requirements from beverage customers.

Modern machine technology has been installed enabling the business to produce new product lines and expanding its market reach to new territories such as Papua New Guinea, Sri Lanka and Nepal. A new can tolling facility is also being constructed in San Fernando, Pampanga to serve customers for fruit juices, energy drinks and soft drinks.

Plastics. Lower demand for crates in the plastic business was overshadowed by the significant improvement in the pallet leasing business.

Paper. It was a banner year for the paper business achieving the highest historical performance in volumes and revenues. Better carton deliveries was driven by higher demand from export fruit companies that propelled sales.

PET. Meanwhile, the PET segment, registered revenue growth as major customers for beverage filling continued to increase requirements. The PET Packaging facilities were almost 100% utilized for the year, which resulted in improved operating performance.

Strong product developments were initiated with new products for the beer and softdrinks industries. The PET facility installed a flexible line that will serve both cold and hot-filled beverages, providing quality packaging to both juices and carbonated drinks.

Malaysia. Malaysia operations' plastic film business ended the year with favorable volume and revenue versus last year while its flexibles business was faced with higher raw materials prices, amid intense competition.

Australia. Cospak also had a banner year as cost-containment programs delivered growth in operating income. This was complemented by higher volumes from wine customers which boosted revenues.

ENERGY

It was a banner year for SMC Global Power Holdings Corp. (SMC Global) with operating income of P25,899 million. This was mainly driven by higher bilateral volumes, with consolidated offtake volumes reaching 17,001 Gigawatt hours (GWh).

Apart from the addition of the 140 Megawatts (MW) capacity from the Limay co-generation power plant, the power business benefitted from improved efficiencies in its other major plants, amid higher demand for power, especially during the summer months. These, complemented by higher average Philippine Wholesale Electricity Spot Market (WESM) prices, translated to consolidated revenues of P84,294 million.

The Sual Power Plant sold a total of 7,132 GWh of electricity, while revenues amounted to P32,758 million. Capacity utilization of the plant during the summer months was at its highest level, reaching 90% average utilization rate, as better performance of the plant took advantage of high market demand for power.

Offtake volumes of 8,863 GWh, brought P40,077 million in revenues for the Ilijan power plant. This is on account of higher bilateral volume nominations driven by the increased demand for electricity.

San Roque power plant offtake volumes reached 841 GWh, despite lower water dam reservoir level than expected. Together with ancillary service contribution, revenues reached P6,488 million.

SMC Global Power's new ventures have also started to contribute in its total performance.

The Limay Co-generation power plant added 537 GWh in offtake volumes and revenues of P5,629 million, with the full commercial operations of the 140 MW in 2014 or an additional 70 MW from previous year.

The construction of the new coal-fired power plants in Malita, Davao and Limay, Bataan are progressing well. These plants will provide an additional 600 MW initial capacity once completed.

FUEL AND OIL

It was a challenging 2014 for Petron Corporation. Both Philippines and Malaysia operations were affected by the steep drop in crude oil prices in the second half of the year, putting pressure on oil companies around the world. From a relatively stable first half, with the benchmark Dubai crude averaging US\$108/barrel in June 2014, a supply glut and a weak global economy caused crude prices to plunge by as much as 44% to average US\$60/barrel in December 2014.

Petron, however, managed to end the year with revenues posting P482,535 million, despite lower selling prices, driven by the growth in consolidated sales volume. Philippine operations sold 51.5 million barrels, benefiting from higher demand from the retail sector supported by the service station expansion program and robust industrial and LPG sales. Malaysia operations contributed 35.0 million barrels, on the back of strong industrial and retail sales.

Petron also ended the year with an operating profit of P7,605 million, amid record losses being posted industry-wide. Petron's risk management programs mitigated effects of the volatility in the market, reducing inventory losses by half.

In this volatile and uncertain year, Petron maintained its strategic focus and marked the year with the completion of the US\$2-billion Refinery Master Plan 2 (RMP-2) project. This is a key milestone for Petron as it now operates on a higher plane, changing the mechanics on how it runs the business. The upgrade allows full utilization of its 180,000 barrel-per-day Bataan refinery and significantly increases the production of high-margin products such as gasoline and petrochemicals. It also enables use of cheaper crude oil. The project likewise allows the local production of more efficient, superior, and environment-friendly fuels to meet Euro IV standards.

Retail network expansion in the Philippines also continued in 2014, with total number of service stations close to 2,200. The project allows for increased channels for Petron's products to reach underserved markets across the country which is a key driver of domestic volume growth.

In Malaysia, the rebranding and upgrading project has been completed successfully for the existing service stations. Petron is also expanding the retail network in this market, with about 20 new service stations currently under construction.

INFRASTRUCTURE

It was also a year of many significant milestones for SMC's infrastructure business, particularly in tollways, as the very first Greenfield tollway project of the Group was opened and construction of the NAIA and Skyway Stage 3 expressways began.

Thus far, the company has opened about 63 kilometers of the 88.6-kilometer of the Tarlac-Pangasinan-La Union Expressway (TPLEX), running all the way from Tarlac to Urdaneta City in Pangasinan. As of year-end 2014, TPLEX has served about 8,500 average daily vehicles bound for the Northern Luzon area, providing faster and more convenient travel to motorists. The remaining stretch up to Rosario, La Union, is estimated to be completed by end of 2015.

In January 2014, the construction of the 5.4-km NAIA Expressway that will connect to the Skyway system, PAGCOR City and Roxas Boulevard and provide convenient access to NAIA Terminals 1, 2 and 3 commenced. Substantial completion of the project is expected by end of this year.

Also at the start of 2014, the Group broke ground for the much awaited Skyway Stage 3, which involves the construction of a 14-km elevated expressway, with 8 exit ramps, starting from the existing Skyway from Buendia in Makati to Balintawak, Quezon City. The project is vital in improving the traffic situation in Metro Manila, providing an alternate, direct route for motorists traveling for North to South and vice-versa. Completion of this project is slated for 2017.

Even as the new tollroad projects have gotten off the ground, the Group's existing operating tollway assets also continue to perform well. Combined traffic flow of the South Luzon Expressway (SLEX) and Skyway averaged 475,000 vehicles, about 6% higher than the previous year. Meanwhile, testing for the migration of toll collection to the RFID system is ongoing and will be completed within 2015.

As of March 5, 2015, San Miguel Holdings Corp. (SMHC) increased its ownership in Atlantic Aurum Inc. B.V. (AAIBV) to 95% when Padma Funds L.P. conveyed and transferred its outstanding shares in AAIBV equivalent to 48.47%. This effectively increased SMC's ownership in SLEX to 76% and the Skyway System to 83.45%.

STAR Tollway registered growth from the previous year with average daily traffic of about 33,000 vehicles. This growth is expected to continue as improvements on the tollway have been completed, including the construction of additional lanes in the Lipa to Batangas stretch.

The Group's airport project in Caticlan is also on schedule. The extension of the Boracay Airport runway to 1.8 km, which is targeted for completion by middle of this year, will enable it to accommodate larger aircrafts. Improvements will also allow for night landing, which will further help boost tourism. A new and bigger terminal will likewise be constructed to accommodate the projected increase in tourist arrivals.

Finally, the Group received the performance undertaking for the Mass Rail Transit 7 (MRT7) in October 2014. The project involves the construction of a 22-km light rail transit from North Epifanio de los Santos Avenue to San Jose Del Monte, Bulacan. It also includes the construction of a 22-km road that will connect to NLEX at the Bocaue exit. Construction of this project is targeted to begin by middle of 2016.

REAL ESTATE

San Miguel Properties Inc. (SMPI) registered P756 million in total revenues, as booked sales for projects increased, given the positive response to its residential projects that target mid to high-end clients.

The company expects this growth to continue with the delivery of long-awaited projects in 2015, such as the Makati Diamond Residences. Also due for turnover within the year, are One Dover View in Mandaluyong and Emerald 88 in Pasig. Completion of Doverhill model unit in San Juan early this year, along with the launch of Picolo Square, a residential building project in General Trias, should also bring in more sales in the future.

2013 vs. 2012

The financial performance of the Group in 2013 consists of the financial performance of Top Frontier for twelve months and the financial performance of Clariden and SMC for the period from August 30 and October 17, 2013, respectively, to December 31, 2013. The financial performance for the year ended December 31, 2012 represents the results of operations of the Parent Company only since SMC and Clariden were consolidated effective 2013.

The financial performance of the Group in 2013 significantly represents the results of operations of SMC from October 17 to December 31, 2013.

Consolidated sales revenue amounted to P205,340 million which represents the sales revenue from October 17 to December 31, 2013 of SMC and its subsidiaries, particularly, Petron, SMPFC, SMB and SMC Global.

The corresponding consolidated income from operations amounted to P8,422 million.

The gain from the sale of the Manila Electric Company (Meralco) shares of stock amounting to P30,717 million and dividend income mainly from SMC up to the third quarter amounting to P1,721 million, were partly offset by financing charges of about P7,040 million and foreign exchange losses amounting to P8,166 million. As a result, consolidated net income before non-controlling interests amounted to P25,004 million, while net income attributable to equity holders of the Parent Company is P11,312 million.

Net income attributable to non-controlling interests amounting to P13,692 million consists of the share of non-controlling stockholders in the net income of mainly SMC, SMB, SMPFC and Petron.

III. FINANCIAL POSITION

A. The following are the significant transactions in 2014:

BUSINESS COMBINATIONS AND INVESTMENTS IN SUBSIDIARIES

BEVERAGE

▪ GSMI

On December 5, 2014, the Board of Directors (BOD) of GSMI authorized the sale and transfer to SMB of certain non-alcoholic beverage (NAB) assets consisting of machinery and equipment as of December 31, 2014, and inventories as of March 31, 2015.

▪ SMB

On December 5, 2014, the BOD of SMB authorized the acquisition by SMB of the NAB assets of GSMI, comprised of machinery and equipment as of December 31, 2014, and finished goods inventory and other inventories consisting of containers (pallets, crates, bottles and shells), packaging materials and raw materials as of March 31, 2015, used in the NAB business of GSMI.

TELECOMMUNICATIONS

▪ Somete Logistics & Development Corporation (SLDC) and Dominer Pointe Inc. (DPI)

In May and June 2014, BellTel acquired 100% of the outstanding and issued shares of stock of SLDC and DPI, respectively, from various individuals for a total consideration of P1,264 million.

SLDC and DPI are engaged in the business of conceptualization, construction, installation, establishment, operation, leasing, sale and maintenance, and rendering of specialty technical services for tower infrastructures to be utilized by telecommunication companies.

MINING

▪ South Western Cement Corporation (SWCC)

On October 15, 2014, SMC through San Miguel Equity Investments Inc. (SMEII), as buyer, and Clariden, as seller, executed the following: (i) the Deed of Absolute Sale of Shares covering 100% of the outstanding and issued shares of stock of SWCC for a total consideration of P61 million; and (ii) the Deed of Assignment of Receivables covering the receivables of Clariden in SWCC amounting to P209 million.

SWCC is primarily engaged in the business of manufacturing, importing, exporting, buying, selling or otherwise dealing in, at wholesale, of cements and other goods of similar nature, and any and all equipment, materials, supplies, used or employed in or related to the manufacture of such finished goods.

On December 5, 2014, SMC through SMEII subscribed to additional 110,000 common shares of SWCC for P16 million. The said subscription was fully paid, and the subject shares of stock were issued to SMEII on February 24, 2015.

INVESTMENTS IN ASSOCIATES

▪ Receipt of the Remaining Balance of the Proceeds from the Sale of Shares of Stock of Meralco

On September 30, 2013, SMC together with SMPFC and SMC Global, entered into a Share Purchase Agreement with JG Summit Holdings, Inc. (JG Summit), for the sale of the remaining 305,689,397 shares of stock of Meralco for P71,837 million. SMC received P40,400 million as down payment in 2013. The remaining balance amounting to P31,437 million was received by the Group on March 25, 2014.

The Group recognized a net gain of P30,717 million in 2013.

▪ Divestment of the Equity Interests in Philippine Airlines, Inc. (PAL) and Air Philippines Corporation (PAL Express) and Other Related Investments and Advances

On October 23, 2014, the conditions as set forth in the joint agreement signed by SMC, together with SMEII, and the Lucio Tan Group on September 12, 2014, were satisfied by all of the parties. The joint agreement covers the following: (i) sale of the 49% equity interest in Trustmark Holdings Corporation (Trustmark), Zuma Holdings and Management Corporation (Zuma), including indirect ownership interests of 43.23% and 48.98% in PAL and PAL Express, respectively; and (ii) sale of the equity interest and cancellation of subscription rights on the shares of stock of Fortunate Star Limited.

The Group received a total of US\$874 million or an equivalent of P38,616 million and recognized a gain of P491 million.

▪ **Angat Hydropower Corporation (Angat Hydro) and KWPP Holdings, Corp. (KWPP)**

In accordance with the agreement of SMC through PowerOne Ventures Energy Inc. (PVEI), a subsidiary of SMC Global, and Korea Water Resources Corporation (K-Water) to enter into a joint venture partnership for the acquisition, rehabilitation, operation and maintenance of the 218 MW Angat Hydroelectric Power Plant (Angat Power Plant) awarded by PSALM to K-Water, PVEI deposited US\$26 million to an escrow account.

On November 18, 2014, PVEI acquired from the individual stockholders and K-Water, 2,817,270 shares or 60% of the outstanding capital stock of Angat Hydro and from the individual stockholders, 75 shares representing 60% of KWPP outstanding capital stock. Accordingly, PVEI paid K-Water and the individual stockholders a total of US\$39 as full payment of the share purchase price. The payment was funded in part by the deposit in escrow.

In accordance with the entry of SMC Global into Angat Hydro and KWPP, K-Water and the Company are jointly in control of the management and operation of Angat Hydro and KWPP.

Further, SMC Global agreed to pay K-Water a support fee amounting to 3% of the total amount of the bridge loan facility which was obtained for the acquisition by Angat Hydro of the Angat Power Plant.

Angat Hydro was incorporated on November 15, 2013 and was created to engage in the operations and maintenance of the Angat Power Plant and to supply power generated to power corporations, electric utilities, to import hydro-electric facilities and equipment, and to do all acts necessary and incidental thereto, in accordance with EPIRA Law (RA 9136: “Electric Power Industry Reform Act of 2001”).

BORROWINGS AND EQUITY TRANSACTIONS

BEVERAGE

▪ **Completion of the P15 Billion Fixed Rate Bond Offering by SMB**

On February 7, 2014, the BOD of SMB approved the issuance of Philippine peso-denominated bonds of up to P15,000 million, subject to an option on the part of SMB to increase the amount by up to P5,000 million in case of an oversubscription, with a minimum tenor of 7 years and a maximum of 15 years, to support the redemption of the Series B of the Series ABC bonds, maturing on April 4, 2014.

Pursuant to such approval and registration statement rendered effective by the SEC on March 17, 2014, SMB offered for sale to the public on March 17 to 25, 2014, the Philippine peso fixed rate bonds in the aggregate principal amount of P15,000 million, consisting of Series G bonds in the aggregate principal amount of P12,462 million with a term of 7 years and interest rate of 5.50% per annum and Series H bonds in the aggregate principal amount of P2,538 million with a term of 10 years and interest rate of 6.0% per annum (Series GH Bonds).

Interest on the Series GH Bonds is paid every April 2 and October 2 of each year (each an Interest Payment Date). SMB may also (but shall be likewise not be obligated to) redeem all (and not a part only) of the outstanding Series GH Bonds on the 11th Interest Payment Date for the Series G bonds, and on the 14th, 16th or 18th Interest Payment Dates for the Series H bonds.

The Series GH Bonds were issued and listed on the PDEx on April 2, 2014.

On December 5 and 16, 2014, the BOD of SMB (through the Executive Committee in the December 16, 2014 meeting) approved the conduct of a consent solicitation process for the holders of record as of December 15, 2014 of the Series C bonds, Series D bonds, Series E bonds and Series F bonds (Record Bondholders) for the amendment of the negative covenants in the trust agreements covering the Series C bonds, Series D bonds, Series E bonds and Series F bonds to align the same with the negative covenants of the Series GH Bonds, and allow SMB to engage, or amend its articles of incorporation to engage, in the business of manufacturing, selling, distributing, and/or dealing, in any and all kinds of beverage products (Negative Covenant Amendment). SMB obtained the consents of Record Bondholders representing 90% of the outstanding aggregate principal amount of the Series C bonds and 81.05% of the outstanding aggregate principal amount of the Series D bonds, Series E bonds and Series F bonds for the Negative Covenant Amendment. The supplemental agreements amending the trust agreements covering the Series C bonds, Series D bonds, Series E bonds and Series F bonds to reflect the Negative Covenant Amendment were executed by SMB and the respective trustees of the said bonds on February 2, 2015.

FUEL AND OIL

■ Drawdown of US\$475 Million Loan by Petron

On May 14, 2014, Petron signed and executed the US\$300 million loan facility. The facility is amortized over five years with a two-year grace period and is subject to a floating interest rate plus a fixed spread. The total amount was drawn in 2014 and the proceeds were used to refinance existing debt and for general corporate purposes. Petron completed the syndication of the facility, and increased the facility amount to US\$475 million on September 29, 2014. Drawdowns related to the additional US\$175 million were made on October 24 and November 6, 2014. Amortization in seven equal amounts will start in May 2016, with final amortization due in May 2019.

■ Issuance of Series 2 Preferred Shares by Petron

On November 3, 2014, SMC through Petron, issued 10,000,000 Series 2 Preferred Shares, inclusive of the 3,000,000 shares issued upon the exercise of the oversubscription option, with a par value of P1.00 per share and an offer price of P1,000.00 per share. The Series 2 Preferred Shares were issued in two subseries (“Series 2A Preferred Shares” and “Series 2B Preferred Shares”) and are peso-denominated, cumulative, non-voting, non-participating and non-convertible.

Petron has the redemption option starting on the 5th anniversary from the listing date for the Series 2A Preferred Shares and starting on the 7th anniversary from listing date for the Series 2B Preferred Shares. Dividend rates are 6.3000% and 6.8583% per annum for Series 2A Preferred Shares and Series 2B Preferred Shares, respectively, and are payable on February 3, May 3, August 3 and November 3 of each year, as and if declared by the BOD.

All shares rank equally with regard to Petron's residual assets, except that holders of preferred shares participate only to the extent of the issue price of the shares plus any accumulated and unpaid cash dividends.

On November 3, 2014, the Series 2 Preferred Shares were listed and traded on the Main Board of the The Philippine Stock Exchange, Inc. (PSE).

ENERGY

■ **Issuance of the US\$300 Million Undated Subordinated Capital Securities by SMC Global**

On May 7, 2014, SMC through SMC Global, issued and listed on the Singapore Stock Exchange (SGX-ST), US\$300 million undated subordinated capital securities (the "Securities") at an issue price of 100%.

The holders of the Securities are conferred a right to receive distribution on a semi-annual basis from their issue date at the rate of 7.50% per annum, subject to the step-up rate. SMC Global has a right to defer this distribution under certain conditions.

The Securities have no fixed redemption date and are redeemable on November 7, 2019, in whole, but not in part, at the option of SMC Global or any distribution payment date thereafter or upon the occurrence of certain other events.

The proceeds were used by SMC Global to finance investments in power-related assets and other general corporate purposes.

SMC

■ **Redemption by SMC of the Remaining Balance of the Exchangeable Bonds Amounting to US\$213 Million**

Pursuant to the resolution of the BOD of SMC authorizing management to refinance its existing financial obligations under such terms and conditions which are favorable and advantageous to SMC, SMC solicited the consent of the bondholders to tender their bonds for repurchase. On various dates in 2013, SMC has repurchased Bonds having an aggregate principal amount of US\$363 million. The aggregate cash amount paid by SMC based on the aggregate principal amount of the Bond repurchased, as well as accrued interest, is US\$398 million. The Group recognized a loss on redemption of exchangeable bonds amounting to P1,500 million in 2013.

A total of US\$24 million and US\$22 million worth of exchangeable bonds representing 9,794,587 and 8,717,014 common shares of SMC were exchanged at issue prices ranging from P80.44 to P113.24 as of December 31, 2014 and 2013, respectively.

On May 5, 2014, SMC redeemed the remaining balance of the exchangeable bonds amounting to US\$213 million, in accordance with the terms and conditions of the said exchangeable bonds.

PARENT COMPANY

▪ **Refinancing of Loan by Top Frontier**

In March 2014, Top Frontier has drawn US\$675 million (P30,278 million) to refinance its US\$650 million loan (P28,857 million). The increase of US\$25 million was used to cover for the accrued interest and transaction costs.

B. The following are the significant transactions in 2013:

▪ **Acquisition of Clariden Holdings, Inc. (Clariden)**

On August 12, 2013, the BOD of the Parent Company authorized the acquisition of 100% of the outstanding and issued shares of stock of Clariden and all of the rights and interests therein, followed by the execution of the Share Purchase Agreement (the Agreement) between the Parent Company and SMC.

On August 30, 2013 (the Closing Date), the Parent Company and SMC executed the following: (i) the Deed of Absolute Sale of Shares covering 100% of the Clariden shares for a total consideration of P2,135 million; and (ii) the Deed of Assignment of Receivables covering SMC's receivables in Clariden and its subsidiaries totaling P725 million.

On September 6, 2013, the Parent Company and SMC, with the conformity of Clariden, executed the Deed of Assignment of Subscription Rights for P604 million, recognized as advances for investment in shares of stock of Clariden. Transaction costs incurred and capitalized as part of the cost of investment and advances amounted to P4 million and P1 million, respectively.

With the acquisition of 100% of the outstanding and issued shares of stock of Clariden, the Parent Company obtained control and consolidated Clariden effective August 30, 2013.

Clariden is a company incorporated in the Philippines and its primary purpose is to acquire by purchase, exchange, assignment or otherwise, and to sell, assign, transfer, exchange, lease, let, develop, mortgage, pledge, deal in and operate, enjoy and dispose of, all properties of every kind and description and whenever situated and to the extent permitted by law. Clariden holds mining tenements in various areas in the Philippines. These mining tenements, owned by Clariden's various subsidiaries, include: (i) Mineral Production Sharing Agreements (MPSAs) for the Nonoc Nickel Project and Mt. Cadig Nickel Project; (ii) Exploration Permits for certain areas under the Bango Gold Project; and (iii) pending Application for Production Sharing Agreement and pending Exploration Permit Applications for other areas of the Bango Gold Project.

The transaction resulted to the consolidation of Clariden effective August 30, 2013. Goodwill recognized as a result of the acquisition amounting to P1,280 million is attributable to the benefit of expected revenue growth and future development.

▪ **Consolidation of SMC**

On October 17, 2013, the BOD of SMC approved the declaration, by way of property dividends, of 240,196,000 common shares of the Parent Company to the SMC common shareholders of record (the "Receiving Shareholders") as of November 5, 2013. The SEC approved the property

dividend declaration on November 19, 2013, and the Certificate Authorizing Registration was issued by the Bureau of Internal Revenue (BIR) on December 26, 2013.

The Receiving Shareholder received one common share of the Parent Company for every ten common shares of SMC. Fractional shares below ten were dropped. The fair value of the Parent Company's common shares is P178.00 per share, based on the Valuation and Fairness Opinion rendered by an independent advisor.

The property dividend distribution resulted in SMC's public shareholders owning about 11.8% of the Parent Company.

The Parent Company, being a shareholder of SMC, received 157,310,033 of its own common shares equivalent to P28,001 million.

The declaration of the property dividends eliminated the cross ownership between the Parent Company and SMC and changed the control structure in terms of the Parent Company's ability to direct the relevant activities of SMC through interchange of key management personnel. The transaction also resulted to the reclassification of the Parent Company's investment in SMC's common shares from AFS financial assets to investment in shares of stock of subsidiaries and consolidation of SMC effective October 17, 2013.

Goodwill arising from the consolidation of SMC amounting to P28,937 million is attributable to the benefit of expected synergies, revenue growth, future market development and the assembled workforce of SMC.

▪ **Listing of Top Frontier Common Shares**

On December 18, 2013, PSE approved the application of the Parent Company for the listing by way of introduction of all its common shares. The shares were listed in the PSE on January 13, 2014.

▪ **Consolidation of Private Infra Dev Corporation (PIDC)**

SMC through Rapid Thoroughfares Inc. (Rapid), a wholly-owned subsidiary of San Miguel Holdings Corp. (SMHC), has a 45% equity interest in PIDC upon approval by the Toll Regulatory Board (TRB) of the issuance of stock certificates to Rapid in 2013.

PIDC is a company primarily engaged in the business of construction and development of various infrastructure projects such as roads, highways, toll roads, freeways, skyways, flyovers, viaducts and interchanges. PIDC holds the toll road concession rights representing the contract to finance, design, construct, operate and maintain the Tarlac-Pangasinan-La Union Toll Expressway (TPLEX Project).

With the increase in ownership interest in PIDC from 35% to 45% in 2013, Rapid determined that it controls PIDC effective December 27, 2013.

Material Changes per Line of Account

2014 vs. 2013

The Group's consolidated total assets as of December 31, 2014 amounted to P1,341,176 million, P44,640 million higher than 2013. The increase is primarily due to the higher balances of cash and cash equivalents, property, plant and equipment and other intangible assets.

Cash and cash equivalents increased by P66,950 million mainly due to receipt of the proceeds from the sale of equity interest in Trustmark and Zuma and other related investments and advances, collection of the remaining balance of the receivable on the sale of Meralco shares from JG Summit and proceeds from issuance of undated subordinated capital securities of SMC Global.

Trade and other receivables decreased by P32,129 million mainly due to collection of the remaining balance of the receivable on the sale of Meralco shares from JG Summit.

Prepaid expenses and other current assets increased by P12,413 million mainly due to the increase in the net input Value-added Tax (VAT) of: a) Petron as a result of the importations of crude and finished products; b) SMC Global due to payments made for the purchase of materials and equipment and payment of labor for the construction of the new power plants; and c) Infra Group for the purchase of services, supplies and equipment related to the construction of TPLEX Project, Ninoy Aquino International Airport Expressway (NAIA Expressway Project), Stage 1 and Stage 2 Phase I of the Southern Tagalog Arterial Road (STAR or the STAR Project) and Boracay Airport Project; and advances to suppliers of Petron Singapore Trading Pte., Ltd. and to the contractors of Vertex Tollways Devt. Inc. (NAIA Expressway Project) and PIDC (section 2 of TPLEX Project).

The increase in assets held for sale and the corresponding decrease in AFS financial assets pertains to the reclassification of the carrying value of investment in shares of stock of Indophil Resources NL (Indophil) from AFS financial assets.

Investments and advances decreased by P23,228 million in 2014 mainly due to the sale of the investment in shares of stock of Trustmark and Zuma and cancellation of subscription rights on investments and advances related to PAL and PAL express.

Property, plant and equipment increased by P25,225 million primarily due to the additional capital expenditures on the RMP-2 Project of Petron, the refurbishment of retail stations of Petron Malaysia, Phase 2 of the power plant in Limay, Bataan and the Greenfield project - new power plants in Davao and Limay, Bataan – Phase 1 of the Energy business.

Investment properties decreased by P622 million mainly due to the reclassification of the cost of Makati Diamond Residences Project of San Miguel Properties, Inc. (SMPI) to property, plant and equipment, net of the acquisition of a property in Malabon by Brewery Properties, Inc. for future expansion of Polo Brewery.

Other intangible assets increased by P8,902 million mainly due to the recognition of additional toll road concession rights for the TPLEX Project, STAR Project, the NAIA Expressway Project and the Boracay Airport Project.

Deferred tax assets decreased by P811 million mainly due to the application of deferred taxes for Net Operating Loss Carry Over (NOLCO) and Minimum Corporate Income Tax of SMC against taxable income in 2014.

Other noncurrent assets decreased by P14,643 million mainly due to partial collection by Petron of its receivables from Petron Corporation Employees Retirement Plan (PCERP).

Loans payable increased by P36,972 million in 2014 mainly due to the net availments made by Petron in 2014, to fund the importation of crude oil and petroleum products.

Dividends payable decreased by P410 million mainly due to the payment in 2014 of the outstanding dividends payable in 2013 by SMC to its common stockholders.

The decrease in long-term debt of P5,542 million was mainly due to the redemption of the following: SMC exchangeable bonds and SMB bonds, net of availments used for the various capital projects of the Infrastructure business, Petron, and the Energy business and the additional US\$25 million or P1,120 million due to the refinancing of loan by Top Frontier.

The decrease in finance lease liabilities was mainly due to payments, net of the effect of interests and foreign exchange rate changes.

Other noncurrent liabilities decreased by P1,417 million mainly due to reclassification to current liabilities of the retention payable to the contractors of Petron's capital projects, net of the recognition of pension liability by Petron which resulted from the substantial reduction in the fair value of plan assets.

Reserve for retirement plan decreased by P1,616 million mainly due to the recognition of rereasurement loss on the plan assets of Petron.

Additional appropriations on retained earnings were made by SMC Global, SMC Shipping and Lighterage Corporation, SMPFC, San Miguel Yamamura Asia Corporation and SMITS, Inc. to finance future capital expenditures.

Non-controlling interests increased by P23,023 million primarily due to the issuance of undated subordinated capital securities by SMC Global and issuance of Series 2 Preferred Shares of Petron.

Equity

The increase in equity in 2014 is due to:

<i>(In millions)</i>	2014
Income during the period	P26,536
Addition to non-controlling interests and others	23,110
Other comprehensive loss	(3,105)
Cash dividends and distribution	(21,660)
	<u>P24,881</u>

2013 vs. 2012

Consolidated total assets and liabilities primarily consist of the balances of SMC as of December 31, 2013.

Consolidated total assets amounted to P1,296,536 million, of which P1,170,087 million came from the consolidated balances of SMC.

Cash and cash equivalents amounted to P191,813 million in 2013 compared to P203 million in 2012 primarily due to the consolidation of SMC and its subsidiaries' cash balance amounting to P191,613 million.

Trade and other receivables amounting to P165,585 million consist mainly of trade receivables from customers of Petron, SMC Global, SMPFC and SMB.

Inventories primarily consist of the finished goods and in process, materials and supplies and containers of Petron, SMPFC, GSMI, SMB, the packaging subsidiaries of SMC and SMC Global.

Biological assets pertain to SMPFC's breeding stocks, growing hogs, cattle and poultry livestock.

Prepaid expenses and other current assets include prepaid taxes and licenses mainly of Petron and the Energy Group, raw land inventory and real estate projects of SMPI and the construction in progress for the Boracay Airport of Trans Aire Development Holdings Corp.

Assets held for sale primarily consist of SMPI's investment in the shares of stock of Bank of Commerce which are intended for sale.

Investments and advances mainly include the carrying amount of the investments in Trustmark and Zuma, Atlantic Aurum Investments B.V. (AAIBV), Northern Cement Corporation and Liberty Telecoms Holdings, Inc.

Available-for-sale financial assets consist mainly of the investment of SMC in preferred shares of Carmen Red Ltd., and of Coastal View Exploration Corporation in Indophil.

Property, plant and equipment consists mainly of the balances of: a) SMC Global's power plants; b) Petron's RMP - 2 Project, refinery and plant equipment and service stations and other equipment; and c) Golden Bay Grain Terminal Corporation's grain terminal in Batangas.

Investment properties represent primarily the costs of SMPI's Makati Diamond Project.

Deferred tax assets mainly represents deferred taxes recognized by SMC and subsidiaries on the allowance for impairment losses on receivables and inventories, NOLCO and unrealized foreign exchange losses, net of the deferred tax on the net earnings of foreign subsidiaries.

Goodwill amounting to P28,937 million and P1,280 million was recognized from the consolidation of SMC and Clariden, respectively.

Other intangible assets primarily consist of the toll road concession rights and project development costs for the various infrastructure projects of SMC (TPLEX, STAR and NAIA Expressway Project); airport concession rights to operate the Boracay Airport, Clariden Group's mineral rights and evaluation assets; mining rights recognized for the coal mining subsidiaries of San Miguel Energy Corp. (SMEC) and the licenses recognized for the Telco businesses of Vega.

Other noncurrent assets mainly include noncurrent receivables from PCERP and AAIBV, capitalized costs for the development of the MRT 7 Project, deferred containers, retirement assets and noncurrent prepaid rent.

The outstanding short-term loans payable mainly consists of loans availed of by Petron, GSMI, SMPI, SMPFC and SMC.

Accounts payable and accrued expenses amounting to P127,838 million consist mainly of: a) trade payables of Petron, SMC Global and SMPFC; b) non-trade payables such as freight payable, contract growers/breeders' fees, guarantee deposit and other expenses payable to third parties; and c) payable to related parties.

Finance lease liability mainly includes the liability of SMEC, Strategic Power Devt. Corp. and South Premiere Power Corp. (SPPC) to the Power Sector Assets and Liabilities Management Corporation, relative to the acquisition of the Sual Coal - Fired Power Station, San Roque Multi-Purpose Hydroelectric Power Plant and Ilijan Natural Gas - Fired Combined Cycle Power Plant, respectively.

Income and other taxes payable includes income tax payable for the period, excess output VAT payable and taxes withheld at source.

Dividends payable pertains to the dividend declared by SMC in 2013 to common and preferred stockholders which were subsequently paid on February 7 and March 14, 2014, respectively.

The Group's long-term debt were primarily availed of by SMC, Petron, SMC Global, SMB and Top Frontier which were mainly used to finance capital expenditures (i.e., RMP - 2 Project, Solid Fuel-Fired Power Plant in Limay, Bataan, Stage II, Phase I of Southern Tagalog Arterial Road Project and the Boracay Airport), new investments and for general working capital purposes.

Other noncurrent liabilities include Clariden's payable to the Privatization Management Office on the purchase of shares of stock of Philnico Holdings, Ltd., retirement liabilities and Petron's retention payable to the contractors of its capital projects.

Non-controlling interests represents mainly the share of the non-controlling stockholders in the net assets of mainly SMC, Petron, SMPFC, SMB, Infra Group and San Miguel Yamamura Packaging Corporation.

Reserve for retirement plan pertains to the recognition of actuarial gain on remeasurement of the defined benefit obligation mainly by Petron.

Revaluation increment pertains to the effect of the acquisition of the remaining 35% non-controlling interest in San Miguel Yamamura Australasia Pty. Ltd. by San Miguel Yamamura Packaging International Limited.

Cumulative translation adjustments represent the foreign currency translation differences of the Group's net assets from foreign operations, fair value adjustments on the investments in AFS financial assets and share in other comprehensive income (loss) of associates and joint ventures.

Treasury stock represents Top Frontier's preferred shares redeemed in 2012, own common shares received as property dividend from SMC and SMC's investment in common and preferred shares of Top Frontier which were reclassified to treasury stock upon consolidation.

Equity

The increase in equity is due to:

<i>(In Millions)</i>	2013
Addition to non-controlling interests and others	P267,091
Net income	25,004
Cash dividends	(5,190)
Other comprehensive loss	(11,844)
Own shares held by a subsidiary	(35,880)
	P239,181

IV. SOURCES AND USES OF CASH

A brief summary of cash flow movements is shown below:

<i>(In Millions)</i>	December 31		
	2014	2013	2012
Net cash flows provided by (used in) operating activities	P27,163	P27,222	(P2,517)
Net cash flows provided by investing activities	27,054	187,980	2,121
Net cash flows provided by (used in) financing activities	12,580	(24,597)	572

Net cash from operations for the period basically consists of income for the period less changes in noncash current assets, certain current liabilities and others, which include increases in inventory level.

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

	December 31		
	2014	2013	2012
	<i>(In Millions)</i>		
Proceeds from sale of investments and property and equipment	P66,913	P41,572	P-
Interest received	3,486	727	6
Decrease (increase) in other noncurrent assets and others	2,098	(3,054)	-
Dividends received from an associate and available-for-sale financial assets	102	1,791	2,115
Additions to property, plant and equipment	(38,989)	(13,857)	-
Additions to investments and advances	(6,313)	(16,773)	-
Acquisition of subsidiaries, net of cash and cash equivalents acquired	(243)	177,574	-

Net cash provided by (used in) financing activities are as follows:

	December 31		
	2014	2013	2012
	<i>(In Millions)</i>		
Net proceeds from (payments of) short-term borrowings	P37,965	(P13,673)	P -
Net proceeds from issuance of preferred shares and undated subordinated capital securities of subsidiaries	23,008	-	-
Increase (decrease) in non-controlling interests	212	(608)	-
Cash dividends paid	(22,071)	(4,310)	(1,860)
Payments of finance lease liabilities	(20,152)	(4,897)	-
Net proceeds from (payments of) long-term borrowings	(6,382)	(1,109)	27,489
Partial redemption of preferred shares	-	-	(12,899)
Payments of amounts owed to related parties	-	-	(12,158)

The effect of exchange rate changes on cash and cash equivalents amounted to P153 million, P1,005 million and (P2 million) in December 31, 2014, 2013 and 2012, respectively.

V. ADDITIONAL INFORMATION ON UNAPPROPRIATED RETAINED EARNINGS

The unappropriated retained earnings of the Parent Company is restricted in the amount of P28,457 as of December 31, 2014 and 2013, representing the cost of common shares held in treasury.

The Group's unappropriated retained earnings includes the accumulated earnings in subsidiaries and equity in net earnings of associates and joint ventures are not available for declaration as dividends until declared by the respective inventees.

VI. KEY PERFORMANCE INDICATORS

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

	December 31	
	2014	2013
Liquidity:		
Current Ratio	1.45	1.30
Solvency:		
Debt to Equity Ratio	2.41	2.52
Asset to Equity Ratio	3.41	3.52
Profitability:		
Return on Average Equity Attributable to Equity Holders of the Parent Company	3.62%	10.21%
Interest Rate Coverage Ratio	3.25	2.07
Operating Efficiency:		
Volume Growth	N.A.	N.A.
Revenue Growth	N.A.	N.A.
Operating Margin	6.74%	4.10%

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

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

VII. OTHER MATTERS

▪ Events After the Reporting Date

a. *Acquisition of the 49% interest in San Miguel Pure Foods Investment (BVI) Limited (SMPFI Limited)*

On January 26, 2015, PT San Miguel Pure Foods Indonesia and San Miguel Pure Foods International, Limited (SMPFIL), a wholly-owned subsidiary of SMPFC incorporated in the British Virgin Islands, signed an Agreement for the purchase from Hormel Netherlands B.V., of the latter's 49% of the issued share capital of SMPFI Limited. SMPFIL already owns the remaining 51% of SMPFI Limited. SMPFI Limited is the sole investor in San Miguel Hormel (Vn) Co., Ltd., a company incorporated in Vietnam that engages in live hog farming and the production of feeds and fresh and processed meats. Following completion of the transaction, SMPFI Limited has become a wholly-owned subsidiary of SMPFIL.

b. *Acquisition of La Pacita IP Rights*

In February 2015, the acquisition by SMPFC of Felicísimo Martinez & Co., Inc.'s (FMC) IP Rights relating to FMC's La Pacita biscuit and flour-based snack business was completed following the substantial fulfillment of the closing conditions and payment of the consideration for such IP Rights.

c. *Redemption of SMPFC of Outstanding Preferred Shares*

On February 3, 2015, the BOD of SMPFC approved the redemption on March 3, 2015 of the 15,000,000 outstanding preferred shares issued on March 3, 2011 at the redemption price of P1,000.00 per share.

The redemption price and all accumulated unpaid cash dividends were paid on March 3, 2015 to relevant stockholders of record as at February 17, 2015. The redeemed preferred shares thereafter became part of the treasury shares of SMPFC.

d. *Issuance of Series "2" Perpetual Preferred Shares (PFP2 Shares)*

On January 20, 2015, the PSE approved, subject to SEC approval and certain conditions, the application of SMPFC to list up to 15,000,000 PFP2 Shares with a par value of P10.00 per share to cover SMPFC's preferred shares offering at an offer price of P1,000.00 per share and with a dividend rate to be determined by management.

On February 5, 2015, the SEC favorably considered the Registration Statement of SMPFC covering the registration of up to 15,000,000 PFP2 Shares at an offer price of P1,000.00 per share (the "PFP2 Shares Offering"), subject to the conditions set forth in the pre-effective letter issued by the SEC on the same date.

On February 9, 2015, the PSE issued, subject to certain conditions, the Notice of Approval on SMPFC's application to list up to 15,000,000 PFP2 Shares with a par value of P10.00 per share to cover the PFP2 Shares Offering at an offer price of P1,000.00 per

share and with a dividend rate still to be determined by management on February 11, 2015, the dividend rate setting date.

On February 11, 2015, further to the authority granted by the BOD of SMPFC to management during the BOD meetings on November 5, 2014 and February 3, 2015 to fix the terms of the PFP2 Shares Offering, management determined the terms of the PFP2 Shares (Terms of the Offer), including the initial dividend rate for the PFP2 Shares at 5.6569% per annum.

A summary of the Terms of the Offer is set out below:

SMPFC, through the underwriters and selling agents, offered up to 15,000,000 cumulative, non-voting, non-participating and non-convertible peso-denominated PFP2 Shares at an offer price of P1,000.00 per share during the period from February 16 to March 5, 2015. The dividend rate was set at 5.6569% per annum with dividend payable once for every dividend period defined as (i) March 12 to June 11, (ii) June 12 to September 11, (iii) September 12 to December 11, or (iv) December 12 to March 11 of each year, calculated on a 30/360-day basis, as and if declared by the BOD of SMPFC. The PFP2 Shares are redeemable in whole and not in part, in cash, at the sole option of SMPFC, on the 3rd anniversary of the listing date or on any dividend period thereafter, at the price equal to the offer price plus any accumulated and unpaid cash dividends. The PFP2 Shares may also be redeemed in whole and not in part, under certain conditions (i.e., accounting, tax or change of control events). Unless the PFP2 Shares are redeemed by SMPFC on the 5th year anniversary of the listing date, the dividend rate shall be adjusted thereafter to the higher of the dividend rate of 5.6569% or the 3-day average of the 7-year PDST-R2 plus 3.75%.

On February 12, 2015, the SEC rendered effective the Registration Statement and other papers and documents attached thereto filed by SMPFC, and issued the Order of Registration of up to 15,000,000 PFP2 Shares at an offer price of P1,000.00 per share. The Certificate of Permit to Offer Securities for Sale was issued by the SEC on the same date.

On March 12, 2015, the 15,000,000 PFP2 Shares of SMPFC with par value of P10.00 per share were issued and listed with the PSE.

e. Acquisition of 44% Equity Interest in AAIBV and Exercise of Option to Acquire Additional 4.47%

On March 5, 2015, a Notarial Deed of Transfer of Shares in accordance with the requirements of the laws of the Netherlands was executed whereby Padma transferred to SMHC the following: (i) 44% additional equity interest in AAIBV for a total purchase price of US\$158; and (ii) 4.47% equity interest in AAIBV following the exercise by SMHC of its option in compliance with the terms and conditions of the Option Agreement.

With the purchase of additional 44% equity interest and the exercise of option for the 4.47% equity interest, SMHC has 95% ownership interest in AAIBV as of March 5, 2015. As such, AAIBV became a subsidiary and is controlled by SMHC effective

March 5, 2015.

- 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 financial statements of the Group.

- a. Treasury Shares of SMC

A portion of the total treasury shares of SMC came from 25,450,000 common shares, with an acquisition cost of P481 million, [net of the cost of the 1,000,000 shares paid to the Presidential Commission on Good Government (PCGG) as arbitral fee pursuant to the Compromise Agreement, as herein defined] which were reverted to treasury in 1991 upon implementation of the Compromise Agreement and Amicable Settlement (Compromise Agreement) executed by SMC with the United Coconut Planters Bank (UCPB) and the Coconut Industry Investment Fund (CIIF) Holding Companies in connection with the purchase of SMC shares under an agreement executed on March 26, 1986.

Certain parties have opposed the Compromise Agreement. The right of such parties to oppose, as well as the propriety of their opposition, has been the subject matters of cases before the Sandiganbayan and the Supreme Court.

On September 14, 2000, the Supreme Court upheld a Sandiganbayan Resolution requiring SMC to deliver the 25,450,000 common shares that were reverted to treasury in 1991 to the PCGG and to pay the corresponding dividends on the said shares (the “Sandiganbayan Resolution”).

On October 10, 2000, SMC filed a motion for reconsideration with the Supreme Court to be allowed to comply with the delivery and payment of the dividends on the treasury shares only in the event that another party, other than SMC, is declared owner of the said shares in the case for forfeiture (Civil Case) filed by the Philippine government (Government).

On April 17, 2001, the Supreme Court denied the motion for reconsideration.

On September 19, 2003, the PCGG wrote SMC to deliver to the PCGG the stock certificates and cash and stock dividends under the Sandiganbayan Resolution upheld by the Supreme Court. SMC referred the matter to its external financial advisor and external legal counsel for due diligence and advice. The external financial advisor presented to the BOD of SMC on December 4, 2003 the financial impact of compliance with the resolution considering “with and without due compensation” scenarios, and applying different rates of return to the original amount paid by SMC. The financial advisor stated that if SMC is not compensated for the conversion of the treasury shares, there will be: (a) a negative one-off EPS impact in 2003 of approximately 17.5%; (b) net debt increase of approximately

P2,100 million; and (c) a negative EPS impact of 6.9% in 2004. The external legal counsel at the same meeting advised the BOD of SMC that, among others, the facts reviewed showed that: (a) the compromise shares had not been validly sequestered; (b) no timely direct action was filed to nullify the transaction; (c) no rescission can be effected without a return of consideration; and (d) more importantly, requiring SMC to deliver what it acquired from the sellers without a substantive ground to justify it, and a direct action in which SMC is accorded full opportunity to defend its rights, would appear contrary to its basic property and due process rights. The external legal counsel concluded that SMC has “legal and equitable grounds to challenge the enforcement” of the Sandiganbayan Resolution.

On January 29, 2004, the external legal counsel made the additional recommendation that SMC should file a Complaint-in-Intervention in the Civil Case (now particularly identified as SB Civil Case No. 0033-F), the forfeiture case brought by the Government involving the so-called CIIF block of SMC shares of stock of which the treasury shares were no longer a portion. The Complaint-in-Intervention would pray that any judgment in the Civil Case forfeiting the CIIF block of SMC shares of stock should exclude the treasury shares.

At its January 29, 2004 meeting, the BOD of SMC unanimously decided to: (a) deny the PCGG demand of September 19, 2003, and (b) authorize the filing of the Complaint-in-Intervention. Accordingly, the external legal counsel informed the PCGG of the decision of SMC and the Complaint-in-Intervention was filed in the Civil Case.

In a Resolution dated May 6, 2004, the Sandiganbayan denied the Complaint-in-Intervention. The external legal counsel filed a Motion for Reconsideration, which was denied by the Sandiganbayan in its Decision dated November 28, 2007.

The external legal counsel advised that because the Sandiganbayan had disallowed SMC’s intervention, the Sandiganbayan’s disposition of the so-called CIIF block of SMC shares in favor of the Government cannot bind SMC, and that SMC remains entitled to seek the nullity of that disposition should it be claimed to include the treasury shares.

The external legal counsel also advised that the Government has, in its own court submissions: (i) recognized SMC’s right to the treasury shares on the basis that the Compromise Agreement is valid and binding on the parties thereto; and (ii) taken the position that SMC and UCPB had already implemented the Compromise Agreement voluntarily, and that the PCGG had conformed to the Agreement and its implementation. The Executive Committee of SMC approved the recommendation of external legal counsel on January 18, 2008 which was ratified by the BOD of SMC on March 6, 2008.

On July 23, 2009, the stockholders of SMC approved the amendment of the Articles of Incorporation to issue Series “1” preferred shares, and the offer to exchange common shares to Series “1” preferred shares. The PCGG, with the approval of the Supreme Court in its Resolution dated September 17, 2009, converted the sequestered common shares in SMC in the name of the CIIF Holding Companies, equivalent to 24% of the outstanding capital stock, into Series “1” preferred shares.

On February 11, 2010, the Supreme Court, amending its Resolution dated September 17, 2009, authorized the PCGG to exercise discretion in depositing in escrow, the net dividend earnings on, and/or redemption proceeds from, the Series “1” preferred shares of SMC, either with the Development Bank of the Philippines/Land Bank of the Philippines or with the UCPB. All dividends accruing to the Series “1” preferred shares are remitted to the escrow account established with UCPB. On October 5, 2012, SMC redeemed all Series “1” preferred shares including those Series “1” preferred shares in the name of the CIIF Holding Companies. Proceeds of such redemption with respect to Series “1” preferred shares in the name of the CIIF Holding Companies, including all accumulated dividends were paid to the National Treasury. As of October 5, 2012, CIIF Holding Companies are no longer stockholders of SMC.

On June 30, 2011, the PCGG filed with the Supreme Court relating to an Urgent Motion to Direct SMC to comply with the Sandiganbayan Resolution (the “Urgent Motion”). On March 30, 2012, SMC filed a Comment on the Urgent Motion in compliance with the Supreme Court's Resolution dated December 13, 2011 in G.R. Nos. 180705, 177857-58 and 178193, which was received by SMC on February 22, 2012, directing SMC to file its Comment on the Urgent Motion. The Supreme Court, in the Resolution of April 24, 2012 noted the comment of SMC.

Thereafter, the PCGG filed in G.R. Nos. 177857-58 and 178193 a “Manifestation and Omnibus Motion 1) To Amend the Resolution Promulgated on September 4, 2012 to Include the “Treasury Shares” Which are Part and Parcel of the 33,133,266 Coconut Industry Investment Fund (CIIF) Block of SMC Shares of 1983 Decreed by the Sandiganbayan, and Sustained by the Honorable Court, as Owned by the Government; and 2) To Direct SMC to Comply with the Final and Executory Resolutions Dated October 24, 1991 and March 18, 1992 of the Sandiganbayan Which Were Affirmed by the Honorable Court in G.R. Nos. 104637-38” (“Manifestation and Omnibus Motion”).

The Supreme Court, in the Resolution of November 20, 2012 in G.R. Nos. 177857-58 and 178193, required SMC to comment on COCOFED, et al.’s “Manifestation” dated October 4, 2012 and PCGG’s “Manifestation and Omnibus Motion.” Atty. Estelito P. Mendoza, counsel for Eduardo M. Cojuangco, Jr. in G.R. No. 180705, who is a party in that case, filed a “Manifestation Re: ‘Resolution’ dated November 20, 2012,” dated December 17, 2012, alleging that (a) Mr. Cojuangco, Jr. is not a party in G.R. Nos. 177857-58 and 178193 and he has not appeared as counsel for any party in those cases; (b) SMC is likewise not a party in those cases, and if SMC is indeed being required to comment on the pleadings in the Resolution of November 20, 2012, a copy of the Resolution be furnished SMC; and (c) the Supreme Court had already resolved the motion for reconsideration in G.R. Nos. 177857-58 and 178193 and stated that “no further pleadings shall be entertained, thus, any motion filed in the said cases thereafter would appear to be in violation of the Supreme Court’s directive”.

In its Resolution of June 4, 2013 in G.R. Nos. 177857-58 and 178193, the Supreme Court required SMC to file its comment on the (a) Manifestation, dated October 4, 2012 filed by petitioners COCOFED, et al. and (b) Manifestation and Omnibus Motion dated October 12, 2012 filed by the Office of the Solicitor General for

respondent Republic of the Philippines, as required in the Supreme Court Resolution, dated November 20, 2012, within ten (10) days from notice thereof.

In the latest Resolution, dated September 10, 2013, the Supreme Court directed SMC, through its counsel or representative, to immediately secure from the Office of the Clerk of Court of the Supreme Court *En Banc* photocopies of the (a) Manifestation, dated October 4, 2012 filed by petitioners COCOFED, et al. and (b) Manifestation and Omnibus Motion dated October 12, 2012 filed by the Office of the Solicitor, and granted SMC's motion for a period of thirty (30) days from receipt of the pleadings within which to file the required comment per resolutions dated November 20, 2012 and June 4, 2013.

SMC, thru external counsel, filed the following comments required in the Supreme Court Resolution of June 4, 2013 in G.R. Nos. 177857-58; (a) "Comment of San Miguel Corporation on the 'Manifestation' of Petitioners COCOFED, et al., Dated October 4, 2012" on November 6, 2013; and (b) "Comment of San Miguel Corporation on the 'Manifestation and Omnibus Motion...' Dated October 12, 2012 of the Respondent Republic" on December 3, 2013.

In the Entry of Judgment received on January 27, 2015, the Supreme Court entered in the Book of Entries of Judgments the Resolution of September 4, 2012 in G.R. Nos. 177857-58 and G.R. No. 178193 wherein the Supreme Court clarified that the 753,848,312 SMC Series "1" preferred shares of the CIIF companies converted from the CIIF block of SMC shares, with all the dividend earnings as well all increments arising therefrom shall now be the subject matter of the January 29, 2012 Decision and declared owned by the Government and used only for the benefit of all coconut farmers and for the development of the coconut industry. Thus, the fallo of the Decision dated January 24, 2012 was accordingly modified.

In the meantime, SMC has available cash and shares of stock for the dividends payable on the treasury shares, in the event of an unfavorable ruling by the Supreme Court.

b. Deficiency Excise Tax

On April 12, 2004 and May 26, 2004, SMC was assessed by the BIR for deficiency excise tax on "San Mig Light", one of its beer products. SMC contested the assessments before the Court of Tax Appeals (CTA) (1st Division) under CTA case numbers 7052 and 7053.

In relation to the aforesaid contested assessments, SMC, on January 31, 2006, filed with the CTA (1st Division), under CTA case number 7405, a claim for refund of taxes paid in excess of what it believes to be the excise tax rate applicable to it.

The above assessment cases (CTA case numbers 7052 and 7053) and claim for refund (CTA case number 7405), which involve common questions of fact and law, were subsequently consolidated and jointly tried.

On November 27, 2007, SMC filed with the CTA (3rd Division), under CTA case number 7708, a second claim for refund, also in relation to the contested assessments, as it was obliged to continue paying excise taxes in excess of what it believes to be the applicable excise tax rate.

On January 11, 2008, the BIR addressed a letter to SMC, appealing to SMC to settle its alleged tax liabilities subject of CTA case numbers 7052 and 7053 “in order to obviate the necessity of issuing a Warrant of Dstraint and Garnishment and/or Levy”. SMC’s external legal counsel responded to the aforesaid letter and met with appropriate officials of the BIR and explained to the latter the unfairness of the issuance of a Warrant of Dstraint and Garnishment and/or Levy against SMC, especially in view of SMC’s pending claims for refund. As of December 31, 2014, the BIR has taken no further action on the matter.

On July 24, 2009, SMC filed its third claim for refund with the CTA (3rd Division), under CTA case number 7953, also in relation to the contested assessments. This case is still undergoing trial.

On January 7, 2011, the CTA (3rd Division) under CTA case number 7708 rendered its decision in this case, granting SMC’s petition for review on its claim for refund and ordering respondent Commissioner of Internal Revenue to refund or issue a tax credit certificate in favor of SMC in the amount of P926 million, representing erroneously, excessively and/or illegally collected and overpaid excise taxes on “San Mig Light” during the period from December 1, 2005 up to July 31, 2007. This decision was elevated by the BIR Commissioner to the CTA En Banc and the appeal was denied in the case docketed as CTA EB No. 755. The Office of the Solicitor General filed with the Second Division of the Supreme Court a Petition for Review which was docketed as G.R. No. 205045. This case is now with the Third Division of the Court.

On October 18, 2011, the CTA (1st Division) rendered its joint decision in CTA case numbers 7052, 7053 and 7405, cancelling and setting aside the deficiency excise tax assessments against SMC, granting the latter’s claim for refund and ordering the BIR Commissioner to refund or issue a tax credit certificate in its favor in the amount of P781 million, representing erroneously, excessively and/or illegally collected and overpaid excise taxes on “San Mig Light” during the period from February 1, 2004 to November 30, 2005. A motion for reconsideration filed by the BIR Commissioner on the aforesaid decision has been denied and the Commissioner elevated the decision to CTA En Banc for review, which was docketed as CTA EB No. 873, the same was dismissed in a Decision dated October 24, 2012. The subsequent Motion for Reconsideration filed by the Commissioner was likewise denied. The CTA En Banc Decision was later elevated by the Office of the Solicitor General to the Supreme Court by Petition for Review, which was docketed as G.R. No. 20573 and raffled to the Third Division. This case was subsequently consolidated with G.R. No. 205045. Both cases are now with the Third Division.

In a Resolution dated July 21, 2014, a copy of which was received by SMC’s counsel on August 27, 2014, the Third Division of the Supreme Court required the parties to submit memoranda. Both SMC’s counsel and the BIR Commissioner, through the Office of the Solicitor General, have filed their respective Memoranda.

The two cases are deemed submitted for decision.

In the meantime, effective October 1, 2007, SMC spun off its domestic beer business into a new company, SMB. SMB continued to pay the excise taxes on “San Mig Light” at the higher rate required by the BIR.

On September 28, 2009, SMB filed a claim for refund with the CTA (3rd Division) under CTA case number 7973; on December 28, 2010, its second claim for refund with the CTA (1st Division) under case number 8209; on December 23, 2011, its third claim for refund with the CTA (3rd Division) under case number 8400; on July 30, 2012, its fourth claim for refund under case number 8591; and on December 19, 2013, its fifth claim for refund with the CTA (2nd Division) under case number 8748. CTA case numbers 7973, 8209, 8400 and 8591 have all been decided by the respective CTA Divisions, where they are pending, in favor of SMC. The counsel for the BIR Commissioner are now in the process of appealing to the CTA *En Banc* the decisions rendered by the CTA Divisions in CTA case numbers 7973 and 8400. On the other hand, the decision in CTA case number 8209 has been declared final and executory by the CTA Division concerned for failure on the part of the BIR Commissioner to file a Motion for Reconsideration on the decision. In CTA case number 8591, the BIR Commissioner filed a Motion for Reconsideration, which we opposed and which has been denied. With respect to CTA case number 8748, the same is still undergoing trial in the Second Division.

c. Deficiency Tax Liabilities

The BIR issued a Final Assessment Notice dated March 30, 2012 (2009 Assessment), imposing on IBI deficiency tax liabilities including interest and penalties for the tax year 2009. IBI treated the royalties earned from the licensing of its intellectual properties to SMB as passive income, and therefore subject to the 20% final tax. However, the BIR is of the position that said royalties are business income subject to the 30% regular corporate income tax.

On May 16, 2012, IBI filed a protest against the 2009 Assessment. In its Final Decision on Disputed Assessment issued last January 7, 2013, the BIR denied IBI’s protest and reiterated the demand to pay the deficiency income tax including interests and penalties. On February 6, 2013, IBI filed a Petition for Review before the CTA contesting the 2009 Assessment. The case is docketed as CTA case number 8607 and is already submitted for discussion.

For the taxable year 2010, on November 17, 2013, IBI received a Formal Letter of Demand with the Final Assessment Notice (2010 Assessment) from the BIR with a demand for payment of income tax and VAT deficiencies with administrative penalties. The BIR maintained its position that royalties are business income subject to the 30% regular corporate income tax. The 2010 Assessment was protested by IBI before the BIR through a letter dated November 29, 2013. A Petition for Review was filed with the CTA and the case was docketed as CTA case number 8813.

d. Tax Credit Certificates Cases

In 1998, the BIR issued a deficiency excise tax assessment against Petron relating to Petron's use of P659 million worth of Tax Credit Certificates (TCCs) to pay certain excise tax obligations from 1993 to 1997. The TCCs were transferred to Petron by suppliers as payment for fuel purchases. Petron contested the BIR's assessment before the CTA. In July 1999, the CTA ruled that as a fuel supplier of BOI-registered companies, Petron was a qualified transferee of the TCCs and that the collection by the BIR of the alleged deficiency excise taxes was contrary to law. On March 21, 2012, the Court of Appeals promulgated a decision in favor of Petron and against the BIR affirming the ruling of the CTA striking down the assessment issued by the BIR to Petron. On April 19, 2012, a motion for reconsideration was filed by the BIR, which was denied by the CTA in its Resolution dated October 10, 2012. The BIR elevated the case to the Supreme Court through a petition for review on *certiorari* dated December 5, 2012. On June 17, 2013, Petron filed its comment on the petition for review filed by the BIR. The petition is still pending as of December 31, 2014.

e. Pandacan Terminal Operations

In November 2001, the City of Manila enacted Ordinance No. 8027 reclassifying the areas occupied by the oil terminals of Petron, Pilipinas Shell Petroleum Corporation (Shell) and Chevron Philippines Inc. (Chevron) from industrial to commercial. This reclassification made the operation of the oil terminals in Pandacan, Manila illegal. However, in June 2002, Petron, together with Shell and Chevron, entered into an MOU with the City of Manila and the DOE, agreeing to scale down operations, recognizing that this was a sensible and practical solution to reduce the economic impact of Ordinance No. 8027. In December 2002, in reaction to the MOU, the Social Justice Society (SJS) filed a petition with the Supreme Court against the Mayor of Manila asking that the latter be ordered to enforce Ordinance No. 8027. In April 2003, Petron filed a petition with the Regional Trial Court (RTC) to annul Ordinance No. 8027 and enjoin its implementation. On the basis of a *status quo* order issued by the RTC, Mayor of Manila ceased implementation of Ordinance No. 8027.

The City of Manila subsequently issued the Comprehensive Land Use Plan and Zoning Ordinance (Ordinance No. 8119), which applied to the entire City of Manila. Ordinance No. 8119 allowed Petron (and other non-conforming establishments) a seven-year grace period to vacate. As a result of the passage of Ordinance No. 8119, which was thought to effectively repeal Ordinance No. 8027, in April 2007, the RTC dismissed the petition filed by Petron questioning Ordinance No. 8027.

However, on March 7, 2007, in the case filed by SJS, the Supreme Court rendered a decision (the March 7 Decision) directing the Mayor of Manila to immediately enforce Ordinance No. 8027. On March 12, 2007, Petron, together with Shell and Chevron, filed motions with the Supreme Court seeking intervention and reconsideration of the March 7 Decision. In the same year, Petron also filed a petition before the RTC of Manila praying for the nullification of Ordinance No. 8119 on the grounds that the reclassification of the oil terminals was arbitrary,

oppressive and confiscatory, and thus unconstitutional, and that the said Ordinance contravened the provisions of the Water Code of the Philippines (Presidential Decree No. 1067, the Water Code). On February 13, 2008, Petron, Shell and Chevron were allowed by the Supreme Court to intervene in the case filed by SJS but their motions for reconsideration were denied. The Supreme Court declared Ordinance No. 8027 valid and dissolved all existing injunctions against the implementation of the Ordinance No. 8027.

In May 2009, the Mayor of Manila approved Ordinance No. 8187, which amended Ordinance No. 8027 and Ordinance No. 8119 and permitted the continued operations of the oil terminals in Pandacan.

On August 24, 2012 (August 24 Decision), the RTC of Manila ruled that Section 23 of Ordinance No. 8119 relating to the reclassification of subject oil terminals had already been repealed by Ordinance No. 8187; hence any issue pertaining thereto had become moot and academic. The RTC of Manila also declared Section 55 of Ordinance No. 8119 null and void for being in conflict with the Water Code. Nonetheless, the RTC upheld the validity of all other provisions of Ordinance No. 8119. On September 25, 2012, Petron sought clarification and partial consideration of the August 24 Decision and prayed for the nullification of the entire Ordinance No. 8119. In an order dated December 18, 2012, the RTC of Manila denied the motion filed by Petron. Petron filed a notice of appeal on January 23, 2013. In an Order dated February 6, 2013, the RTC of Manila directed that the records of the case be forwarded to the Court of Appeals. On April 15, 2013, Petron received an order dated April 1, 2013 requiring it to file its appellant's brief. Petron submitted its appellant's brief on July 29, 2013. On December 19, 2013, Petron, through its counsel, received the City of Manila's appellee's brief dated December 12, 2013. Petron filed its appellant's reply brief on February 11, 2014. As of December 31, 2014, the appeal remained pending.

With regard to Ordinance No. 8187, petitions were filed before the Supreme Court, seeking for its nullification and the enjoinder of its implementation. Petron filed a manifestation on November 30, 2010 informing the Supreme Court that, without prejudice to its position in the cases, it had decided to cease operation of its petroleum product storage facilities in Pandacan within five years or not later than January 2016 due to the many unfounded environmental issues being raised that tarnish the image of Petron and the various amendments being made to the zoning ordinances of the City of Manila when the composition of the local government changes that prevented Petron from making long-term plans. In a letter dated July 6, 2012 (with copies to the offices of the Vice Mayor and the City Council of Manila), Petron reiterated its commitment to cease the operation of its petroleum product storage facilities and transfer them to another location by January 2016.

On November 25, 2014, the Supreme Court issued a Decision (November 25 Decision) declaring Ordinance 8187 unconstitutional and invalid with respect to the continued stay of the oil terminals in Pandacan. Petron, Shell and Chevron were given 45 days from receipt of the November 25 Decision to submit a comprehensive plan and relocation schedule to the RTC of Manila. Acting on a motion for reconsideration filed by Shell, a Motion for Clarification filed by Chevron, and a Manifestation filed by Petron, on March 10, 2015, the Supreme Court denied Shell's

motion with finality and clarified that relocation and transfer necessarily include removal of the facilities in the Pandacan terminals and should be part of the required comprehensive plan and relocation schedule.

On January 5, 2015, Petron filed a Manifestation of Understanding of the dispositive portion of the November 25 Decision of the Supreme Court declaring Ordinance 8187 unconstitutional and invalid with respect to the continued stay of the oil terminals in Pandacan and requiring Petron, Shell and Chevron to submit to the RTC of Manila within 45 days from receipt of the November 25 Decision a comprehensive plan and relocation schedule. The manifestation conveyed the understanding of Petron that the submission of the comprehensive plan and relocation schedule as required by the Supreme Court is intended to assure that the Pandacan oil terminals would cease to operate in line with Ordinance 8119. On January 12, 2015, Shell filed a motion for reconsideration thereby preventing the November 25 Decision from becoming final.

f. Oil Spill Incident in Guimaras

On August 11, 2006, MT Solar I, a third party vessel contracted by Petron to transport approximately two million liters of industrial fuel oil, sank 13 nautical miles southwest of Guimaras, an island province in the Western Visayas region of the Philippines. In separate investigations by the Philippine Department of Justice (DOJ) and the Special Board of Marine Inquiry (SBMI), both agencies found the owners of MT Solar I liable. The DOJ found Petron not criminally liable, but the SBMI found Petron to have overloaded the vessel. Petron has appealed the findings of the SBMI to the DOTC and is awaiting its resolution. Petron believes that SBMI can impose administrative penalties on vessel owners and crew, but has no authority to penalize other parties, such as Petron, which are charterers.

In 2009, complaints for violation of the Philippine Clean Water Act of 2004 (RA No. 9275, the Clean Water Act) and homicide and less serious physical injuries were filed against Petron. Complainants claim that their exposure to and close contact with waters along the shoreline and mangroves affected by the oil spill has caused them major health problems. On February 13, 2012, an Information was filed against the owner and the Captain of MT Solar I and the former President and Chairman of Petron for violation of the Clean Water Act. On March 28, 2012, the court dismissed the information for lack of probable cause and for lack of jurisdiction over the offense charged. The Provincial Prosecutor and the private prosecutor filed a motion for reconsideration of this March 28 Order of the court. On August 13, 2012, the court issued an order denying the said motion for reconsideration.

Other complaints for non-payment of compensation for the clean-up operations during the oil spill were filed by a total of 1,063 plaintiffs who allegedly did not receive any payment of their claims for damages arising from the oil spill. The total claims for both cases amounted to P292 million. Both cases are still pending as of December 31, 2014.

g. Generation Payments to PSALM

SPPC disputed the claims of PSALM for energy fees. The claims arose from differing interpretations of certain provisions in the IPPA Agreement related to generation payments, the fees payable to PSALM for the generation of power to customers. SPPC's management is in discussions with PSALM to secure a common understanding through amicable means. However, management and its legal counsel assessed that SPPC's bases for the amounts due to PSALM are consistent with the terms of the Ilijan IPPA Agreement. The information usually required is not disclosed on the grounds that it may prejudice the outcome of the discussion.

▪ *Master Year Limited (MYL)*

On September 30, 2013, Privado Holdings, Corp. (Privado) acquired 368,140,516 common shares of SMC from MYL. The acquisition was transacted thru the PSE at P75.00 per share.

On February 14, 2014, Privado acquired 50,000 common shares of stock of SMC at the PSE at P58.00 per share.

▪ *Philippine Foundation of Blessed Mary Mother of the Poor, Inc. (the Foundation)*

On January 11, 2011, SMPI entered into a contract with the Foundation, a non-profit religious organization, for the donation of a 33-hectare parcel of land located in Alfonso, Cavite (the Donated Property). The land title of the Donated Property was transferred in the name of the Foundation on April 28, 2011.

In accordance with the Deed of Donation, the Donated Property shall be used and devoted exclusively by the Foundation for the construction, operation and maintenance of its project, the Montemaria Oratory of the Blessed Virgin Mary (the Montemaria Project). The Montemaria Project will consist of a Shrine of the Blessed Virgin Mary, churches and chapels, Way of the Cross and such other structures and facilities for Roman Catholic religious purposes, and socio-civic and non-profit activities and programs of the Foundation.

Further, the Deed of Donation requires that the Montemaria Project must be at least 50% completed by 2015 and fully completed by 2020. If the Foundation will not be able to comply with this requirement, the Donated Property will revert back to SMPI.

On February 24, 2014, the Board of Trustees of the Foundation had resolved to return the Donated Property to SMPI. However, the Foundation has not formally returned the Donated Property as of December 31, 2014.

▪ *Commitments*

The outstanding purchase commitments of the Group as of December 31, 2014 amounted to P38,835 million.

Amount authorized but not yet disbursed for capital projects as of December 31, 2014 is approximately P25,600 million.

- *Foreign Exchange Rates*

The foreign exchange rates used in translating the US dollar accounts of foreign subsidiaries and associates and joint ventures to Philippine peso were closing rates of P44.72 and P44.395 in 2014 and 2013, respectively, for consolidated statements of financial position accounts; and average rates of P44.39 and P42.43 in 2014 and 2013, respectively, for income and expense accounts.

- *Temporary Restraining Order (TRO) Issued to Meralco*

On December 23, 2013, the Supreme Court issued a TRO, effective immediately, preventing Meralco from collecting from its customers the power rate increase pertaining to November 2013 billing. As a result, Meralco was constrained to fix its generation rate to its October 2013 level of P5.67/kWh. Claiming that since the power supplied by generators, including SMEC and SPPC, is billed to Meralco's customers on a pass-through basis, Meralco deferred a portion of its payment on the ground that it was not able to collect the full amount of its generation cost. Further, on December 27, 2013, the DOE, ERC, and PEMC, acting as a tripartite committee, issued a joint resolution setting a reduced price cap on the WESM of P32/kWh. The price will be effective for 90 days until a new cap is decided upon. As of December 31, 2013, the outcome of this case cannot be determined.

On January 16, 2014, the Supreme Court granted Meralco's plea to include other power supplier and generation companies, including SMEC and SPPC, as respondents to an inquiry. On February 18, 2014, the Supreme Court extended the period of the TRO until April 22, 2014 and enjoined the respondents (PEMC and the generators) from demanding and collecting the deferred amounts.

On March 3, 2014, the ERC issued an order declaring the November and December 2013 Luzon WESM prices void and imposed the application of regulated prices. Accordingly, SMEC, SPPC and SPDC recognized a reduction in the sale of power while SMELC recognized a reduction in its power purchases. Consequently, a payable and receivable were also recognized for the portion of over-collection or over-payment. The settlement of which shall be covered by a 24-month Special Payment Arrangement (SPA) agreed with PEMC which took effect in June 2014. On June 26, 2014, SMEC, SPPC and SPDC filed with the Court of Appeals a Petition for Review of these orders.

- *Electric Power Industry Reform Act of 2001*

RA No. 9136, otherwise known as the EPIRA sets forth the following: (i) Section 49 created PSALM to take ownership and manage the orderly sale, disposition and privatization of all existing NPC generation assets, liabilities, IPP contracts, real estate and all other disposable assets; (ii) Section 31(c) requires the transfer of the management and control of at least 70% of the total energy output of power plants under contract with NPC to the IPP Administrators as one of the conditions for retail competition and open access; and (iii) Pursuant to Section 51(c), PSALM has the power to take title to and possession of the IPP contracts and to appoint, after a competitive, transparent and public bidding, qualified independent entities who shall act as the IPP Administrators in accordance with the EPIRA. In accordance with the bidding procedures and

supplemented bid bulletins thereto to appoint an IPP Administrator relative to the capacity of the IPP contracts, PSALM has conducted a competitive, transparent and open public bidding process following which the Group was selected winning bidder of the IPPA Agreements.

The EPIRA requires generation and distribution utility (DU) companies to undergo public offering within five years from the effective date, and provides cross ownership restrictions between transmission and generation companies. If the holding company of generation and DU companies is already listed with the PSE, the generation company or the DU need not comply with the requirement since such listing of the holding company is deemed already as compliance with the EPIRA.

A DU is allowed to source from an associated company engaged in generation up to 50% of its demand except for contracts entered into prior to the effective date of the EPIRA. Generation companies are restricted from owning more than 30% of the installed generating capacity of a grid and/or 25% of the national installed generating capacity.

▪ *Subscription Agreement (SA) with Innovative Hi-Power Holdings, Inc.*

On June 25, 2008, the Parent Company entered into a SA with Innovative Hi-Power Holdings, Inc. (the “Subscriber”). Under the terms and conditions of the agreement, the Subscriber agrees to assign, transfer and convey in favor of the Parent Company its rights to, title and interest in the shares of stock representing 100% ownership in five mining companies, in consideration for the shares to be subscribed.

The parties agreed to hire an appraiser to conduct the appraisal and valuation of the five mining companies within six months from the execution of the agreement, unless extended by mutual agreement of the parties. The resulting appraised value shall be the basis for the increase of the authorized capital stock of the Parent Company and the subscription of the Subscriber to such number of the common shares of stock of the Parent Company with an aggregate par value equivalent to the appraised value.

Pending the results of the appraisal, 7.5% of the estimated value of the five mining companies, equivalent to P21 million, shall be assigned to the Parent Company as of the date of execution of the agreement.

On September 11, 2009 and January 4, 2010, the Subscriber and the Parent Company entered into Amendments to the SA amending certain provisions of the SA executed on June 25, 2008. The amendments include, among others, an extension of the appraisal of the five mining companies which shall be completed on or before December 25, 2012, or such later date as the parties shall mutually agree upon in writing.

The Parent Company did not recognize the investment and the deposit for future stock subscriptions in the consolidated statements of financial position since the risks and rewards from the five mining companies remained with the Subscriber.

In 2013, the Subscriber did not satisfy the conditions for the assignment of its rights to, title and interest in the shares of stock of the five mining companies and the contemplated investment of the Subscriber in the Parent Company, as provided for in the

SA and Amendment to the SA, was terminated.

- 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.
- 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.
- 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.
- There were no known trends, demands, commitments, events or uncertainties that will have a material impact on the Group's liquidity.
- 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.
- 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, except for "Contingencies" of Section VIII above, that remain outstanding as of December 31, 2014. No material contingencies and any other events or transactions exist that are material to an understanding of the current interim period.
- The effects of seasonality or cyclicity on the interim operations of the Group's businesses are not material.
- 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 December 31, 2014.

ANNEX “G”

TOP FRONTIER INVESTMENT HOLDINGS, INC.

2014

LIST OF TOP 20 STOCKHOLDERS

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Top Frontier Investment Holdings, Inc.
STOCK TRANSFER MODULE
List of Stockholders
As of Dec 31, 2014

PAGE 1

RANK	STOCKHOLDER NAME	Common	Preferred	TOTAL SHARES	% OF O/S
1	INIGO U. ZOBEL	199,601,417	0	199,601,417	59.619760 %
2	MASTER YEAR LIMITED	49,799,800	0	49,799,800	14.874905 %
3	PCD NOMINEE CORPORATION (FILIPINO)	38,397,012	0	38,397,012	11.468960 %
4	PRIVADO HOLDINGS, CORP.	36,814,051	0	36,814,051	10.996139 %
5	PCD NOMINEE CORPORATION (NON- FILIPINO)	4,620,792	0	4,620,792	1.380203 %
6	SAN MIGUEL CORPORATION	2,561,031	1,904,540	4,465,571	1.333840 %
7	EVERETT STEAMSHIP CORPORATION	190,333	0	190,333	0.056851 %
8	EDUARDO M. COJUANGCO JR.	127,354	0	127,354	0.038040 %
9	PAC RIM REALTY & DEVELOPMENT CORP.	91,205	0	91,205	0.027242 %
10	REAL MONASTERIO DE LA PURISIMA CONCEPCION DE NUESTRA MADRE SANTA CLARA DE MANILA	81,028	0	81,028	0.024203 %
11	LUCKY STAR HOLDINGS, INC.	66,628	0	66,628	0.019901 %
12	A M T DEVELOPMENT CORPORATION	60,399	0	60,399	0.018041 %
13	LORETTA N. PEDIAPCO	29,150	0	29,150	0.008707 %
14	MAJENT MANAGEMENT & DEVELOPMENT CORPORATION	23,155	0	23,155	0.006916 %
15	MIGUEL ENRIQUE SINGSON ROA	18,410	0	18,410	0.005499 %
16	MARGARITA MARIA L. OTERO	15,250	0	15,250	0.004555 %
17	MAJOGRAJO DEVELOPMENT CORPORATION	15,163	0	15,163	0.004529 %
18	MARY GO SAY	13,060	0	13,060	0.003901 %
19	CARLOS O. COJUANGCO	12,243	0	12,243	0.003657 %
20	MARCOS O. COJUANGCO	11,553	0	11,553	0.003451 %
		332,549,034	1,904,540	334,453,574	99.899300 %

TOTAL NO. OF SHARES : 334,790,707
TOTAL NO. OF DISTINCT STOCKHOLDERS : 394
TOTAL NO. OF ACCOUNTS : 394

ANNEX “H”

TOP FRONTIER INVESTMENT HOLDINGS, INC.

2014

SEC Forms 17-C

TOP FRONTIER INVESTMENT HOLDINGS, INC. SEC Forms 17-C – 2014

Date Reported	Subject
Jan 13	Top Frontier Investment Holdings, Inc. (the "Company") reports that, on 13 January 2014, the entire issued common shares of the Company comprising of 490,196,200 common shares were listed on the Philippine Stock Exchange, Inc., as scheduled.
May 12	Disclosure on the details of the annual stockholders meeting of the Company as approved during the Board of Directors Meeting of the Company held on 12 May 2014.
July 09	<p>The Company reports that the following matters were approved during the meetings held on 09 July 2014:</p> <ul style="list-style-type: none"> a. Regular Meeting of the Board of Directors <ul style="list-style-type: none"> i. Approval of the Minutes of the Special Meeting of the Board of Directors held on 12 May 2014 ii. Declaration of cash dividends to shareholders owning preferred shares as of 09 July 2014, amounting to Php265,683,330.00, or approximately Php139.50 per preferred share, payable on 11 July 2014 b. Annual Meeting of the Stockholders <ul style="list-style-type: none"> i. Approval of the Minutes of the Annual Stockholders' Meeting held on 12 August 2013 and the Special Stockholders' Meeting held on 17 October 2013 ii. Presentation and approval of the Annual Report iii. Ratification of all acts and proceedings of the Board of Directors and corporate officers of the Company since the Annual Stockholders' Meeting held on 12 August 2013 up to 09 July 2014 as set forth in the minutes of the meetings of the Board of Directors iv. Appointment of R.G. Manabat & Co. as external auditors of the Company for 2014 v. Election of the following as members of the Board of Directors of the Company: <ul style="list-style-type: none"> 1. Iñigo U. Zobel 2. Ramon S. Ang 3. Ferdinand K. Constantino 4. Aurora T. Calderon 5. Nelly A. Favis-Villafuerte 6. Consuelo M. Ynare-Santiago – Independent Director 7. Minita V. Chico-Nazario – Independent Director c. Organizational Meeting of the Company <ul style="list-style-type: none"> i. Approval of the Minutes of the Organizational Meeting of the Board of Directors held on 12 August 2013 ii. Election of the following as officers of the Company: <ul style="list-style-type: none"> 1. Iñigo U. Zobel - Chariman of the Boar 2. Ramon S. Ang - President and Chief Executive Officer 3. Aurora T. Calderon - Treasurer 4. Bella O. Navarra - Chief Finance Officer 5. Virgilio S. Jacinto - Corporate Secretary and Compliance Officer 6. Maria Rosario B. Balanza - Investment Relations Officer 7. Irene M. Cipriano - Assistant Corporate Secretary iii. Appointment of the members of the Board Committees of the Company iv. Designation of depositary banks and appointment of authorized signatories for banking and other corporate transactions

July 31	<p>The Company reports that during the special meeting of the Board of Directors of the Company held on 31 July 2014, the Board unanimously approved the adoption of the Amended Manual of Corporate Governance of the Company, incorporating, among other, the amendments pursuant to SEC Memorandum Circular No. 9, Series of 2014 (Amendment to the Revised Code of Corporate Governance).</p> <p>A copy of the aforementioned Amended Manual of Corporate Governance, as signed by the President and Chief Executive Officer of the Corporation was likewise submitted, with the undertaking to submit to the Commission a copy of the Amended Manual of Corporate Governance as signed by Mr. Iñigo U. Zobel, the Chairman of the Company, as soon as practicable, considering that the Chairman was out of the country.</p>
Nov 12	<p>The Company reports that the following matters were unanimously approved during the Regular Meeting of the Board of Directors of the Company held on 10 November 2014:</p> <ul style="list-style-type: none"> a. approval of the financial results and financial position of the Corporation as of 30 September 2014; b. declaration of cash dividends owning preferred shares as of 10 November 2014 amounting to Php265,683,330.00, or approximately Php139.50 per preferred share, payable on 12 November 2014; and c. adoption of the Corporation's Code of Conduct and Ethics, Employee Manual, Policy on Whistle-blowing, Policy on Dealings in Securities and Policy on Related Party Transactions, as endorsed by the Corporate Governance Committee of the Corporation.