

REPUBLIC OF THE PHILIPPINES)
_____) S.S.

PASIG CITY

CERTIFICATION

I, **EVELYN S. ENRIQUEZ**, of legal age, Filipino citizen, with office address at the 7th Floor, The Columbia Tower, Ortigas Avenue, Mandaluyong City, after being sworn in accordance with law, hereby depose and certify:

1. I am the Corporate Secretary of **PHILIPPINE SEVEN CORPORATION** (the "Corporation"), a corporation duly organized and existing under and by virtue of the laws of the Philippines, with principal office at the 7th Floor, The Columbia Tower, Ortigas Avenue, Mandaluyong City;
2. I hereby certify that the basic and material data in the Amended Annual Report and Audited Financial Statements of the Corporation for the year 2011 are also contained in the compact disc and hard copies.

MAY 30 2012
IN WITNESS WHEREOF, I have hereunto set my hand this _____ day of _____ 2012, Mandaluyong City, Philippines.

Evelyn S. Enriquez
EVELYN S. ENRIQUEZ
Corporate Secretary

MAY 30 2012
SUBSCRIBED AND SWORN to before me this _____ day of _____ 2012 at _____, affiance exhibiting to me her SSS ID No. 0372848505.

Doc. No. 361
Page No. 73
Book No. EXXW
Series of 2012.

NOTARY PUBLIC
Ramon E. Carpio
ATTY. RAMON E. CAPIO
NOTARY PUBLIC
UNTIL DECEMBER 31, 2012
ROLL NO. 22, 172 TIN 106-918-897
MCLE NO. III-10014826
PTR NO. 7514826, ISSUED
JAN. 2, 2012 AT PASIG CITY

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-A

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

1. For the fiscal year ended **2011**
2. SEC Identification Number **108476**
3. BIR Tax Identification No. **301-000-390-189**
4. Exact name of registrant as specified in its charter **PHILIPPINE SEVEN CORPORATION**
5. **Philippines**
Province, Country or other jurisdiction of Incorporation or Organization
6. (SEC Use Only)
Industry Classification Code:
7. **7th Floor, The Columbia Tower,
Ortigas Ave., Mandaluyong City** **1550**
Address of principal office Postal Code
8. **(632) 724-4441 to 51**
Registrant's telephone number, including area code
9. Not Applicable
Former name, former address, and former fiscal year, if changed since last report.
10. Securities registered pursuant to Sections 8 and 12 of the SRC, or Sec. 4 and 8 of the RSA

Title of Each Class	Number of Shares of Common Stock Outstanding
Common	346,642,966

11. Are any or all of these securities listed on the Philippine Stock Exchange.

Yes No

Title of Class	Total Shares Listed
Common Shares	347,329,216

12. Check whether the registrant:

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

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

Yes No

13. The aggregate market value of the voting stock held by non- affiliates of the registrant.

The aggregate market value of 92,852,255 share of common stock is Php 2,404,873,404.5 based on the bid price of P25.90 per share as of December 26, 2011, the last transaction date for the year under review.

DOCUMENTS INCORPORATED BY REFERENCE

- (a) Management's Discussion and Analysis of 2011 Operations as per Item 6 of SEC Form 17-A (Appendix A);
- (b) Audited Consolidated Financial Statements for the year end December 31, 2011 showing the financial condition of registrant as per Item 7 of SEC Form 17-A (Appendix B).

PART I – BUSINESS AND GENERAL INFORMATION

Item 1. Business

Philippine Seven Corporation ("PSC") was registered with the Securities and Exchange Commission ("SEC") on November 23, 1982. It acquired from Southland Corporation (now Seven Eleven, Inc.) of Dallas, Texas the license to operate 7-Eleven stores in the Philippines in December 13, 1982. Operations commenced with the opening of its first store in February 29, 1984 at the corner of Kamias Road and EDSA Quezon City, Metro Manila. Considering the country's economic condition at that time, the Company grew slowly in its first few years of existence.

In July 28, 1988, PSC transferred the Philippine area license to operate 7-Eleven stores to its affiliate, Phil-Seven Properties Corporation ("PSPC"), together with some of its store properties. In exchange thereof, PSC received 47% of PSPC stock as payment. Concurrent with the transfer, PSC entered into a sublicensing agreement with PSPC to operate 7-Eleven stores in Metro Manila and suburbs. As part of PSPC's main business, it acquired or leased commercial properties and constructed retail store buildings, leasing the buildings to PSC on long term basis together with most of the capital equipment used for store operations. In effect, PSC concentrated on managing its stores and effectively took the role of a pure retailer.

In May 2, 1996, the stockholders of both PSC and PSPC approved the merger of the two companies to advance PSC group's expansion. In October 30, 1996, SEC approved the merger and PSPC was then absorbed by PSC as the surviving entity. With the consolidation of the respective lines of business of PSC and PSPC, PSC's retailing strengths were complemented by PSPC's property and franchise holdings. Their management as a single entity enhanced operational efficiency and strengthened ability to raise capital for growth. PSC listed its shares (SEVN) in the Philippine Stock Exchange and had its initial public offering in February 04, 1998. The shares were offered at the price of P4.40 per share from its par value of P1.00 per share. In September 17, 1998, PSC established Convenience Distribution Inc. ("CDI"), a wholly owned subsidiary, to provide a centralized warehouse and distribution system to service its 7-Eleven stores.

With the effectivity of the Retail Trade Liberalization Act (R.A. 8762) on March 25, 2000, foreign entities were allowed to invest in an existing retail company subject to the requirements of the law. President Chain Store Corporation of Taiwan (PCSC), which is also the 7-Eleven licensee in Taiwan operating about 2,700 stores, purchased 119,575,008 common shares of PSC or 50.4% of PSC's outstanding capital stock at the price of P8.30 per share. The purchase was made under a tender offer during October 9 to November 7, 2000 by President Chain Store (Labuan) Holdings, Ltd., a Malaysian investment holding company, wholly-owned by PCSC. The acquisition is meant to forge a strategic alliance which aims to provide PSC with technical support from PCSC in strengthening its organizational structure and operating systems. This shall enable PSC to pursue store expansion plans on sound and profitable basis. A new affiliate, Store Sites Holdings Inc., was also established on November 9, 2000, as the entity to own land properties. These land properties are leased to PSC by SSHI. PSC's area license to operate 7-Eleven Stores in the Philippines was renewed in August 31, 2007 for another term of 20 years, renewable every 10 years. The Renewal Area License Agreement has been approved by and registered with the Intellectual Property Office as of September 25, 2007.

PSC initiated the establishment of PhilSeven Foundation Inc. (PFI) in October 2, 2007 to support its corporate social responsibility programs. PFI was granted a certificate of registration by DSWD on August 6, 2010. BIR issued a certificate of registration to PFI dated December 21, 2011 recognizing PFI as a donee institution.

The company had a manpower complement of 2,208 personnel, 623 of whom are regular employees, 48 contractual/probationary and 1537 cooperative members to augment temporary needs during peak hours or season in the stores and the support services units. There is no existing labor union in the company and collective bargaining agreement. There is a PSC Employees Council which communicates to management the employees concerns. There has been no strike or threat to strike from the employees for the past three years.

At year end, PSC is operating 689 stores, 278 of which are franchise stores under FC1, 166 franchise stores under FC2, and the remaining 245 are company-owned stores. The store franchise contracts have a minimum term of 5 years each, renewable for a similar term. The stores under franchise are indicated in the store list provided in the discussion of Leases herein.

Currently, PSC considers three major competitors in maintaining its leadership in the Convenience Store ("C-Store") Industry. There are a number of other generic or hybrid stores or grocery stores including gas marts, but their store count or sales volume as a group by itself is not significant to be considered. PSC has forged a non-exclusive tie-up with Chevron Philippines Inc. in

August 2009 for opening of 7-Eleven stores in selected Caltex stations. Another non-exclusive tie-up was concluded in May 2011 with Total (Philippines) Corporation to establish 7-Eleven Stores in identified Total gasoline stations. The Company continues to sustain its leadership by putting stores in strategic locations, carrying product assortment fit for such market.

In spite of the growing competition in convenience store ("C-Store") businesses, PSC maintains its leadership in the industry. The Corporation estimates its market share in branded C-store businesses as of December 31, 2011, in terms of number of C-store outlets in Metro Manila and adjacent provinces, as follows:

	<i>Number of C- stores</i>	<i>Market Share (as of 31 Dec 2011)</i>
7-Eleven	689	50%
Mercury Self-Serve*	345	25%
Ministop	325	23%
San Miguel Food Shop	25	2%
TOTAL	1,384	100%

*only 47 stores operate 24 hours

The majority shareholder, PCSC, has hands-on experience and know how in operating more than 4,802 7-Eleven Stores in Taiwan and continually providing technical expertise, logistics infrastructure and marketing support program to build the Corporation's business systems for its store expansion program. The continuous improvement of the Corporation's supply chain shall generate further efficiencies to effectively compete with the entry of other players in the C-store business. The successful franchise program is another mover to achieve the expansion plans and to dominate the c-store market.

The average number of customers that transact in the stores is about 1000 per day per store with an average purchase transaction of about ₱ 49.00. The stores carry a wide range of beverages, food service items, fresh foods, hot foods, frozen foods, confectioneries, cookies and chips, personal care products, groceries and other daily needs and services for modern convenience which neighborhood residents, commuters, students and other urban shoppers would look for in a convenience store. Also offered in the store are proprietary product lines under the 7-Eleven trademark such as:

Trademarks	Description of Product	Application Date	Status
1. Slurpee	Frozen carbonated beverage, prepared with a variety of high-quality syrups, properly brixed, and served in standardized, trademark SLURPEE cups	Aug. 19, 1992	Registered for 20 years from Aug. 19, 1992 to Aug. 18, 2012
2. Super Big Bite	Sandwiches, hotdogs and buns	Apr. 20, 1994	Registered for 20 years from April 20, 1994 to Apr. 19, 2014
3. Big Gulp	Post-mix fountain beverage, prepared with a variety of high quality syrups	Nov. 16, 1992	Registered for 20 years from Nov. 16, 1992 to November 15, 2012

PSC also sells its developed or own branded products/services under the following trademarks:

Trademarks	Description of Product	Application Date	Status of Registration
1. Hot Cup Quick Mix	Instant pre-packed hot beverages sold in 7-Eleven stores	June 5, 2006	Registered for 10 years (March 3, 2008 to March 3, 2018) 3rd year DAU filed on June 5, 2009
2. Café 24/7	Brewed coffee, hot chocolates, cappuccino, hot tea and other coffee and chocolate variants	June 5, 2006	Registered for 10 years (Feb. 16, 2009 to Feb. 16, 2019) 3rd year DAU filed on February 23, 2010
3. 24-Hr Express Payment	Receiving from customers payments to various establishments	June 5, 2006	Application pending 3rd year DAU filed on June 5, 2009
4. Pinoy Rice Meal	Ready-to-eat rice meals with variants	June 5, 2006	Application pending 3 rd year DAU filed on June 5, 2009
5. Medi-express	Pharmaceutical	January 19, 2006	Registered for 10 years (Apr. 14, 2008 to Apr. 14, 2018) 3rd year DAU filed on July 20, 2009
6. Daily Bread	Different variants of bread	May 18, 2007	Registered for 10 years (May 19, 2008 to May 19, 2018) 3rd year DAU filed on April 30, 2010

7. Hotta Rice	Ready-to-eat rice meals with different variants	September 22, 2008	Registered for 10 years (Feb. 23, 2009 to Feb. 23, 2019) 3rd year DAU filed on September 7, 2011
8. Pastarrific	Pasta meals with variants	March 10, 2009	Registered for 10 years (Nov. 19, 2009 to Nov. 19, 2019)

Further, the products or services carried by the stores as described above are generally categorized as General Merchandise which accounts for 74.56%, Food Service and Cupdrinks for 24.69% and Services at 0.75%.

The merchandise stocks are supplied by over 350 vendors/suppliers and are mostly governed by the standard trading terms contract prescribed by the Company. Among the largest suppliers for the products carried by the stores are Unilever Philippines Inc., San Miguel Corporation, Pepsi Cola Products Phils. Inc., Coca Cola Bottlers Phils. Inc., Universal Robina Corporation, PMFTC, Absolute Sales Corporation, Nestle Philippines Inc., Del Monte Philippines Inc. These top suppliers are 50% share of the 7-Eleven business.

Item 2. Properties

The following properties are company-owned, free from any lien or encumbrances, as described below:

Condominium (Owned)

Description	Location	Total Lot Area (in square meter)
MH del Pilar Store Branch	Unit Nos. 102 & 201, Ferguson Tower, A. Flores cor. MH del Pilar & Guerrero Sts., Ermita, Manila	151.43
Office Space	All units of 7 th Floor and 3 units of 11 th Floor, Columbia Tower Ortigas Avenue, Mandaluyong City	1,662.00
20 parking units	G/F, Basement 2 and 3 Columbia Tower	300.00

The Company divested its land holdings to 7 parcels of land, excluding the improvements thereon, to its affiliate, Store Sites Holdings, Inc. (SSHI) at book value. SSHI was registered with SEC last November 9, 2000, initially wholly-owned by PSC. It eventually became 40% Company-owned with the 60% investment in SSHI by the PSC Employees Retirement Plan through its trustee, Bank of Philippine Islands-Asset Management & Trust Group. Anticipating foreign ownership in PSC to exceed 40%, the divestment was made to SSHI, which is 60% owned by Filipinos and 40% by foreigners to comply with 40% foreign ownership limit for corporations allowed to hold or own land/s in the Philippines.

As part of the normal course of business, the Company shall continue to acquire properties under lease agreement. The Company, on a case to case basis, may consider purchase of real property for store sites or office site if there is an opportunity or offer at a reasonable price. However, there is no capital expenditure allocation for purchase of real properties in the next twelve (12) months.

Leases

The Company leases land or existing building shell for its establishment of 7-Eleven stores. The lease term for these locations ranges mostly from 5 to 10 years. The numbers of locations which shall expire within the next 5 years are as follows:

2012	2013	2014	2015	2016
75	83	91	123	74

Rental rates of 7-Eleven Stores vary depending on transaction type as land or building shell transaction; size of the area being leased; site location in relation to the trade area; and the prevailing real estate market rates. The total amount of lease payments by the Corporation is contained in the Financial Notes on Leases of the audited financial statements attached herein. Below is the list of leased properties for the 7-Eleven Stores operational as Corporate and under a Franchise Agreement.

#	Store Name	Address
1	002 BF Homes	Pres. Ave., BF Homes Parañaque
2	003 Libertad	Libertad cor., F.B. Harrison, Pasay
3	004 Nagtahan	Nagtahan Cor. J.P. Laurel, Sta. Mesa Manila
4	005 U.N. Ave ^^	900 U.N. Ave., Ermita, Manila
5	007 Quiapo ^^	465 Quezon Blvd., Quiapo, Manila
6	008 Adriatico ^^	Adriatico cor., P. Faura, Manila
7	010 Muñoz	Roosevelt Ave, nr. Cor. EDSA-Muñoz, Q.C.
8	011 Airport ^^	Quirino Ave., cor. Airport Road Parañaque
9	012 Roces ^^	A. Roces St. cor. Quezon Ave., Q.C.
10	015 STI Shaw ^^	Shaw Blvd. nr. cor. Mayflower St., Pasig City
11	016 RJ-Makati **	7849 Gen. Luna St. cor. Makati Avenue, Makati City
12	017 Buendia **	Sen. Gil Puyat Ave. cor. Taft Ave., Manila
13	020 Boni-EDSA	Boni Avenue cor., EDSA Mandaluyong City
14	022 Retiro ^^	Retiro cor. Dimasalang, Manila
15	024 Paco1	Pedro Gil St., Paco, Manila
16	030 Burgos ^^	Libertad St., cor. Burgos St., Pasay City
17	031 Barangka	Boni Ave., Barangka Drive, Mandaluyong
18	032 Maypajo ^^	J.P. Rizal St., cor. Ambini St., Maypajo, Caloocan City
19	033 Dapitan	Maceda cor. Dapitan St., Sampaloc, Manila
20	035 Pasig Church **	Caruncho Ave., cor. Sixto Ave., Pasig
21	036 JRC	Shaw Blvd. cor Kalentong St., Mandaluyong City
22	037 Nova1 ^^	Gen. Luis St, cor. Austria St., Novaliches, Q.C.
23	038 Pilar ^^	Alabang Zapote Rd., Pilar Rd., Alamansa
24	039 MCU **	Edsa cor. Asuncion St., Monumento, Caloocan City
25	040 Almeda ^^	Concepcion cor. Almeda, San Joaquin, Pasig City
26	041 Marulas	Mc Arthur Hi-way cor. Pio del Pilar, Valenzuela, Manila
27	043 Malibay ^^	EDSA cor. C. Jose St., Malibay, Pasay City
28	044 Bacoor ^^	G.E. Aguinaldo Hi-way cor. Talaba, Bacoor
29	045 Gagalangin ^^	Juan Luna cor., Pampanga St., Gagalangin Tondo, Manila
30	046 Pandacan	Jesus cor., Labores St., Pandacan, Manila
31	047 Singalong ^^	Singalong St., cor., san Andres, Malate Manila
32	051 Alabang 1 **	Montillano St., West Service Road, Alabang
33	054 Munti1 ^^	Rizal St. cor. National Road, Poblacion, Muntinlupa
34	056 Evangelista ^^	Pio del Pilar cor. Evangelista, Makati
35	057 Commonwealth **	Tandang Sora Ave., cor. Commonwealth Ave., Q.C.
36	059 Revilla	EDSA cor. C. Revilla St., Pasay City
37	060 Cainta Junction ^^	A. Bonifacio St., cor. Ortigas Ave., Ext., Cainta, Rizal
38	063 Guadalupe 1 ^^	EDSA nr. cor. R. Magsaysay, Guadalupe, Makati
39	064 Masinag ^^	Marcos Highway cor. Sumulong Highway, Antipolo, Rizal
40	065 Road 8 ^^	Road 8 cor. Visayas Ave., Proj. 6, Q.C.
41	066 MH del Pilar **	A. Flores St., M.H. del Pilar, Ermita, Manila
42	067 StJames	Tandang Sora Ave., cor. Mindanao Avenue, Q.C.
43	068 Murphy ^^	15th Ave. cor. Liberty Ave., Murphy, Cubao, Q.C.
44	069 PCU ^^	Pedro Gil St. cor. L. Guinto St., Malate, Manila
45	071 A. Bonifacio ^^	A. Bonifacio St., cor. Shaw Blvd., Mandaluyong City
46	072 Calamba 1	National Highway cor. J.P. Rizal
47	074 Canaynay	Dr. A. Santos Ave., cor. Canaynay Ave., Parañaque
48	075 Antipolo Church **	P. Oliveros St. cor Masangkay Rd., Antipolo, Rizal
49	076 Pasig Rotonda **	Pasig Blvd. cor. Sixto Antonio, Pasig City
50	078 Bruger ^^	National Rd., Bruger St., Bruger Subd., Muntinlupa City
51	080 Marcelo ^^	West Service Road cor. Marcelo Ave., Parañaque
52	082 San Antonio	Sucat Rd. cor San Antonio Ave., Parañaque
53	085 Harrison ^^	F.B. Harisson St. cor. Vito Cruz, Manila
54	086 Tayuman ^^	Tayuman St. cor. Rizal Ave., Manila
55	087 Imus **	Aguinaldo Highway cor. Tanzang Luma, Imus Cavite
56	088 Antip1Cir **	Circumferential Rd. cor. M.L. Quezon St., Anipolo, Rizal
57	090 Bangkal	Evangelista cor. Alejandrino St., Bangkal, Makati
58	091 San Pedro1	Maharlika St. cor. National Highway, San Pedro,

		<i>Laguna</i>
59	093 Meycauayan2	<i>Mc Arthur Hi-way cor. Malhakan Rd., Meycauayan, Bulacan</i>
60	096 San Pedro2	<i>A. Mabini St. cor. Garcia St. San Pedro, Laguna</i>
61	097 Cavite City ^^	<i>Cajigas St. cor. Burgos St., Cavite City</i>
62	098 Ylaya	<i>Ylaya St. cor. Lakandula St., Binondo, Manila</i>
63	099 Dasma1	<i>P. Campos cor. Cantimbuhan St., Dasmariñas, Cavite</i>
64	100 Balibago **	<i>National Highway cor. R. Lasaga St., Balibago</i>
65	101 Blumentrit2 ^^	<i>Blumentritt St. cor. Isagani St. Sampaloc, Manila</i>
66	102 Hermosa ^^	<i>J. Abad Santos Ave., cor. Hermosa St., Tondo, Manila</i>
67	103 Kabisnasan	<i>Kabisnasan St. cor. San Dionisio Parañaque</i>
68	104 Galas ^^	<i>Unang Hakbang St., cor. Luzon Ave., Galas, Q.C.</i>
69	105 Lower Bicutan	<i>Gen. Santos Avenue cor. M.L. Quezon St., Lower Bicutan</i>
70	106 Tamaraw Hills **	<i>Mc Arthur Hi-way cor. Tamaraw Hills, Marulas, Valenzuela</i>
71	107 Cabuyao ^^	<i>J.P. Rizal cor. Circumferencial Ave., Cabuyao, Laguna</i>
72	108 Chico ^^	<i>Chico St. cor. Anonas St., Proj. 2, Q.C.</i>
73	109 Remedios ^^	<i>Remedios St. cor. MH del Pilar, Malate, Manila</i>
74	111 Molino1 ^^	<i>Molino Rd., cor. Bahayang Pag-asa, Bacoor, Cavite</i>
75	112 San Pablo1 ^^	<i>Rizal Ave., cor. A. Flores St., San Pablo City</i>
76	113 Tanay	<i>Plaza Rizal cor. P. Burgos, Tanay, Rizal</i>
77	114 Dasma2 **	<i>Mangubat St., cor. Aguinaldo Highway, Dasmariñas, Cavite</i>
78	115 Molino2 ^^	<i>Molino Rd., San Nicolas, Mambog, Bacoor, Cavite</i>
79	116 SaliRos	<i>193 Gen. Trias Drive, Rosario, Cavite</i>
80	118 GMA **	<i>Gov. Drive nr. cor. GMA Drive, Dasmariñas, Cavite</i>
81	119 Biñan2	<i>National Highway cor. Malvar St., Biñan, Laguna</i>
82	120 Balagtas ^^	<i>Mc Arthur Hi-way, Wawa, Balagtas, Bulacan</i>
83	121 Pulang Lupa ^^	<i>Quirino Ave., cor. Naga Rd., Pulang Lupa, Las Piñas</i>
84	122 BF Resort ^^	<i>Alabang Zapote rd. cor. BF Resort Drive, Pamplona</i>
85	123 Parang **	<i>G. del Pilar cor., M.L. Quezon, Parang, Marikina</i>
86	125 JP Ramoy ^^	<i>Quirino Highway cor. J.P. Ramoy, Barrio Talipapa, Novaliches, Q.C.</i>
87	126 Cainta Church	<i>A. Bonifacio Avenue, San Andres, Cainta, Rizal</i>
88	127 Tatlong Hari ^^	<i>Rizal Blvd. nr. cor. Tatlong Hari St., Sta. Rosa, Laguna</i>
89	138 Lipa Proper ^^	<i>C.M. Recto Ave., Lipa, Batangas</i>
90	128 Los Baños	<i>Batong Malaki National Highway, Los Baños, Laguna</i>
91	130 Binakayan ^^	<i>Gen. Tirona Highway cor. Bisita St., Binakayan, Kawit, Cavite</i>
92	131 Lipa Highway	<i>G/F Big Ben Complex, Pres. Laurel Hi-way, Lipa, Batangas</i>
93	132 Trece ^^	<i>Gov. Drive cor. Indang, Tanza Rd., Trece Martirez, Cavite</i>
94	133 Tagaytay **	<i>Silang-Tagaytay Rd., Rotonda, Tagaytay, Cavite</i>
95	134 Molave Marikina ^^	<i>Bayan bayan Ave. cor. Molave St., Concepcion, Marikina</i>
96	135 Panapaan ^^	<i>Tirona Hi-way cor. Aguinaldo Hi-way, Panapaan, Cavite</i>
97	137 San Pedro 3	<i>Pacita cor. Macaria Ave., San Pedro, Laguna</i>
98	136 Apalit ^^	<i>San Vicente cor. David St., Mc Arthur Hi-way, Apalit, Pampanga</i>
99	141 Camarin ^^	<i>Blk 1 Lot 18 & 20 Camarin cor. Susano Rd., Caloocan City</i>
100	142 Tanza ^^	<i>Sta. Cruz cor. San Agustine Poblacion, Tanza, Cavite</i>
101	144 Rev. Aglipay ^^	<i>Boni Ave., cor. A.T. Reyes Aglipay, Mandaluyong City</i>
102	145 Naic ^^	<i>Poblete St., cor. Nazareno St., Poblacion, Naic, Cavite</i>
103	147 Shorthorn ^^	<i>Shorthorn cor. Road 20, Project 8, Q.C.</i>
104	148 JP Rizal	<i>J.P. Rizal cor. Constancia St., Makati City</i>
105	150 Zabarte ^^	<i>Quirino Hiway cor. Zabarte Ave., Novaliches</i>
106	152 Dasma3 ^^	<i>Congressional Ave., cor. DBB, Dasmariñas, Cavite</i>
107	153 Paco 2 ^^	<i>Pedro Gil St. cor. Main St., Paco, Manila</i>
108	154 Insular **	<i>P. Burgos St. cor. Gen. Luna St., Makati</i>
109	155 Onyx **	<i>A. Francisco cor. Onyx and Concha Sts., Sta. Ana,</i>

		<i>Manila</i>
110	156 Guadalupe 2 ^^	<i>Sgt. Yabut nr. cor. Anastasio St., Guadalupe, Makati</i>
111	158 N. Domingo ^^	<i>N. Domingo cor. F. Blumentritt St., San Juan</i>
112	160 San Bartolome ^^	<i>M. Dela Cruz cor. Quirino Highway, Novaliches, Q.C.</i>
113	162 San Fernando1 **	<i>B. Mendoza cor. Tiomico St., San Fernando, Pampanga</i>
114	165 Superlines **	<i>EDSA nr. cor. New York St., Cubao, Q.C.</i>
115	166 Columbia	<i>Columbia Tower, Ortigas Ave., Mandaluyong City</i>
116	167 Jupiter ^^	<i>Makati Ave., cor. Gil Puyat Ave., Makati</i>
117	168 TM Kalaw **	<i>Kalaw cor. A. Mabini St., Ermita, Manila</i>
118	172 West ^^	<i>West Ave., cor. Zamboanga St., Q.C.</i>
119	175 Benin ^^	<i>EDSA cor. Benin St., Caloocan City</i>
120	176 Farmers	<i>Space 1&2, 2nd Level New Farmers Plaza, Cubao, Q.C.</i>
121	177 Mariposa	<i>Market Ave. cor. Carunchu Ave., Pasig City</i>
122	178 Asturias **	<i>Dapitan St. nr. cor. Asturias St., Sampaloc, Manila</i>
123	180 Batangas City	<i>P. Burgos Ave. cor. P. Panganiban St., Batangas</i>
124	184 D.Jose ^^	<i>Rizal Ave. cor. D. Jose, Sta. Cruz, Manila</i>
125	185 Global ^^	<i>Doña Soledad Ave., Better Living, Parañaque</i>
126	187 Virra **	<i>P. Burgos Ave. cor. Dapo St., Makati City</i>
127	188 Panay **	<i>Quezon Avenue cor. EDSA, Q.C.</i>
128	189 Gen.Trias **	<i>Newhall Commercial Complex, Mangagahan, Gen. Trias, Cavite</i>
129	191 Baguio	<i>#33 Lower Session Road, Baguio City</i>
130	196 Urdaneta	<i>Brgy. Poblacion, Urdaneta, Pangasinan</i>
131	198 Matalino **	<i>Matalino St. cor. Malakas St., Diliman, Q.C.</i>
132	194 Angono	<i>M.L. Quezon Ave., Angono, Rizal</i>
133	195 RFM ^^	<i>RFM Corporate Center, Mandaluyong City</i>
134	192 Turbina	<i>National Highway Brgy., Turbina, Calamba, Laguna</i>
135	200 Carmen	<i>Mc Arthur Highway, Carmen, Rosales, Pangasinan</i>
136	203 Circle	<i>Quezon Ave. cor. Scout Reyes, Q.C.</i>
137	199 Rizal Med ^^	<i>Pasig Blvd. cor. Banaag, Pineda, Pasig City</i>
138	193 Bauan	<i>National Rd., Bauan, Batangas</i>
139	204 Priscilla	<i>Pasong Tamo Ext.Kayamanan - C, Makati City</i>
140	205 U.E. Recto	<i>UE, Claro M. Recto Ave., Manila</i>
141	209 Dagupn1	<i>Arellano St., Dagupan City</i>
142	206 Zapote Junction ^^	<i>Alabang Zapote Road cor. F. Santos, Las Piñas</i>
143	212 Lemery ^^	<i>Ilustre Ave., nr. cor., P. Burgos St., Lemery, Batangas</i>
144	210 Session2	<i>G/F B - 105 Lpez Bldg., Session Rd., Baguio City</i>
145	211 Orosa **	<i>MY Orosa nr. cor. TM. Kalaw, Ermita, Manila</i>
146	208 Angeles1 ^^	<i>Sto. Rosario cor. Sukdulan St., Angeles City</i>
147	215 Crame	<i>Boni Serrano cor. 2nd St., Camp Crame, Q.C.</i>
148	213 Parkview **	<i>Valero St. cor. Salcedo Village, Makati City</i>
149	217 Nova 3	<i>Quirino Hi-way cor. Sarmiento St., Novaliches City, Q.C.</i>
150	219 P. Campa ^^	<i>España cor. P. Campa Sampaloc St., Manila</i>
151	216 Baclaran2 ^^	<i>Quirino Ave., cor. Dimasalang St., Baclaran, Parañaque City</i>
152	218 Taytay2 ^^	<i>Manila-East Road, Taytay, Rizal</i>
153	228 Bocaue ^^	<i>Mc Arthur Highway cor. Gov. F, Halili Ave., Binang 2nd, Bocaue, Bulacan</i>
154	221 Baclaran 3 **	<i>Roxas Blvd., Baclaran, Parañaque</i>
155	222 Calamba 2 ^^	<i>National Hi-way nr. cor. Halang St., Calamba, Laguna</i>
156	224 Luisita	<i>Mc Arthur Hi-way, San Miguel, Tarlac City</i>
157	227 EPZA	<i>Gen. Trias Drive, Brgy. Tejero, Rosario, Cavite</i>
158	229 Cityland	<i>LG07 Cityland 10 Tower, Valero cor. Dela Costa St., Salcedo Village, Makati City</i>
159	232 CBC	<i>115 G/F Corporate Business Center, Paseo de Roxas cor. Pasay Road, Makati City</i>
160	257 Shoe Ave ^^	<i>Shoe Avenue cor. Capt. Venciong, Sta. Elena</i>
161	255 Pateros ^^	<i>Herrera St. cor. Morcilla, Pateros</i>
162	240 Salcedo	<i>Antel 2000 Bldg., Valero cor. Herrera, Salcedo Village, Makati</i>
163	241 St. Lukes ^^	<i>E. Rodriguez cor. Victoria St., New Manila, Q.C.</i>

164	242 Mabini ^^	Mabini cor. 10th Avenue, Caloocan City
165	245 QA Araneta ^^	Quezon Avenue cor. Araneta Ave., Q.C.
166	258 Herrera ^^	Y-L Bldg., Herrera St. cor. Salcedo St., Legaspi Village, Makati City
167	244 Guadalupe 3 **	F. Yabut St., nr. cor. EDSA, Guadalupe Nuevo, Makati City
168	271 Starmall	Shaw Blvd. cor. EDSA Mandaluyong
169	249 Binangonan	Quezon St., Libis, Binangonan, Rizal
170	251 Nobel	G/F, 110 Nobel Plaza, Valero St., Makati City
171	264 Trece2	Gov. Drive cor. Indang, Tanza Road
172	272 BetterLiving 2	Doña Soledad Avenue cor. Peru, Better Living, Parañaque City
173	243 Merville ^^	Moreland Bldg., Merville Access Rd. cor. West Service Rd.
174	254 Salauag ^^	Molino-Paliparan Road, Salawag, Dasmariñas, Cavite
175	261 Calamba3	Along Provincial Road, Calamba-Crossing, Laguna
176	274 Fields **	G/F HHH Commercial Bldg., 932 Fields Ave., Balibago, Angeles City
177	268 Arayat2 ^^	Arayat cor. Pinatubo St. nr. cor. Edsa, Cubao Q.C.
178	252 Talon ^^	J. Aguilar Ave. cor. Alabang-Zapote Road, Talon, Las Piñas City
179	259 Del Monte	Del Monte Avenue cor. Tolentino St. (near Roosevelt), Q.C.
180	262 PCU 2 ^^	Taft Avenue cor. Pedro Gil, Manila
181	270 Biñan3	A. Bonifacio cor. Gonzales St., Poblacion, Biñan, Laguna
182	256 Marikina Bridge ^^	E. Rodriguez cor. J.P. Rizal St., Marikina
183	234 LaHuerta ^^	Quirino Avenue cor. Dandan St., La Huerta, Parañaque
184	276 Hansel	Aurora Blvd. cor. Imperial, Cubao, Q.C.
185	250 Aurora ^^	Aurora Blvd. cor. St. Mary, Cubao, Q.C.
186	220 Laguna BelAir **	Sta. Rosa - Tagaytay Rd., Sta. Rosa, Laguna
187	248 Pasig Mega ^^	Mega Parking, Caruncho cor. Market Avenue
188	275 FEU ^^	913-919 Nicanor Reyes cor. Estiro de Alix, Sampaloc, Manila
189	231 Makati CityHall	9033 Hormiga St., Brgy. Poblacion, Makati City
190	277 Session3	Upper Session Rd., Baguio City
191	282 Gatchalian	Dr. A. Santos Ave. cor. Palanyag St., Parañaque City
192	278 Sagittarius **	G/F Sagittarius Bldg., H.V. Dela Costa St., Salcedo Village, Makati
193	237 Orient	Ruby Road, Ortigas Ctr., Pasig City
194	236 UP Manila	Pedro Gil St. nr. cor. Taft Avenue, Malate, Manila
195	214 San Pablo2 **	Leonor St. cor. Maharlika Hi-way, San Pablo, Laguna
196	279 Marina **	A. Mabini St., Malate, Manila
197	284 Burgundy **	G/F One Burgundy Plaza, Katipunan Ave., Q.C.
198	281 T. Morato ^^	Scout Castor cor. T. Morato
199	288 San Fernando2 **	Lam Bldg., San Fernando Crossing, San Fernando, Pampanga
200	238 Forum	Stop-Over 2, 31st cor. 2nd St., Bonifacio Global City, Taguig
201	289 Karuhatan **	Gen. T. de Leon cor. Mc Arthur Hi-way, Kahuratan, Valenzuela
202	287 Dagupan 2 ^^	Perez Blvd. beside Victory Liner Terminal, Dagupan City
203	283 RCBC **	RCBC Bldg. 3rd Flr. RCBC Poduim, Ayala Avenue cor. Buendia, Makati City
204	292 U Batangas	Hilltop, Brgy. Kumintang Ibaba, City of Batangas
205	239 Park N Ride ^^	P. Burgos cor. Dr. Basa St., Ermita, Manila
206	293 Plaridel	Cagayan Valley Road, Banga 1st, Plaridel, Bulacan
207	285 Emerald **	Emerald Ave., Ortigas Ctr., Pasig City
208	294 Biñan 4 ^^	In front of Perpetual Help Hospital & College, Biñan, Laguna
209	295 King's Plaza	King's Plaza, Juan Luna cor. Padre Rada St., Tondo, Manila
210	297 DFA **	G/F AIMS Bldg., Roxas Blvd. Service Rd. cor. Arnaiz

		<i>St., Pasay City</i>
211	299 Indang	<i>San Gregorio nr. cor. Mabini St., Indang, Cavite</i>
212	301 Annapolis	<i>G/F Continental Plaza, #45 Annapolis, Greenhills, San Juan, MM</i>
213	296 Manansala	<i>Manansala Bldg., Estrella St., Rockwell Center, Makati City</i>
214	300 Convergys	<i>G/F Convergys, One Ayala Ave., cor. Salcedo St., Makati City</i>
215	304 Starwood **	<i>Kisad Road nr. cor. Marcos Hi-way, Baguio City</i>
216	311 PDCP ^^	<i>G/F PDCP Bank Center, VA Rufino cor. San Agustin, Salcedo Vill., Makati</i>
217	310 Malayan **	<i>Unit G-1, Malayan Plaza, ADB Avenue, Ortigas Center, Pasig City</i>
218	317 Tanauan	<i>JP Laurel Highway cor. Mabini St., Tanauan City, Batangas</i>
219	312 US Embassy **	<i>Roxas Blvd. cor. U.N. Avenue, Ermita, Manila</i>
220	303 Asian Mansion **	<i>G/F Asian Mansion 2 Dela Rosa St., Legaspi Village, Makati City</i>
221	307 Madrigal **	<i>G/F Madrigal Building Ayala Avenue, Makati City</i>
222	318 Pearl Drive ^^	<i>Pearl Drive corner Lourdes St., Pasig City</i>
223	309 AIC Galleria	<i>G/F AIC-Burgundy Empire Tower, ADB Ave., cor. Garnet Rd., Ortigas</i>
224	308 LP Cityhall ^^	<i>Alabang-Zapote Rd., F. Ocampo Ave., Pamplona 3, Las Piñas City</i>
225	316 Xavier Hills ^^	<i>Xavier Hills Condo. Tower 1, Granada St. cor. N. Domingo, QC</i>
226	321 Buendia 2 **	<i>Gil Puyat Ave. cor. FB Harrison St., Pasay City</i>
227	302 Ayala FGU ^^	<i>Ayala Ave., Salcedo Village, Makati City</i>
228	324 Lucena **	<i>Gomez St. cor Quezon Ave. Lucena City</i>
229	325 Sta.Cruz **	<i>P. Guevarra Ave. Brgy 3 Poblacion Sta. Cruz Laguna</i>
230	323 Channel 7 **	<i>131 Timog Ave. cor. Samar St., Diliman, QC</i>
231	322 St. Scholastica ^^	<i>896 Vito Cruz cor. Dominga St., Malate, Manila</i>
232	329 Dangwa	<i>1300 Laonlaan St. cor. Don Quijote St. Sampaloc Manila</i>
233	313 Northgate **	<i>F@st bytes @North Gate cyberzone Alabang Muntinlupa</i>
234	326 Gapan	<i>GM Bakery Bldg Bucana Gapan Crossing Gapan City</i>
235	330 Imperial ^^	<i>Tomas Morato Ave. cor Timog Ave Diliman QC</i>
236	328 Cabanatuan 2 ^^	<i>199 Gen. Tinio cor. Mabini St., Quezon District, Cabanatuan, Nueva Ecija</i>
237	333 Balibago Complex **	<i>Balibago Complex Balibago Sta. Rosa Laguna</i>
238	332 Legarda2	<i>Legarda cor. Jhocson St. Sampaloc Manila</i>
239	340 Manuela	<i>#02-Alabang-Zapote Rd. cor. Real St. Las Piñas City</i>
240	336 Padre Faura	<i>P. Faura cor MH del Pilar</i>
241	315 Banaue ^^	<i>426 Banaue Ave. cor Tirad Pass St. SMH QC</i>
242	331 Letran	<i>Muralla St. cor. Anda St. Intramuros Manila</i>
243	345 Baliwag2 **	<i>Poblacion Plaza Naning Baliuag Bulacan</i>
244	334 OWWA2 ^^	<i>749 Victoria St. cor. Solana St. Intramuros Manila</i>
245	342 R. Magsaysay	<i>173 Edsa Cor. Ermin Garcia St., Cubao, Quezon City</i>
246	346 Pedro Gil **	<i>1578 A. MABINI CORNER PEDRO GIL ST. ERMITA MANILA</i>
247	338 Pagsanjan ^^	<i>Calle Rizal Pob. Pagsanjan Laguna</i>
248	341 Olivarez	<i>8156 Dr. A. Santos Ave., Brgy. San Dionisio, Sucat, Parañaque City</i>
249	339 Nasugbu **	<i>JP Laurel St cor G. Alvarez St. Nasugbu Batangas</i>
250	335 Mamatid	<i>Banlic,Cabuyao Laguna</i>
251	343 Fields 2 **	<i>Mc Arthur Highway, Balibago, Angeles City, Pampanga</i>
252	350 Pacific Center **	<i>San Miguel Ave., Ortigas Center, Pasig</i>
253	344 Molino 3 ^^	<i>Zapote- Molino Rd. Brgy. Molino3 Bacoor Cavite</i>
254	349 Teachers Bliss	<i>#1 Teachers Bliss,Balong bato Balintawak QC</i>
255	347 Bulihan	<i>B 275 L13 AFP Housing, Old Bulihan Rd., Bulihan, Silang Cavite</i>
256	352 Baclaran 4	<i>Roxas Blvd. cor. Rivera St., Baclaran, Parañaque</i>
257	355 Vito Cruz ^^	<i>Unit 102&103 Cityland Tower One, Vito Cruz, Manila</i>

258	354 Gordon Ave. **	Gordon Ave. cor. 6th St. Asinan, Olongapo City
259	356 Gualberto **	Zunio St. Gualberto Ave., Rosario, Batangas
260	366 SM Clark **	Bayanihan Park, SM Clark, Balibago, Angeles City, Pampanga
261	353 Guagua **	One Crown Property & Development, Plaza Burgos, Guagua, Pampanga
262	359 Olongapo Rotonda **	1739 Rizal Ave. West Bajac Bajac, olongapo City
263	357 Tanza 2	Tanza Crossing, Daang Amaya, Tanza, Cavite
264	364 Alimall **	Ali Mall Gen. Romulo Ave., Araneta Center, Q.C.
265	362 T. Mapua	1512 C.M. Recto Cor. F. Torres & T. Mapua Sta. Cruz Manila
266	369 Balayan	112 Plaza Mabini St. Balayan, Batangas
267	370 Urdaneta 2	Alexander St. Urdaneta City, Pangasinan
268	358 Dau ^^	#157 McArthur Hi-way, Dau, Mabalacat, Pampanga
269	360 Cabanatuan 3	Manson Bldg. Burgos Ave., Cabanatuan City
270	367 Riverbanks	G/F ICT Bldg. 2, Riverbanks Center, Riverbank Ave., Barangka Marikina City
271	363 Lopez Drive	RIDC Bldg. Lopez Ave. Cor. Dr. A. Santos Ave., Paranaque City
272	372 Pascor Drive **	Sky Freight Building, Ninoy Aquino Ave., Paranaque City
273	371 Dagupan 3	M.H. Del Pilar Cor. A.B. Fernandez Ave., Dagupan City
274	365 McKinley Hill **	Unit 1 G/F One Square, Upper McKinley Rd., McKinley Hill, Taguig City
275	377 Lucena 2 **	Lot #2771 - B Along Quezon Ave., Lucena City, Quezon
276	383 Maya Arcade **	G/F Maya Arcade 678 EDSA, Cubao, Quezon City
277	379 Olongapo 3 **	West 18th St. Corner Anonas West Bajac-Bajac, Olongapo City
278	380 Citadella **	CAA Rd. Corner Citadella Ave. Las Pinas City
279	361 Carmona	Governor's Drive Cor. Purification St. Cabilang Baybay. Carmona Cavite
280	374 Old Sta. Mesa	4456 Valenzuela St. Sta. Mesa Manila
281	376 TSU **	Brgy. Cut-Cut Romulo Ave. Tarlac City
282	387 Binangonan 2 **	National Road Cor. Quarry Road Pantok, Binangonan Rizal
283	386 Palico	Aguinaldo Highway Palico II Imus Cavite
284	389 Lucban	Quezon Ave., Miramonte Subdivision Lucban, Quezon
285	378 Blumentritt 1 **	Rizal Ave. cor. Blumentritt Sta. Cruz, Manila
286	381 Don Galo ^^	0423 Quirino Ave. corner Dimatimbangan St. Don Galo, Parañaque City
287	391 Manaoag	Felix St. Cor. Garcia St. Manaoag, Pangasinan
288	384 One E-Com	Unit 4,5 & 6 Harbour Drive Cor. Palm Coast Ave. SM Central Business Park, Pasay City
289	390 One McKinley **	One McKinley 26th St. Fort Bonifacio Global City, Taguig City
290	404 Pacific Regency ^^	G/F Pacific Regency Bldg. P. Ocampo St. Malate Manila
291	405 Baretto **	#60 National Highway, Barreto Olongapo City
292	398 Gordon Hospital **	104 Rizal Ave., East Tapinac Olongapo City
293	407 Abanao	Unit 2 Ong Bldg. Abanao St. Baguio City
294	388 Bago Bantay	#131 Ilocos Sur ST. Cor. Bukidnon st. Bago Bantay Quezon City
295	396 DLSU-Lipa **	National Hiway, Brgy., Paninsingin, Tambo, Lipa City
296	395 Imus 2 **	97-B Aguinaldo Hiway Bayan Luma Imus, Cavite
297	414 Lemery 2	Illustre ave. cor. Rajah Matanda st., Lemery, Batangas
298	393 Trancoville	148 M Roxas Street, Baguio City
299	410 Sto. Niño - Meyc.	L. Camino Real Rd. Sto. Nino Meycauyan Bulacan
300	368 Naguillan	Naguillan Rd. Cor. Bokawkan Rd. Baguio Cit
301	412 Don Bosco	Don Bosco Road. Cor Chino Roces Ave., Makati City
302	411 Sta. Maria	49 Jose Corazon De Jesus st., Sta. Maria, Bulacan
303	375 Villamor **	Lot 12 B.1 12th St. Airman's Village Airbase Area, Pasay City
304	409 San Pablo 3 **	Maharlika Hiway, San Pablo, Laguna

305	415 Mendez Proper	Market Road Corner JP Rizal Mendez, Cavite
306	394 Maragondon	Poblacion 1-A Maragondon Cavite
307	417 Subic Proper **	National Hi-way Brgy. Baraka, Subic, Zambales
308	419 Gate 3 **	AFPOVAI Western Bicutan, Taguig City
309	400 FPIP	No. 158 Sta. Anastacia, Sto. Tomas, Batangas
310	397 Sta. Rosa Estate	Sta. Rosa Highway, Sta. Rosa Estate, Sta. Rosa, Laguna
311	406 St. Paul **	Pedro Gil st. cor. Ma. Orosa st. Malate, Manila
312	401 Philcom ^^	8755 Paseo de Roxas, Makati City
313	413 BF Homes 2 **	BPI Sucat Dr. A. Santos Ave. Cor. Pres. Ave. BF Homes Paranaque City
314	421 AIC Gold	Unit 101 AIC Gold Tower F. Ortigas Cor. Garnet Road Ortigas Commercial Center, Pasig City
315	423 Calasiao	Poblacion East, National Road, Calasiao, Pangasinan
316	453 Tayabas **	Quezon Ave. Cor. P. Paterno St. Brgy. San Diego Tayabas Quezon
317	420 One San Miguel	UG-01 One San Miguel Ave Condominium One San Miguel Ave, cor Shaw Blvd., Ortigas Center Pasig City
318	428 APC Balanga	Tenejeros St. Balanga, Bataan
319	448 Pavillion Mall	Space Nos. 143-B Bldg A G/F Pavilion Mall, Biñan, Laguna
320	426 Sindalan **	McArthur Hi-way Sindalan, San Fernando Pampanga
321	422 La Union 1 **	Rizal Ave. cor. Gov. Ortega st., San Fernando City, La Union
322	444 Calamba 4 **	National Hiway cor Ipil-Ipil St., Calamba, Laguna
323	392 SM San Fernando	Unit AX3 123b, Building 4, SM City Pampangga, Lagundi, Mexico Pampangga
324	424 Capaz	Mc Arthur Hi-way, Poblacion, Capas, Tarlac
325	427 Talavera	Maharlika Highway, Maharlika, Talavera
326	439 Porta Vaga	Fr. Carlu st. cor. Cathedral Drive, Baguio City
327	436 Leveriza	#665 CRI Bldg. President E. Quirino Ave. cor. Leveriza, Malate, Manila
328	443 Olongapo City Hall ^^	23rd st., Rizal Ave., East Bajac-Bajac, Olongapo City
329	468 SM Lucena	115-116 SM City Lucena Dalahican cor. Maharlika Hiway Nat'l Rd. Lucena City
330	440 Total Corporate **	Total Corporate Ctr Bldg., Bonifacio Triangle, Bonifacio Global City, Taguig City
331	451 Civic Prime **	Civic drive, Civic Prime Filinvest Corporate City, Alabang
332	450 PWU ^^	1807 G/F Nakpil St. cor. L. Guinto St. Malate, Manila
333	435 Angeles 2 **	Miranda St., Angeles City, Pampanga
334	408 Subic Gate 1	Bldg. 537 Magsaysay Ave, Subic Bay, Freeport Zone, SBMA
335	403 Tagaytay 2 **	One Tagaytay Place Calamba Rd., Tagaytay City
336	432 Dakota Mansion ^^	G/F Dakota Mansion, Malvar St., Cor. Adriatico St.. Malate, Manila
337	416 AUF **	Mc-Arthur High-way cor. Dona Aurora St., Angeles City, Pampanga
338	447 Kimston **	2650 Agutaya St. cor. EDSA, Pinagkaisahan, Makati
339	425 Sunny Brooke	Blk 31 Lot 6 Brooke side lane brgy. San Francisco, Gen. Trias, Cavite
340	433 Batangas 3	Poblacion 18, Rizal Ave., Batangas City
341	449 Eastwood 2	G/F One Orchard Condominium, Orchard Rd., Eastwood City, Bagumbayan, Quezon City
342	458 San Marcelino	G/F CMC Bldg. #710 San Marcelino St., Ermita, Manila
343	431 Iba Zambales **	Magsaysay Ave., Poblacion, Iba, Zambales
344	442 San Jose NE	Maharlika Highway National Road, San Jose City N.E.
345	446 Paniqui **	UCPB Building along National Highway, Brgy. Estacion, Paniqui, Tarlac
346	438 Balanga Plaza	Aquirre St. Balanga City
347	429 Mendez Crossing	Aguinaldo Hiway Mendez Junction East, Tagaytay City, Cavite
348	459 Palapala **	E.L Toledo Bldg. along National Hiway, Brgy. Sampaloc I, Palapala, Dasmariñas, Cavite

349	466 Sterling Centre	G/F Sterling Centre, Ormaza cor. Dela Rosa Sts, Legaspi Village, Makati City
350	469 Sta. Rosa NE **	Maharlika Hi-Way, Sta. Rosa, Nueva Ecija
351	475 AUF Hospital	AUF Medical Center, Mc Arthur Hi-way, Angeles Pampanga
352	418 Multinational	J&P Bldg (Multinational) Ninoy Aquino Ave., Paranaque City
353	476 Mayapa **	National Highway Checkpoint, Paciano Rizal Calamba City Laguna
354	463 San Carlos Pangasinan	Virgen Milagrosa University Foundation Compd. San Carlos City, Pangasinan
355	430 Balanga Church **	J.P. Rizal St., Balanga City, Bataan
356	465 Taal Proper	Poblacion. 3, Taal Proper, Taal, Batangas
357	472 Nuvali **	Retail Space 1 Nuvali Technopod, Sta. Rosa, Laguna
358	484 Batangas Port	PPA Compound, Sta. Clara, Batangas City
359	479 Caltex NLEX	Caltex NLEX Km17 Canumay Valenzuela Exit
360	471 Valenzuela Exit	Maysan Road, Paseo De Blas, Valenzuela City
361	474 Wynsum ^^	Unit G1-C Wynsum Corporate Plaza 22 F. Ortigas Jr. Rd., Ortigas Center, Pasig City
362	455 Pearl Drive 2	G/F Unit 102, Pacific Place Condominium, Pearl Drive, Ortigas Ctr, Pasig City
363	480 Philtranco **	610 Apelo Cruz St., Malibay, Pasay City
364	441 Malolos Poblacion	Torres St. cor. M. Tenco, Poblacion Malolos, Bulacan
365	486 Alabang Med **	Unit 1 G/F Aurora Bldg, Alabang Zapote Rd., Mutinlupa City
366	445 NE Pacific	Km 111, Brgy. H. Concepcion, Maharlika Hi-way, Cabanatuan City
367	460 Telus **	Arcade 6 & 7 G/F Telus Bldg., Araneta Center, Cubao, Quezon City
368	464 OSMAK **	Blk 5 Lot 18 Sampaguita cor. Escarlata, Pembo, Makati City
369	454 Cogeo ^^	Marcos Hiway cor. GSIS Ave., Bagong Nayon 1, Antipolo City
370	492 Times Plaza **	G/F Times Plaza Bldg. Taft Ave. cor. UN Ave., Ermita, Manila
371	462 Gen T. De Leon	Gen. T. De Leon St. Valenzuela City
372	508 Heart Center **	G/F Philippine Heart Center, East Ave., Quezon City
373	452 Pio del Pilar **	Chino Roces Ave. (Pasong Tamo) cor. Dela Rosa st. Makati City
374	457 YP **	YP Bldg. Dr. A. Santos Ave., Sucat, Parañaque City
375	487 Vista Verde **	G/F Unit 1,2,3,4 Vista Square Comm'l Center, Felix ave., Cainta, Rizal
376	496 Tordesillas **	108 Tordesillas cor. Gallardo st., Salcedo Village, Makati City
377	495 Sun Plaza	G/F Sun Plaza Shaw Boulevard, cor Princeton st., Mandaluyong City
378	498 SM Cyber One **	Retail Space 4, Buendia Ave., Makati City
379	525 Muñoz 2 **	BLK 3 Lot 7 R. Magsaysay. EDSA, Munoz, Quezon City
380	513 One Solaris ^^	Retail 2 G/F One Solaris Bldg, Dela Rosa St., Legaspi Village, Makati City
381	434 Malibay Plaza 2 **	Reance Bldg. 93 C. Jose st. cor. Malibay Ave., Pasay City
382	490 12th Ave.	Ten Commandments Bldg. 689 Rizal Ave, Grace Park, Caloocan City
383	481 Net Plaza ^^	Unit 14 E-Square Zone, Crescent Park West, Bonifacio Global City, Taguig
384	516 NE Crossing **	Maharlika Highway Cor. Burgos Ext. Cabanatuan City Nueva Ecija
385	504 Paragon Plaza	Upper G/F Paragon Plaza Condominium, EDSA cor. Reliance St., Mandaluyong City
386	510 LKG	11th Flr. LKG Tower 6801-6803 Ayala Ave., Makati City
387	528 BPO San Lazaro **	Retail 4, Vertex 1 Bldg. Yuseco Cor. Felix Huertas, San Lazaro Racetrack, Sta Cruz, Manila
388	542 Malugay (G) **	Chino Roces Ave. Cor. Malugay and Gil Puyat, Brgy., San Antonio, makati

389	543 Connecticut (G) **	<i>Edsa Cor. Connecticut, San Juan, City</i>
390	548 SLEX (G) **	<i>KM 22 South Luzon Tollway (Northbound) San Antonio San Pedro Laguna</i>
391	547 Coastal (G) **	<i>Aguinaldo Highway Brgy. Tambo Paranaque City</i>
392	550 Q. Osmeña (G) **	<i>Quirino Ave. Cor. Osmena Hi-way, Manila City</i>
393	546 Boni- Malamig (G) **	<i>708 Boni Ave., Brgy. Malamig, Boni Mandulong City</i>
394	545 Capas- Junction (G) **	<i>National Road Sto. Domingo Junction, Capaz, Tarlac</i>
395	478 JP Rizal 2	<i>347 JP Rizal Ave. Cor. Pasong Tamo Ave. Makati City</i>
396	529 Port Area **	<i>637 Bonifacio Drive, Port Area, Manila</i>
397	544 Q, Ermita (G) **	<i>Quirino Ave. Cor. Mabini Ave., Manila</i>
398	549 Filinvest (G) **	<i>Alabang- Zapote Rd., Cor. Northgate Ave. Filinvest, Alabang Muntinlupa City</i>
399	531 La Trinidad **	<i>National Road, KM5 La Trinidad, Benguet</i>
400	552 Malolos Crossing **	<i>E & R , McArthur Highway cor., Mabini St., Malolos Bulacan</i>
401	512 Philam	<i>9/F Philam Life Building, Paseo De Roxas, Makati City</i>
402	470 Balanga Kapitolyo **	<i>Capitol Drive Balanga Bataan</i>
403	473 VG Cruz **	<i>Ramon Magsaysay Blvd. Cor. Vicente Cruz St. Sampaloc Manila</i>
404	533 Dagupan 4 **	<i>G/F Orient Pacific Center cor. Perez Blvd., Rizal Ext., Dagupan City, Pangasinan</i>
405	489 Eco Plaza	<i>Pasong Tamo Extension, Makati city</i>
406	501 Sto. Domingo **	<i>McArthur Hi-Way cor. Apo rd. Sto. Domingo, Angeles, Pampanga</i>
407	527 Retiro 2 **	<i>311-313 N.S. Amoranto St. Sta Mesa Heights, Quezon City</i>
408	540 Grand Hampton **	<i>Grand Hampton Place, 1st Ave., and 31st St., Fort Bonifacio Global City, Taguig</i>
409	499 RK Subic	<i>SBIP Phase I Commercial Complex, Subic Bay Gateway Park, Rizal Highway, Subic Freeport Zone</i>
410	562 Daang Sarile (G) **	<i>Daang Sarile Caltex Station, Daang Sarile, Cabanatuan City</i>
411	518 SM Cyber Two **	<i>Unit 7 Sen. Gil Puyat Ave. Cor. Zodiac St., Makati City.</i>
412	570 Wilson (G) **	<i>Wilson cor. Ortigas San Juan, City</i>
413	591 Tikay Malolos (G) **	<i>Mc. Arthur Hi-Way, Tikay, Malolos Bulacan</i>
414	560 San Fernando NLEX (G) **	<i>KM 62 NLEX North Bound Brgy. San Felipe, San Fernando Pampanga</i>
415	561 Tarlac 2 (G) **	<i>Mc. Arthur Hi-Way, Tarlac Tarlac City.</i>
416	582 McKinley San Juan (G) **	<i>Ortigas Ave., McKinley, San Juan</i>
417	576 Boni EDSA (G) **	<i>EDSA cor., Boni Ave., Mandaluyong</i>
418	577 Sta. Rosa Paseo (G) **	<i>Tagaytay Road. Sta. Rosa Laguna</i>
419	535 ATC	<i>Entertainment Complex, Alabang Town Center, Muntinlupa City</i>
420	583 Harvard EDSA (G) **	<i>EDSA corner Harvard St., Makati City</i>
421	597 Buendia 3 (G) **	<i>Buendia cor., Leveriza, Pasay City</i>
422	483 Fort Legend **	<i>Blk 7 Lot 3 3rd ave. cor. 31st st. Fort Bonifacio Global City, Taguig City</i>
423	575 Halang Calamba (G) **	<i>National Highway Brgy. Halang Calamba Laguna</i>
424	537 Angeles 3	<i>G/F 294 Sto. Rosario St., Angeles City, Pampanga</i>
425	559 Clark Hostel **	<i>2041 Ninoy Aquino Ave cor. M.A. Roxas, Clark Freeport Zone, Pampanga</i>
426	599 Burnham (G) **	<i>Chanum cor., Otek St., Burnham Park, Baguio City</i>
427	526 ABS-CBN	<i>143 Mother Ignacia Ave., Diliman, Quezon City</i>
428	524 R. Papa **	<i>813 R. Papa and S. H. Loyola St., Sampaloc Manila</i>
429	596 San Pascual (G) **	<i>San Pascual, Batangas</i>
430	598 Upper Session (G) **	<i>GSIS Compound, Marcoville, Baguio City</i>
431	601 City Camp Road (G) **	<i>Legarda Road cor., City Camp Road, Baguio City</i>
432	519 UP Los Baños ^^	<i>Student Union Bldg. University of the Philippines Los Baños, Laguna</i>
433	600 Rosario La Union (Caltex) **	<i>McArthur Hi-way, Camp 1 Brgy Udiao, Rosario, La Union</i>
434	502 Rockwell Business Center **	<i>Tower 2 (North) Level 1 Unit No. N-02 Rockwell Business Center, Pasig City</i>
435	461 Lamuan-Manotok	<i>JP Rizal cor. Visayas St., Filipinas Village, Malanday,</i>

		<i>Marikina</i>
436	505 Makati Ave. 2 ^^	<i>Makati Ave. Cor. Constellation st., Brgy. Bel-air, Makati City</i>
437	511 PBCOM	<i>7/F Philcom Tower 6801-6803 Ayala Ave, Makati City</i>
438	517 New Port	<i>Star Cruises Center, Andrews Ave. Pasay City</i>
439	581 DMG Center **	<i>DMG Center, Libertad cor. Calbayog St., Mandaluyong City</i>
440	493 San Pablo 5	<i>Brgy. 6A Mabini St., San Pablo City, Laguna</i>
441	565 Mabalacat **	<i>Velasquez St., Mabalacat Proper, Pampanga</i>
442	594 Victoria de Manila **	<i>Shoppes @ Victoria Space No. 101 G/F Victoria De Manila, Taft Ave., Manila</i>
443	530 Net Square **	<i>3rd Avenue cor., 28th St., E- Square, Crescent Park West, Bonifacio Global City, Taguig M.M.</i>
444	534 Eastwood 3 **	<i>/F Eastwood Citywalk 2, Eastwood City Cyber Park E. Rodriguez Jr. Ave., Bagumbayan, Q.C.</i>
445	539 Tagaytay 3 **	<i>Magallanes Square, Silang Junction West, Tagaytay City</i>
446	580 Silver City **	<i>G/F Unit L1-003A, silver City, Frontera Verde, Pasig City</i>
447	586 Muzon **	<i>Brgy. Muzon San Jose Del Monte Bulacan</i>
448	482 Villa Amparo	<i>Villa Amparo Subd., Aguinaldo Highway, Imus Cavite</i>
449	506 Ascendas **	<i>10th Flr., Net One Center, 3rd Ave., Cor. 26th St., Crescent Park West, bonifacio Global City, Taguig City</i>
450	563 Concepcion Tarlac **	<i>Brgy. San Nicolas, Concepcion Tarlac</i>
451	585 TRAG	<i>GL 10 The Residences, Arnaiz St., Makati City</i>
452	500 Binondo ^^	<i>Burke Plaza Sto. Cristo Cor. San Fernando St. Binondo Manila</i>
453	485 Berthaphil 4	<i>Bldg 2 - Retail 1 Berthaphil 4, Clark Aviation Complex, A. Bonifacio Avenue, CFZ, Pampanga</i>
454	538 Redemptorist	<i>Lot 18 Redemptorist Road, Baclaran Parañaque City</i>
455	572 Herco Center	<i>Herco Center 114 Benavidez St., Legazpi Village Makati City</i>
456	541 San Miguel	<i>906 Norberto St., Brgy. San Jose, San Miguel, Bulacan</i>
457	593 Farmers Market	<i>Space No. 00363 Farmers Market Arcade, Araneta Center Quezon City</i>
458	226 Legarda ^^	<i>2108 Legarda St., Quiapo, Manila</i>
459	639 Lingayen 1 **	<i>National Hi-way, Lingayen, Pangasinan</i>
460	603 Fortune Square **	<i>McArthur Hi-way, cor. Villa Julita Subdivision, Brgy. Saguin, San Fenando, Pampanga</i>
461	507 Centris 2	<i>Eton Centris, EDSA Cor. Quezon Ave., Quezon City</i>
462	558 Welding Bldg.	<i>Upper Building, 349 Sen. Gil J. Puyat Ave., Makati City Metro Manila</i>
463	554 N. Garcia **	<i>158 Jupiter St., Cor. N. Garcia St., Bel Air Village, Makati City</i>
464	584 Starmall Metropolis **	<i>Upper Ground Flr. Starmall Alaban, South Super Hi-way, Alabang Muntinlupa City</i>
465	610 Olongapo Public Market **	<i>Canda St., East Bajac - Bajac, Olongapo City</i>
466	494 Los Baños 2	<i>Lopez Ave. cor. Mt. Halcon St., Los Baños Subd, Batong Malake/San Antonio, Los Baños, Laguna</i>
467	613 Baliuag Highway **	<i>DRT Highway, Pinagbarilan, Baliuag, Bulacan</i>
468	658 LRT2 Santolan **	<i>Lot 2 C5-A, Santolan, Pasig City</i>
469	609 Capital Towers	<i>Retail space #3, G/F Capital Towers, E. Rodriguez St., Quezon City</i>
470	515 Castillejos **	<i>National Hi-way, Castillejos, Zambales</i>
471	564 Rosario 2	<i>No. 42 Ortigas Ave., Rosario, Pasig City</i>
472	621 Lifehomes	<i>Lot 1-B-1-B, Ortigas Ave., Ext., cor. Alfonso St., Brgy. Rosario, Pasig City</i>
473	587 Marvin Plaza	<i>Chino Roces cor., Herrera St., Makati City</i>
474	615 San Pedro 5 **	<i>Lot 8 AB National hghway cor Garcia st, Nueva Poblacion San Pedro Laguna</i>
475	608 Zaragosa	<i>Corner Concepcion, Zaragoza, Nueva Ecija</i>
476	567 San Isidro **	<i>N. 35 Brgy. San Isidro, Cabuyao, Laguna</i>
477	568 Camiling	<i>Arellano St. corner Quezon Ave., Camiling, Tarlac</i>
478	590 Kingswood	<i>U/GF, Units A27 a,b and c Kingswood Makati City</i>

479	595 Tiaong **	<i>Doña Tating cor. Alabastro Streets, Tiaong, Quezon</i>
480	536 San Andres	<i>G/F Gem Square Bldg., San Andres St. cor. Mabini, Manila</i>
481	503 Centris 1	<i>G/F Eton Cyberpod Centris Edsa, Near Cor. Quezon Ave., Quezon City</i>
482	606 Diamond Square **	<i>Mac Arthur Hi-way corner M.A. Flores Balibago, Angeles City</i>
483	588 EDSA Central 2	<i>EDSA Central Shopping Complex, EDSA cor. United, Mandaluyong City</i>
484	648 Guadalupe 4	<i>Kimston Plaza Building, P. Burgos St., Guadalupe, Makati City</i>
485	589 Manila Executive Regency **	<i>Unit 5 & 6 Ground Floor, Manila Executive Regency, Jorge Bocobo St., Ermita Manila</i>
486	617 Grandview Angeles **	<i>Lot 19-B, Don Juico Ave., Malabanas, Angeles City</i>
487	551 Woodridge **	<i>G/F The Woodridge Bldg., Upper Mckinley Road., Mckinley Hill, Taguig City</i>
488	556 Batangas 4	<i>Manuela Pastor Ave. Corner Highway, Pallocan West, Batangas City</i>
489	614 Bansalangin	<i># 4Bansalangin st brgy Veterans Village QC</i>
490	616 Engineers Hill	<i>101 Engineers Hill St., Jude Thaddeus Complex cor. Nevada Road and Guinto Alley, Baguio City</i>
491	607 Enclave	<i>The Enclave, Fil-Am Friendship Hi-way, Pampang, Angeles City</i>
492	630 Mayfair Tower	<i>Commercial C, G/F Mayfair Tower, UN Ave., cor. Mabini St., Ermita Manila</i>
493	649 St. Francis Towers **	<i>St. Francis Drive, Ortigas Center, Pasig City</i>
494	646 Pulilan	<i>National Rd., Brgy., Poblacion, Pulilan Bulacan</i>
495	650 Sienna del Monte **	<i>555 Del Monte Ave., Brgy., Manresa, Quezon City</i>
496	624 Tagaytay 4 **	<i>141 Evangelista St. Daang Bukid, Bacoor Cavite</i>
497	619 Buendia 4 **	<i>No. 317 Sen Gil Puyat Ave., Pasay City</i>
498	688 Cabanas Mall **	<i>McArthur Hi-way, Brgy. Longos Malolos Bulacan</i>
499	628 Subic International Hotel **	<i>Unit 142/ 144 & 146/148, SIH Alpha Bldg. Freeport Zone, Subic Bay, Olongapo City</i>
500	579 Malinta 2	<i>Unit 17, Danding Bldg., Cecilio J. Santos St., Valenzuela City</i>
501	641 España Grand	<i>España cor., Tolentino cor., Eloisa, Metro Manila</i>
502	497 Molito Complex	<i>Madrigal Ave., Madrigal Business Park, Alabang Muntinlupa</i>
503	638 Carmelray	<i>Makiling Drive., Carmelray Industrial Park II, Calamba Laguna</i>
504	640 Mangaldan **	<i>National Road, Mangaldan Town Proper, Pangasinan</i>
505	635 Noveleta	<i>Poblacion Noveleta, Cavite City</i>
506	574 Salawaq 2	<i>Paliparan Road, Salawaq Crossing Dasmariñas, Cavite</i>
507	623 Hidalgo	<i>Unit 2 & 3, Isabelle de Hidalgo Bldg. St., cor., Cancer St., Quiapo Manila</i>
508	604 Dewey Avenue	<i>Lot 2, Block 18, Dewey Ave., cor. Aguinaldo Highway, CBD, Subic Bay Freeport Zone</i>
509	578 Malanday 2	<i>Brgy. Malanday McArthur Highway, Valenzuela City</i>
510	633 R. Salas 2	<i>Casa Blanca, 1447 M. Adriatico St., Ermita, Manila</i>
511	636 Betterliving 3	<i>27 Doña Solidad cor. Australia Sts., Betterliving Subdivision, Don Bosco, Parañaque City</i>
512	612 Pag-asa Imus ^^	<i>National Rd., cor. Alapan St., Pagasa, Imus, Cavite</i>
513	679 NAIA 3 **	<i>MIAA, 4th Level, Unit 37, Southwing office NAIA Terminal 3, Pasay City</i>
514	668 V. Santos **	<i>16 V. Santos cor. Santos Streets, Sto. Nino, Marikina City</i>
515	675 Patts **	<i>Dr. A Santos Avenue, San Isidro, Paranaque City</i>
516	620 FVR	<i>Area D (Sta. Cruz), Sapang Palay, San Jose Del Monte City, Bulacan</i>
517	611 San Marcelino Zambales **	<i>National Highway Central, San Marcelino, Zambales</i>
518	625 JP Laurel Malate **	<i>G/F JP Laurel Memorial Bldg., M.H. del Pilar cor. Pedro Gil St., Ermita, Manila</i>
519	632 Sixto A. Ave. **	<i>Dr. Sixto Antonio Ave, Maybunga, Pasig City</i>
520	709 Caltex Balibago **	<i>Balibago cor. San Lorenzo Rd. Sta. Rosa Laguna</i>
521	553 Tustine Alabang	<i>Molino St., South Super Highway, Alabang,</i>

		<i>Muntinlupa City</i>
522	629 Pansol	<i>National Highway purok 1 Pansol Calamba, City of Laguna</i>
523	669 City Oil Fairview	<i>Commonwealth Ave., cor. Pearl St., Fairview Quezon City</i>
524	734 Sumulong Hi-way	<i>KM 23, Sumulong Highway, Brgy. Sta. Cruz, Antipolo City</i>
525	673 Burke Quintin Paredes	<i>Burke House No. 8, Quintin Paredes cor. San Vicente St., Binondo Manila</i>
526	626 Berthaphil 5 **	<i>Berthaphil V, Gil Puyat Ave., cor. Panday-Pira Rd., CFEZ, Angeles, Pampanga</i>
527	717 Malasiqui **	<i>Montemayor St., Poblacion Malasiqui, Calasiao Rd. Pangasinan</i>
528	711 Tanauan 2 **	<i>Brgy. Darasa, Tanauan City, Batangas</i>
529	605 Molina 5 **	<i>Molino Rd., Brgy. Molino III, Bacoor Cavite</i>
530	592 Sampol	<i>Brgy. Bagong Buhay, San Jose Del Monte Bulacan</i>
531	680 Taytay 3	<i>Manila East Rd. cor., Italia St. Brgy. Muzon Taytay Rizal</i>
532	509 Woodlands Pioneer **	<i>G/F Pioneer Woodlands Showroom, EDSA near cor. Pioneer St., Mandaluyong City</i>
533	622 Makati Executive Tower 3	<i>Unit 6 and 7, G/F Makati Executive Tower 3, Sen. Gil J. Puyat Ave., Makati City</i>
534	713 Suburbia **	<i>McArthur Hi-way Brgy. Maimpis San Fernando Pampanga</i>
535	654 Paniqui 2 **	<i>M. H Del Pilar cor., Luna St., Paniqui, Tarlac</i>
536	674 Zapanta	<i>Santa Rita St., cor., Orense St., Makati City</i>
537	681 DENR	<i>DENR Bldg., 1515 Roxas Blvd., Manila</i>
538	557 La Salle Med **	<i>Bario Pasang Tala, Dasmariñas Cavite</i>
539	618 Angelo King - CSB **	<i>Arellano Ave., Malate Manila</i>
540	685 Friendship Highway **	<i>Lot 15, Blk 6, Friendship Hi-way, Brgy. Anunas, Angeles City</i>
541	684 Escoda	<i>2116-2117 G/F Guerero Bldg. Leon Guinto St. near cor. Escoda St. Ermita Manila</i>
542	642 Mary Homes Molino	<i>Molino Rd., Maryhomes Subdivision, Brgy. Molino IV, Bacoor, Cavite</i>
543	645 MCU 3	<i>EDSA cor., Serrano Ave., Caloocan City</i>
544	652 Lagro	<i>Block 91 Lot 1 Ascencion Ave., Lagro Subdivision, Novaliches Quezon City</i>
545	665 A. Mabini	<i>2116-2117 A. Mabini St., Malate Manila</i>
546	670 Mercedes Ave.	<i>Evergreen 101, C. Raymundo Ave., San Miguel, Pasig City</i>
547	682 Lucao District	<i>National Rd. cor. Jose De Venecia Rd., Dagupan City, Pangasinan</i>
548	657 G. Tuazon 2	<i>1850 G. Tuazon St., Sampaloc Manila</i>
549	706 Aria **	<i>Real St. cor. Aria St. Las Piñas City</i>
550	689 Burnham Park 2 **	<i>Shanum St. cor. Otek St. cor. Lake Drive, Burnham Park, Baguio City</i>
551	664 Tejeron	<i>Tejeron St., Sta. Ana Manila</i>
552	701 Sanrise M.H. Del Pilar **	<i>2164 M. H. del Pilar St., Malate Manila</i>
553	694 Pili **	<i>Maharlika Highway cor., Santiago St., Brgy. San Vicente, Pili, Camarines Sur</i>
554	698 4th Ave.	<i>4th Ave. cor. P. Sevilla St. Grace Park (West), Caloocan City</i>
555	697 Bayambang **	<i>National Highway, Bayambang Pangasinan</i>
556	660 Scout Tobias **	<i>Cedar Executive Bldg., # 26 Timog Ave., cor., Scout Tobias., Brgy Laging Handa, Q.C.</i>
557	456 Sariaya	<i>Gen. Luna St. National Hi-Way Sariaya, Quezon</i>
558	692 Attivo SF **	<i>G/F Unit101B and 102B , Gapan- Olongapo Rd. San Fernando, Pampanga</i>
559	721 San Mateo **	<i>103 Gen, Luna Ave., Gitnang Daan 1. San Mateo Rizal</i>
560	569 Mabolo Bacoor	<i>Mabolo, Bacoor Cavite</i>
561	686 Lubao Pampanga **	<i>#24 J.P. Rizal St., Sta. Cruz, Lubao, Pampanga</i>
562	662 Lingayen 2 **	<i>cor. Artacho and Alvear Sts., Lingayen, Pangasinan</i>
563	672 Bauan 2	<i>Manghiniao Proper, Bauan Batangas</i>
564	712 Cardinal Santos Hospital	<i>Medical Arts Building Cardinal Santos Medical Canter,</i>

		<i>Wilson St. San Juan City</i>
565	695 Syquia	<i>2356 Jose Syquia St., cor., M. Rozas St., Sta. Ana Manila</i>
566	727 Agoo La Union	<i>16 McArthur Highway, Agoo, La Union</i>
567	723 Angono 2	<i>Manila East Road cor., Col. Guido St. Agono Rizal</i>
568	732 Bauang La Union	<i>Central East, Bauang, La Union</i>
569	677 Tugatog Malabon	<i>17 M.H. Del Pilar Rd., cor. Pureza St., Tugatog Malabon City</i>
570	637 Malaya Marikina	<i>JP Rizal St., Malanday, Lamuan, Marikina City</i>
571	687 Taytay 4	<i>J. P. Rizal Avenue, Taytay Rizal</i>
572	767 Dagupan Lyceum **	<i>A.B Fernandez Ave. Dagupan City</i>
573	663 Moriones	<i>557 Moriones St., Tondo Manila</i>
574	644 Citrus	<i>Brgy Minuyan, San Jose Del Monte, Bulacan</i>
575	785 Yacht Club Total **	<i>Rizal Highway, Subic Bay Freefort Zone</i>
576	699 Dagupan 5 **	<i>Burgos St. cor. Bonifacio St. Dagupan City, Pangasinan</i>
577	661 Tarlac Crossing (Banco San Juan) **	<i>Lot B, Plaza de Oro Arcade along McArthur Highway, Poblacion 2, Tarlac City</i>
578	729 Anabu Kostal **	<i>Anabu Wet and Dry Market, Aguinaldo Highway, Anabu II-A, Imus Cavite</i>
579	722 Alimall 2	<i>G/F Alimall, P. Tuazon, Araneta Center, Q.C.</i>
580	627 BSA Tower **	<i>G-4 BSA Tower Condominium, No. 108 Legaspi St. Legaspi Village, Makati City</i>
581	676 Rivercity Residences (LUI bldg)	<i>2143 Carreon St., Sta. Ana Manila</i>
582	696 Betterliving 4 (Caltex Doña Soledad) ^^	<i>Lot 18, Doña Soledad Ave. Betterliving Subd. Parañaque City</i>
583	716 Tumana **	<i>Farmers Ave., cor. J.P. Rizal St., Concepcion, Marikina</i>
584	714 System Plus **	<i>Diamond Service Road, Mc Arthur Hi-way, Angeles City</i>
585	671 Maybunga	<i>Pag-asa Street. Pasig City</i>
586	704 Mindanao Avenue **	<i>547 Quirino Hi-way. cor. Mindanao Ave. Talipapa, Novaliches, Q.C.</i>
587	731 Southwoods Exit	<i>Rosario Complex, San Vicente, San Pedro Laguna</i>
588	690 Net Cube	<i>Unit 9-2, 9th flr. Net One Center, 3rd Ave., cor., 26th St., E-Square, Cresnet Park West, Bonifacio Global City, Taguig, MM</i>
589	728 University of Baguio **	<i>FB bldg., Assumption Rd., Baguio City</i>
590	719 Deparo **	<i>Deparo Rd., cor. T. Samson Ave., North Caloocan City</i>
591	736 F. Tañedo 1	<i>F. Tañedo St., San Nicolas, Tarlac City</i>
592	730 Washington	<i>Unit 3, AGS Plaza, Washington St., Brgy. Pio Del Pilar, Makati City</i>
593	703 Mckinley 1820 **	<i>Unit A, McKinley Road McKinley Town Center, Fort Bonifacio, Taguig City</i>
594	702 Naga 1 **	<i>Grand Imperial Plaza cor. P. Burgos and J. Hernandez Ave. Naga City 4400</i>
595	726 Paliparan	<i>Mabuhay City, Paliparan Dasmariñas Cavite</i>
596	715 One Archer's **	<i>Unit 6, G/F of One Archers Place, Taft Ave., Malate Manila</i>
597	780 Pulang lupa 2 **	<i>B5 Lot 6 Guinto Park Sudv. Naga Road cor., St. Joseph Ave., Pulang Lupa II, Las Piñas City</i>
598	742 Gastambide **	<i>621-629 Dormitory, Gastambide, Sampaloc Manila</i>
599	745 Antel Spa **	<i>7829 Makati Avenue cor., Valdez St., Makati City</i>
600	750 Mabini Soldado	<i>G/F 1533 A. Mabini St., cor. Soldado St., Ermita, Manila</i>
601	789 Caltex BSU **	<i>Caltex Gas Station; McArthur Highway , BO., Guinhawa, Malolos City, Bulacan</i>
602	735 West Rembo	<i>Lot 1 Blk. 76, Brgy. West Rembo, Makati City</i>
603	655 Salitran **	<i>Brgy. Salitran, Dasmariñas, Cavite</i>
604	765 Zobel Roxas	<i>No. 1289, Zobel Roxas St., Malate Manila</i>
605	744 F. Manalo **	<i>F. Blumentritt cor., F. Manalo, San Juan City</i>
606	720 El Jardin	<i>Retail Unit 1, El Jardin del Presidente, No. 41 Sgt. Esguerra St. Cor Scout Bayoran, Quezon City</i>
607	764 Carluyan N.U.	<i>M.F Jhocson St., Sampaloc , Manila</i>
608	707 Concepcion Uno **	<i>Bayan Bayanan Ave. Brgy. Concepcion 1, Marikina</i>

		City
609	653 Bacoor 2	141 Evangelista St. Daang Bukid, Bacoor Cavite
610	840 Total Cabanatuan **	Maharlika Highway, Cabanatuan City, Nueva Ecija
611	718 Towerville	Brgy. Minuyan Proper, San Jose Del Monte, Bulacan
612	743 Pulong Buhangin	National Hi-way, Brgy Pulong Buhangin, Sta. Maria Bulacan
613	839 Total Tarlac **	Mc Arthur Highway, Tarlac City, Tarlac
614	772 Tanay 2	Market Road cor. F.T. Catapusan St. Brgy. Plaza-Aldea, Tanay Rizal
615	769 San Fernando 3	Gen. Hizon Avenue, San Fernando, Pampanga
616	691 Sta. Ana Church **	Lot 32-B-1 Pedro Gil St., Sta. Ana, Manila
617	813 Biñan Caltex **	Malvar St. Brgy. San Antonio, Biñan Laguna
618	760 Comembo **	Comembo Commercial Complex. JP Rizal Extension, Makati City
619	776 CBD Hotel (Naga Terminal) **	G/F of CBD II Hotel, Ninoy and Cory Ave., Brgy. Triangulo, Naga City
620	755 Sunshine Plaza **	Sunshine Boulevard Plaza, Quezon Ave., cor., Scout Santiago and Panay Ave., Quezon City
621	738 Sumulong 2	Sumulong Highway cor. B Soliven Ave., Antipolo City
622	758 Dalandanan	Brgy. Dalandanan, Lazaro St. cor. Mc Arthur Highway, Valenzuela City
623	838 Mariveles **	No. 91 Lakandula St., cor., P. Burgos St., Poblacion, Mariveles, Bataan
624	848 Total Balintawak **	1178 EDSA, Balintawak, Quezon City
625	643 Edsa Grand **	EDSA cor Corregidor St. Bago Bantay Q.C
626	822 Palico 2	Aguinaldo Hi-way, Palico IV, Imus Cavite
627	651 Total Balanga	National Rd., Calero St., Brgy., Ibayo, Balanga, Bataan
628	808 Binmaley **	G/F Purification Building Poblacion, Binmaley, Pangasinan
629	791 Imus 4 **	Buhay na Tubig, Imus Cavite
630	710 Tejero **	Antero Soriano Highway Tejero, General Trias Cavite
631	678 Xevera **	Brgy. Tabun, Mac Arthur Highway, Mabalacat, Pampanga
632	811 Tanauan 3 ^ ^	Pres. Laurel Highway cor., Molave St., Tanauan Batangas
633	733 Forest Hill	Quirino Highway and Forest Hills Drive. Forest Hills Subd., Novaliches, Quezon City
634	796 San Fernando 4 **	Consunji cor., Abad Santos St., Poblacion, San Fernando, Pampanga
635	795 BF Resort 2	Blk. 1 Lot 4 BF Drive BF Resort Village, Las Piñas City
636	797 Old Balara	#986 Tandang Sora Ave., Brgy., Old Balara, Quezon City
637	705 CWC **	Cadlan, Municipality of Pili, Province of Camarines Sur
638	778 Expo Cubao	G/F VI-LA Bldg. Unit- B, EDSA, Q.C
639	768 Navotas	635 M. Naval St., cor. C-4 Rd., Bagumbayan North, Navotas City
640	753 F. Tañedo 2 **	F. Tañedo St., Tarlac City
641	741 Earnshaw	Lot 2-B J. Figueras St. cor. Palmera St., Sampaloc, Manila
642	770 Manila Cityhall	Arroceros St., Ermita, Manila
643	756 Paramount	135 West Ave. near EDSA, Quezon City
644	874 Kidney Center **	East Ave. Quezon City
645	826 Phoenix	Phoenix Lucena, Maharlika Highway, Lucena City
646	814 Lian Batangas **	J.P Laurel St., cor., Kapitan Isko St., Lian, Batangas
647	872 Total San Pablo **	Total Gas Station, Maharlika Highway San Pablo City Laguna
648	762 Supercenter ^ ^	G/F Supercenter, Araneta Center, Quezon City
649	773 Raon	G. Puyat cor., Quezon Blvd., Raon, Quiapo Manila
650	830 Total Cutcut	Friendship Hi-way corner Poinsettia St. Angeles, Pampanga
651	856 Guimba **	No. 16 A Salvador St., Bargain St. Guimba, Nueva Ecija
652	842 Naguillan Poblacion	Naguillan road corner Rimando St., Naguillan La union

653	724 Manila Residences **	Unit 101-102 and 127-128, The Manila Residences, 2320 Taft Ave., Malate Manila
654	757 Naga 3 (Sunny View Hotel)	Panganiban Drive, San Francisco, Naga City
655	748 Camp John Hay ^^	Space 4, Baguio Technohub Retail Plaza BPO-A, Camp John Hay, Baguio
656	805 East Ave. 2 **	G/F NCHP Bldg. EDSA cor. East Avenue, Brgy. Pinyahan, Quezon City
657	828 Bay	Brgy. Dila, Bay, Laguna
658	827 Tagaytay City Market **	City Market, Tagaytay Sta. Rosa Road, Brgy San Francisco, Tagaytay City.
659	829 Areza **	National Highway Brgy., Canlalay
660	889 Eastern Petroleum **	Rizal ave. and Argonaut Highway NSD Compound, Subic Bay Freeport zone
661	790 Sta. Cruz 2	Sitio Sampaguita, Brgy. Bubukal, Sta. Cruz Laguna
662	775 Cabanatuan 4	Mahalika Highway, Cabanatuan City
663	824 St. Aquinas Sto. Tomas	General Malvar Avenue, Sto. Tomas, Batangas
664	876 Magalang **	Sta. Cruz, Magalang Pampanga
665	807 Urdaneta 3 **	Mc Arthur Hi-way, San Vicente, Urdaneta City, Pangasinan
666	894 Macabling **	Brgy. Macabling, Sta. Rosa, Laguna
667	819 St. Lukes 2	St., Luke's Medical Bldg., E. Rodriguez Sr., Quezon City
668	846 Tanza 3 **	Blk 1 Lots 4 and 5, Filinvest West, Brgy. Paradahan, Tanza Cavite
669	752 Bustos **	Brgy. Poblacion Bustos Bulacan
670	781 Kingsville **	Marcos Hi-way Brgy. Mayamot, Antipolo City
671	788 SLU Baguio **	A. Bonifacio St., across SLU Main Gate, Baguio City
672	866 Gumaca **	Andres bonifacio Street, corner J.P Brgy Rizal, Gumaca, Quezon
673	818 Lucban 2	Brgy. Tinamnan, Lucban, Quezon
674	852 Bucandala **	Patindig araw corner alapan road, bucandala Imus Cavite
675	887 San Antonio **	San Marcelino-San Antonio-San Narciso Road, Poblacion San Antonio, Zambales
676	792 Sta. Monica (Ave. of the Arts Residences) **	Roxas Boulevard corner Sta. Monica & L.M. Guerrero St., Ermita, Manila
677	782 SeaOil Pritil	1688 Juan Luna St. Brgy. 61, Zone 005, Tondo, Manila
678	777 P. Guevarra	Santolan Rd. cor. P. Guevarra San Juan City
679	882 Atimonan Poblacion	G/F Renegado Property Rizal Street corner Quezon St., Atimonan, Quezon
680	784 Teresa	Magsaysay Ave., Brgy., San Gabriel Teresa Rizal
681	812 Paciano	Paciano Highway, Brgy. Paciano Rizal, Calamba, Laguna
682	806 Villaflor **	National Rd., Brgy. Poblacion, Dagupan City, Pangasinan
683	725 Bagong Ilog	G/F AVC Bldg., E. Rodriguez Ave., cor., Sta. Rosa St., Bagong Ilog Pasig
684	821 Cityplace Binondo **	City Place Binondo, Sta. Elena St., Binondo, Manila
685	761 Naga 2 (Ateneo Ave.) **	No. 2, Ateneo Ave., cor. Bagumbayan St., Naga city
686	815 Pila Highway	Brgy. Labuin, Pila Laguna
687	836 Torre Venezia **	Sct. Santiago, corner Timog Ave., Quezon City
688	555 C. Raymundo	#64 Stella Mariz cor., C. Raymundo Ave., Maybunga Pasig City
689	751 Emar Suites **	409 Shaw Blvd., Mandaluyong City

** Franchise Stores (FC1)

^^ Franchise Stores (FC2)

Item 3. Legal Proceedings

The Company is a party to certain litigations involving minor issues, from time to time, before the Department of Trade and Industry, employees suing for illegal dismissal, back wages and damage claims, claims arising from store operations and as co-respondents with manufacturers on complaints with BFAD, for specific performance and other civil claims. The Company also filed criminal cases against employees and other persons arising from theft, estafa and robbery; civil claims for collection of sum of money, specific performance and damages. All such cases are in the normal course of

business and are not deemed or considered as material legal proceeding as stated in Part I, Paragraph (C) of "Annex C" of SEC checklist 17-A.

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

A stockholders' meeting was held last July 21, 2011, during which, the declaration of 15% stock dividend was submitted to a vote of security holders. This is the fourth consecutive year that the Corporation declared stock dividends from 2008. No other stockholders' meeting was held for the period ending December 31, 2011.

PART II - OPERATIONAL AND FINANCIAL INFORMATION

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

Market Information

The Company's common shares were listed in the Philippine Stock Exchange on February 04, 1998. The trading record of the Company's shares as of December 31, 2010 and 2011 are as follows:

December 31, 2010

Month	Open	High	Low	Close	Volume
1 st Quarter	14.00	14.00	13.75	13.75	1,400
2 nd Quarter	14.00	14.00	14.00	14.00	500
3 rd Quarter	12.92	12.92	12.92	12.92	100
4 th Quarter	14.36	14.36	14.32	14.32	1,000

December 26, 2011

Month	Open	High	Low	Close	Volume
1 st Quarter	17.12	18.20	17.02	18.20	800
2 nd Quarter	18.10	18.10	18.10	18.10	100
3 rd Quarter	24.00	24.00	23.20	23.20	1,200
4 th Quarter	25.90	25.90	25.90	25.90	600

Latest Trading

Month	Open	High	Low	Close	Volume
January 27, 2012	24.00	25.50	25.50	25.50	100
February 29, 2012	28.00	28.00	28.00	28.00	100
March 30, 2012	41.00	49.00	41.00	49.00	2,100
April 30, 2012	44.00	45.00	44.00	44.00	320,500
May 25, 2012	43.00	43.00	43.00	43.00	60,000

Stock/Cash Dividends

A stock dividend was declared and approved by the stockholder during the annual meeting last 21 July 2011. The stock dividend corresponds to 15% of the outstanding capital stock of the Corporation of 301,428,666 shares or equivalent to 45,214,300 common shares. Also, cash dividend of Ten Centavos (P0.10) per share was declared and approved during the special board of directors meeting last July 21, 2011. Stockholders of record as of August 19, 2011 were entitled to said stock and cash dividends and the corresponding shares and cash payments were issued and paid to stockholders on payment date last September 13, 2011. Total outstanding capital stock of the Corporation after the payment of the stock dividend is 346,642,966. Likewise, there was no sale of any unregistered securities. There is no restriction that limits the ability of the Company to pay dividends on common equity other than the unavailability of unrestricted retained earnings.

Holdings

As of April 30, 2012, there were 660 shareholders of the Company's outstanding common shares totaling 346,642,966 shares.

The top 20 shareholders and their corresponding shareholdings as of April 30, 2012 are as follows:

SHAREHOLDER	CITIZEN SHIP	SUBSCRIPTION	% HOLDINGS
1. President Chain Store (Labuan)	Malaysian	196,160,452	56.59
2. Asian Holdings Corporation	Filipino	34,664,396	10.00
3. Progressive Development Corp.	Filipino	29,459,772	8.50
4. PCD Nominee Corporation (Filipino)	Filipino	26,226,967	4.86
5. Jose Victor P. Paterno	Filipino	12,761,154	3.68
6. Agus Development Corporation	Filipino	9,337,852	2.69
7. Ma. Cristina P. Paterno	Filipino	6,710,792	1.94
8. Paz Pilar P. Benares	Filipino	6,282,653	1.89
9. Ma. Elena P. Locsin	Filipino	6,172,748	1.89
10. Ma. Teresa P. Dickinson	Filipino	5,795,299	1.79
11. Prime Gaming Philippines, Inc.	Filipino	4,460,001	1.29
12. Maria Henrietta R. Santos	Filipino	1,536,412	0.44
13. Vicente T. Paterno	Filipino	1,461,076	0.42
14. Seven Eleven, Inc.	American	1,348,391	0.39
15. Dante G. Santos	Filipino	1,340,863	0.39
16. Manuel U. Agustines	Filipino	615,316	0.18
17. Antonio Diaz Sta Maria	Filipino	146,108	0.04
18. Felicia R. Santos	Filipino	118,430	0.03
19. Apex Management & Devt. Group, Inc.	Filipino	117,949	0.03
20. PCD Nominee Corporation (Non-Filipino)	Non-Filipino	117,484	0.03

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

The Management's Discussion and Analysis of 2011 Operations is attached hereto as Appendix A.

Item 7. Financial Statements

The Company's Audited Financial Statements for the year ending December 31, 2011 is attached hereto as Appendix B.

Item 8. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

There are no changes in or disagreements with accountants on accounting and financial disclosures.

Information on independent accountant and other related matters

External audit fees and services

The following table summarizes the fees paid or accrued for services provided by our external auditors for the fiscal years ended December 31, 2011 and 2010:

	2011	2010
	(in thousands)	
Audit Fees	P1,669	P 1,346
Tax Fees	13	18
All Other Fees	448	448
Total	P2,130	P1,812

Audit Fees. This category includes the audit of our annual financial statements, review of interim financial statements and services that are normally provided by the independent auditors in connection with statutory and regulatory filings or engagements for those fiscal years. This category also includes the advice on audit and accounting matters that arose during, or as a result of the audit or the review of interim financial statements. Amount indicated above is only an estimate of fees for the 2011 Audit services, exclusive of VAT and out of pocket expenses.

Tax Services. This category includes tax compliance, tax advice, tax planning and other services performed by our independent auditors.

All Other Fees. This category consists primarily of fees for consultations, special engagements relating to issuance of long form audit report and securing documents which are required for the payment of dividends and other incidental expenses.

The fees presented above includes out-of-pocket expenses incidental to our independent auditors' work.

Our Audit Committee pre-approves all audit and non-audit services as these are proposed or endorsed before these services are performed by our independent auditors.

Amount indicated above is only an estimate of long form audit fee for 2011 for job arrangement for this service is not yet finalized.

PART III – CONTROL AND COMPENSATION INFORMATION

Item 9. Directors and Executive Officers of the Issuer

a) Directors and Corporate Officers

The eleven (11) directors of the Company are elected at the Annual Stockholders meeting to hold office until the next succeeding annual meeting or until their respective successors have been elected and qualified. The members of the Board of Directors and corporate officers of the Company as of December 31, 2011 are the following:

NAME	AGE	Term of Present Position	No. of Year(s) In Service	<i>Business Experience</i>
CHIN-YEN KAO Honorary Chairman of the Board Citizenship: R.O.C.	82	10 yrs.	10 yrs.	<ul style="list-style-type: none"> • <i>Chairman - Uni-President Enterprise Corp.; President Chain Store Corporation; Tong-Jeng Development Corp.; President International Development Corp.</i> • <i>Director- Director PCSC (China) Limited; President Chain Store (Labuan) Holdings Ltd.; PCSC (China) Drugstore Limited; PCSC; President Chain Store (BVI) Holdings Ltd.; Kai Yu (BVI) Investment Co., Ltd.; Global Strategic Investment, Inc.; President Energy Development (Cayman Islands) Ltd.; Cayman President Holdings Ltd.; Kao Chyuan Investment Co.Ltd.</i>
VICENTE T. PATERNO Chairman of the Board and Director Citizenship: Filipino	86	29 yrs.	29 yrs.	<ul style="list-style-type: none"> • <i>Chairman - Store Sites Holding Inc.; PhilSeven Foundation Inc.</i> • <i>Former Director - State Land Investment Inc., First Philippine Holdings Corporation; Benpres Holdings Corporation</i>
YEN-SEN YANG Vice- Chairman and Director Citizenship: R.O.C	52	6 yrs. & 6 mos.	6 yrs. & 6 mos.	<ul style="list-style-type: none"> • <i>Senior Vice-President - President Chain Store Corp.</i> • <i>Director – President Being Corp.; 21 Century Enterprise Co., Ltd.; Duskin Serve Taiwan Co.; Books.com. Co., Ltd.; President Chain Store Tokyo Marketing Corporation; Philippine Seven Corp; Pet Plus Co., Ltd. Presiclerc Limited; President Technology Corp.; Mech-President Corp., PCSC (SICHUAN) Hypermarket Limited; PCSC (CHENGDU) Hypermarket Limited; President Information Corp.; Presicarre Corp.</i>
JOSE VICTOR P. PATERNO President and Director Citizenship: Filipino	44	7 yrs.	14 yrs.	<ul style="list-style-type: none"> • <i>President & CEO, Philippine Seven Corporation</i> • <i>Chairman & President – Convenience Distribution, Inc;</i> • <i>Vice-Chairman- PhilSeven Foundation, Inc.</i> • <i>President – First MFI Network, Inc.</i> • <i>Chairman – Supply Chain Networks, Inc.</i> • <i>Director – Electronic Commerce Payment (EC Pay) Network, Inc.; The Straits Wine Company, Inc.</i> • <i>Former Vice-President for Operations– Philippine Seven Corporation</i>

JORGE L. ARANETA Director Citizenship: Filipino	76	23 yrs.	23 yrs.	<ul style="list-style-type: none"> Chairman & CEO - Araneta Center Inc./ Philippine Pizza Inc./ Progressive Development Corporation
DIANA P. AGUILAR Director Citizenship: Filipino	48	13 yrs. 8 mos.	13 yrs. 8 mos.	<ul style="list-style-type: none"> Commissioner- Social Security Commission; Social Security System Director – Security Bank Corporation; Phoenix Petroleum Phils., Inc.; Asian Holdings Corporation; Electronic Commerce Payments Network Inc.; Artemis Electronic Systems, Inc.; DAJ Property Holdings Corp.; Gate Distribution Enterprises, Inc.; ERA Philippines, Inc. Director & Treasurer - Land & Housing Dev't. Corporation/ Cable Entertainment Corp.; WenPhil Corporation; Treasurer & Trustee – De La Salle Santiago Zobel School Treasurer - Franchise One Corporation Treasurer – Foundation for International Research Skills & Training, Inc.
ANTONIO JOSE U. PERIQUET, JR. Independent Director Citizenship: Filipino	51	1 yr and 9 mos.	1 yr and 9 mos.	<ul style="list-style-type: none"> Chairman – Pacific Main Holdings, Inc.; Campden Hill Group, Inc.(Dormant); Regis Financial Advisers (Dormant) Director - The Straits Wine Company, Inc. Independent Director- Ayala Corporation; BPI Capital; DMCI Holdings, Inc.; Bank of the Philippine Islands; BPI Family Bank Trustee - Lyceum University of the Philippines Member – Deans Global Advisory Council, Darden School of Business, University of Virginia; Board of Advisers, ABS-CBN Broadcasting Corporation
MICHAEL B. ZALAMEA Independent Director Citizenship: Filipino	47	7 yrs. & 5 mos.	7 yrs. & 5 mos.	<ul style="list-style-type: none"> Director – Active Alliance, Inc.; Philippine Coastal Storage & Pipeline Corp.; Clark Pipeline & Depot Company Inc.; Wespak Holdings, Inc. Former Portfolio Manager – Global Fund, American International Group, Inc. Director – The Straits Wine Company, Inc.
CHUNG-JEN HSU Director Citizenship: R.O.C.	64	11 yrs.	11 yrs.	<ul style="list-style-type: none"> President- President Chain Store Corporation; Ren- Hei Investment Corp. Chairman- President Drugstore Business Corp.; Capital Inventory Services Corp.; Wisdom Distribution Service Corp.; President YiLan Art and Culture Corp.; President Information Corp.; Bank Pro E-Service Technology Co., Ltd.; Duskin Serve Taiwan Co.; Mister Donut Taiwan Corp.; Muji Taiwan Co., Ltd.; Retail Support International Corp.; President FN Business Corp.; Afternoon Tea Taiwan Co., Ltd.; Pet Plus Co., Ltd.; 21 Century Enterprise Co., Ltd.; Ren-Hei Investment Corp.; Mech-President Corp.; President Transnet Corp.; President Collect Services Co. Ltd.; President Logistics International Corp.; Chieh Shuen Logistics International Corp.; President Jing Corp.; PRESIDENT SATO CO., LTD.; Shenzhen Cosmed-Livson PharmacyChain Store Co., Ltd. Vice Chairman- Uni-President Department Store Corp.; Uni-President Development Corp.; Tong-Jeng Development Corp.; Director- Shanghai President Logistics Co., Ltd.; Uni-President Cold-Chain Corp.; Uni-President Oven Bakery Corp.; President Coffee Corp.; President Pharmaceutical Corp.; Tong-Ho Development Corp.; Philippine Seven Corp.; Presiclrc Limited; Shanghai President Starbucks Coffee Corp.; President International Development Corp.; Shan Dong President Yinzuo Commercial Limited; PK Venture Capital Corp.; Wuhan Uni-President Oven Fresh Bakery Co., Ltd.; President Chain Store (Shanghai) Ltd.; Cold Stone Creamery Taiwan Ltd.; PCSC (SICHUAN) Hypermarket Limited PCSC (CHENGDU) Hypermarket Limited; Shanghai Cold Stone Ice Cream Corporation; PCSC AFTERNOON TEA SHANGHAI LTD.; President Cosmed Chain Store (Shen Zhen) Co.,Ltd.; PCSC AFTERNOON TEA CAYMAN LTD.; President Coffee (Cayman)Holdings Ltd.; Duskin China(BVI)Holding Limited.; President Chain Store(Hong Kong) Holdings Limited; Shanghai SATO

				<i>Restaurant System Co., Ltd.; PRESIDENT Royal Host (SHANGHAI) LTD.; President Pharmaceutical (Hong Kong) Holdings Limited; President (Shanghai) Health Products Trading Co., LTD</i>
CHIEN-NAN HSIEH Director Citizenship: R.O.C.	57	11 yrs.	11 yrs.	<ul style="list-style-type: none"> • Senior Vice-President- President Chain Store Corporation; • Chairman- Q-ware Communications Co., Ltd.; Q-ware Systems & Services Corp.; Rakuten Taiwan Co., Ltd. • Director - Ren-Hui Investment Corp.; Capital Inventory Services Corp.; Wisdom Distribution Service Corp.; Uni-President Cold-Chain Corp.; President Information Corp.; Bank Pro E-Service Technology Co., Ltd.; Books.com. Co., Ltd.; Rakuten Taiwan Co., Ltd.; President Musashino Corp.; Retail Support International Corp.; Q-ware Systems & Services Corp.; Retail Support Taiwan Corp.; President Logistics International Corp.; Chieh-Shuen Logistics International Corp.; Philippine Seven Corp.; President Chain Store (Hong Kong) Holdings Limited; Shenzhen Cosmed-Livzon Pharmacy Chain Store Co., Ltd.; President Being Corp.; President Chain Store (Shanghai) Ltd. • President- Books.com. Co., Ltd.
WEN-CHI WU Director Citizenship: R.O.C.	42	3 yrs. and 6 mos.	3 yrs. and 6 mos.	<ul style="list-style-type: none"> • Chief Financial Officer – President Chain Store Corporation • Director – Philippine Seven Corp.; President Investment Trust Corp.; Presidlerc (Beijing)Ltd.; PCSC AFTERNOON TEA CAYMAN LTD. • Supervisor – Pet Plus Co., Ltd.; Uni-President Oven Bakery Corp.; Books.com. Co., Ltd.; Muji (Taiwan) Co., Ltd.; Wuhan Uni-President Oven Fresh Bakery Co., Ltd.; Shanghai President Starbucks Coffee Corp.; President Chain Store (Shanghai) Ltd.; Shan Dong President Yinzuo Commercial Limited; Uni-President Department Store Corp.; President Pharmaceutical Corp.; President Transnet Corp.; President Drugstore Business Corp.; Afternoon Tea Taiwan Co., Ltd.; PCSC AFTERNOON TEA SHANGHAI LTD.; Mech-President Corp.; Mister Donut Taiwan Corp.; President Information Corp.; President Cofee Corp.; President Collect Services Co., Ltd.
NAN-BEY LAI Director Citizenship: R.O.C.	60	1 yr and 9 mos.	1 yr and 9 mos.	<ul style="list-style-type: none"> • Senior Vice President- President Chain Store Corporation • Chairman- PCSC (Vietnam) Supermarket LTD. • Vice Chairman- Uni- President Yellow Hat Corp. • Director- President YiLan Art and Culture Corp; PPRESIDENT SATO CO.,LTD.; Shanghai SATO Restaurant System Co. , Ltd.; Uni-President Yellow Hat Corp.; Uni-President Department Store Corp.; Q-Ware Systems & Services Corp.; President Transnet Corp.; President Collect Services Co. Ltd.; Bank Pro E-Service Technlogy Co., Ltd.; PCSC (SICHUAN) Hypermarket Limited; PCSC (CHENGDU) Hypermarket Limited; Q-Ware Communication Co., Ltd.; Mech-President Corp.; President Being Corp.; Muji Taiwan Co., Ltd.; Philippine Seven Corp.; President Organics, Co.; Pet Plus Co., Ltd.; Books.com Co., Ltd. ; President Drugstore Business Corp.; Duskin Serve Taiwan Co.; Rakuten Taiwan Co., Ltd.
YU-HSIU TSAI* Treasurer/CFO Vice-President Citizenship: R.O.C. * Resigned as of Feb. 10, 2012	52	3 yrs. & 8 mos.	3 yrs. & 8 mos.	<ul style="list-style-type: none"> • Treasurer/CFO and VP-Finance & Administration – Philippine Seven Corporation • Vice Pres & Director - Convenience Distribution Inc. • Director- Store Sites Holding Inc.; Administrative Department of Starbucks Taiwan; Administrative Department of Starbucks Shanghai; Administrative Department Cold Stone Creamery • Manager – 7-Eleven President Chain Store
EVELYN SADSAD-ENRIQUEZ Corporate Secretary Citizenship: Filipino	48	8 yrs. & 5 mos.	22 yrs.	<ul style="list-style-type: none"> • Legal and Corporate Services Division Mgr. - Philippine Seven Corporation • Compliance Officer- Philippine Seven Corporation • Corporate Secretary - Convenience Distribution Inc.; Store Sites Holding, Inc.; Ferguson Park Tower Condominium Corporation, PhilSeven Foundation, Inc., Sterling Fluid Systems Enterprises, Inc. • President – Columbia Owners’ Association Inc.

b) *The Executive Officers*

As of December 31, 2011, the Executive Officers and Management of the Corporation are the following:

Executive Officers	Name
Honorary Chairman of the Board	Chin-Yen Kao
Chairman of the Board	Vicente T. Paterno
Vice-Chairman of the Board	Yen-Sen Yang
President & CEO	Jose Victor P. Paterno
Treasurer and CFO	Yu-Hsiu Tsai *
Vice President for Finance & Administration	
Corporate Secretary, Compliance Officer Legal & Corporate Services Division Manager	Atty. Evelyn S. Enriquez
Marketing Director	Michael C. Chuaunsu
Operations Director and Corporate Planning Head	Ying-Jung Lee
Operations Division Manager	Liwayway T. Fernandez
Business Development Division Manager	Francis S. Medina
General Merchandise Division Manager	Jose Ang, Jr.
Strategic Merchandise Division Manager	Armi A. Cagasan
Finance Division Manager	Lawrence M. De Leon
Procurement Division Manager	Eduardo P. Bataclan
Human Resources and Administration Division Manager	Violeta B. Apolinario
Management Information Division Manager	Jason Jan Ngo

* Resigned as of February 10, 2012

c) *Significant Employees*

Other than aforementioned Directors and Executive Officers identified in the item on Directors and Executive Officers in this Annual report, there are no other employees of the Company who may have a significant influence in the Company's major and/or strategic planning and decision-making.

d) *Family Relationships*

9. Mr. Jose Victor P. Paterno, President of PSC and concurrent Chairman and President of Convenience Distribution Inc. (CDI), a wholly owned subsidiary of PSC, is the son of PSC Chairman of the Board, Mr. Vicente T. Paterno.
10. Ms. Diana P. Aguilar, director of PSC, is related to PSC Chairman, Mr. Paterno, by affinity within the 3rd degree.
11. Mr. Raymund Aguilar, Director of Gate Distribution Enterprises, Inc. and EC Payment Network Inc., a supplier of the Company, is the spouse of Ms. Diana P. Aguilar

e) *Independent Directors*

The independent directors, Mr. Antonio Jose U. Periquet, Jr. and Mr, Michael B. Zalamea are not officers or substantial shareholders of Philippine Seven Corporation nor are they the directors or officers of its related companies.

f) *Litigation*

To the knowledge and/or information of the Company, the above-named directors of the Company, the present members of its Board of Directors and its Corporate Officers are not, presently or during the past 5 years, involved or have been involved in any material legal proceeding affecting/involving themselves or their property before any court of law or administrative body in the Philippines or elsewhere. Likewise, to the knowledge and/or information of the Company, the said persons have not been convicted by any final judgment of any offense punishable by the laws of the Republic of the Philippines or the laws of any nation/country.

g) *Pending Legal Proceedings*

The Company is a party to certain litigations involving minor issues, from time to time, before the Department of Trade and Industry, employees suing for illegal dismissal, back wages and damage claims, claims arising from store operations and as co-respondents with manufacturers on complaints with BFAD, actions on leases for specific performance and other civil claims. The Company also filed criminal cases against employees and other persons arising from theft, estafa and robbery; civil claims for collection of sum of money, specific performance and damages. All such cases are in the normal course of business

and are not deemed or considered as material legal proceeding as stated in Part I, Paragraph (C) of "Annex C" of SEC checklist 17-A.

h) Qualification of Directors

To the knowledge and/or information of the Company, the above-named directors have all the qualifications and none of the disqualifications as provided in the Company's Manual on Corporate Governance and the revised Securities Regulation Code.

i) Certain Relationships and Related Transactions

The Company (or "PSC") executed a licensing agreement with Seven Eleven, Inc. (SEI), of Texas, USA granting the exclusive right to use the 7-Eleven System in the Philippines and the Company pays, among others, royalty fee to SEI. SEI is also a stockholder in PSC and holds 0.39% of PSC's outstanding stocks.

PSC has transactions with PhilSeven Foundation, Inc. (PFI), a foundation with common key management of the Company. PSC has a MOA with PFI whereby the latter supports the CSR program of PSC in the communities where its 7-Eleven stores are located. The MOA also provides the pledge of PSC to donate ½ of 1% of its net income before tax to support PFI's programs.

The Company has warehousing and distribution management contract with Convenience Distribution Inc. (CDI), its wholly-owned subsidiary. The Chairman of the Board and President of CDI, Mr. Jose Victor Paterno, is the son of Mr. Vicente Paterno, the Chairman of the Board of PSC.

Store Sites Holdings, Inc. is a landholding company affiliated with PSC and it leases on long term basis certain parcels of land to PSC for its operation of 7-Eleven Stores.

The Company, from time to time, makes purchases of equipment from President Chain Store Corporation (and its subsidiaries/affiliates), which is the parent company of President Chain Store (Labuan) Holding Ltd., holding 56.59% of PSC's outstanding shares. Certain products are also purchased from Uni- President Corporation, which is the parent company of President Chain Store Corporation.

The Company have lease and/or sublease agreements with Wenphil Corporation and Progressive Development Corporation for commercial spaces in excess of the requirements of the Company for its 7-Eleven stores, and supply arrangement for certain products/services carried by the stores with Gate Distribution Enterprises Inc.(GATE) and Electronic Commerce Payments Network Inc. (ECPAY). Ms. Diana P. Aguilar, director of the company, is a director and treasurer of Wenphil Corporation (owner of Wendy's Philippine franchise), GATE and ECPAY. She is also the wife of Mr. Raymund Aguilar, a director of GATE and President of ECPAY which is the supplier of physical and electronic phone cards (e-pins) of the company and the system provider for e-pins and bills payment. Mr. Jorge L. Araneta, also a director of the Company, is the Chairman and President of Progressive Development Corporation (owner of Pizza Hut Philippine franchise).

j) Election of Directors

The directors of the Company are elected at the Annual Stockholders' Meeting to hold office for one (1) year and until their respective successors have been elected and qualified.

k) Independent Directors

The independent directors of the Company are Mr. Michael B. Zalamea and Mr. Antonio Jose U. Periquet, Jr. Their shareholdings in the Corporation are less than 2% of the Corporation's outstanding capital stock pursuant to Section 38 of the SRC. A brief description of the business experiences of Mr. Michael B. Zalamea and Mr. Antonio Jose U. Periquet, Jr. is included in Item 9 Part III of this report.

Nomination Procedure:

1. A stockholder may recommend the nomination of a director to the Nomination Committee;
2. The nominating stockholder shall submit his proposed nomination in writing to the Nomination & Governance Committee, together with the acceptance and conformity of the would-be nominee.

3. The Nomination & Governance Committee shall screen the nominations of directors prior to the stockholders' meeting and come up with the Final List of Candidates.
4. Only nominees whose names appear in the Final List of Candidates shall be eligible for election as independent director.

Item 10. Executive Compensation

(a) Name/Position	(b) Year	(c) Salaries	(d) Bonus	(e) Others
Chairman and Top 4				
Vicente T. Paterno Chairman				
Jose Victor P. Paterno President				
Michael C. Chuaansu Marketing Director				
Jose Ang, Jr. General Merchandise Manager				
Liwayway Fernandez Operations Manager				
Total	2012	6,621,039.08	6,379,554.44	N/A
	2011	4,940,936.40	5,133,368.49	
	2010	5,713,173.16	6,486,091.13	
	2009	5,426,112.36	6,369,768.51	
	2008	4,375,302.24	5,233,364.21	
All other Officers and Directors as a Group Unnamed	2012	7,720,485.56	7,690,127.17	N/A
	2011	7,762,145.04	6,319,126.01	
	2010	5,980,927.24	5,713,034.49	
	2009	5,497,840.32	5,492,966.49	
	2008	4,809,256.92	5,166,120.31	

• *Estimated compensation of director and executive officers for the ensuing year.*

The Company has certain standard arrangements with respect to compensation and profit sharing. Per diems of ₱ 7,500.00 (as may be fixed by the Board from time to time) are given for every regular or special meeting of the Board, Executive Committee and Board Committees attended.

The company established a policy effective January 01, 2012 to provide guidelines for director's fee to be provided to Independent Directors. As a director and member of the Board, the Independent Director shall be entitled to an annual director's fee of ₱ 100,000.00, as Chairman of any Board Committees, the Independent Director shall be entitled to an annual director's fee of ₱ 150,000.00, as a member of any Board Committees, the Independent Director shall be entitled to an annual director's fee of ₱ 50,000.00. The independent director shall also be entitled to per diem of ₱ 7,500.00 for every meeting attended.

In addition to per diems, profit sharing is provided in the Code of By-laws in an amount not exceeding 15% of the net profits of the Corporation (after tax), which shall be distributed to the members of the Board of Directors and Executive Committee members and officers of the Corporation in such amounts and manner as the Board may determine. Profit share not exceeding 15% of net profits after tax of the Corporation shall be submitted to stockholders for approval. The last profit sharing in 1996 was set at 5% of net income after tax thereon. The directors and the executive officers did not receive any profit sharing in the years after 1996. In 2009, Target Incentive for Support Personnel and Annual Performance Bonus were granted based on achievement rate of target pre-tax income. These are provided to regular employees and executive officers of the Corporation.

There are no existing options, warrants or stock plan arrangements and none are held by the directors, executive and corporate officers of the Corporation.

Item 11. Security Ownership of Certain Beneficial Owners and Management

1. Security Ownership of Certain Record and Beneficial Owners.

As of April 30, 2012 the following are the record and beneficial owners of more than 5% of registrant's voting securities:

Title of Class	Name and Address of Record/Beneficial Owner	Citizenship	Relationships of the record owner's representative with the issuer and said owner	Amount and Nature of Record/Beneficial Ownership	Percent of Outstanding Common Stock as of Apr. 30, 2012
Common	President Chain Store (Labuan) Holding, Ltd. ¹ 7(E), Main Tower, Financial Park, Labuan, Malaysia	Malaysian	Stockholder	196,160,452 (R)	56.59%
Common	Asian Holdings Corporation ² 4 th Floor, Uni-Oil Bldg., Commerce Ave. cor. Acacia St., Madrigal Business Park, Ayala Alabang, Muntinlupa City	Filipino	Stockholder	34,664,396 (R)	10.00%
Common	Vicente Paterno ³ And children 16 Hidalgo Place, Hidalgo Village Rockwell, Makati City	Filipino	Chairman /Stockholder	1,461,076 (R) <u>37,722,646 (B)</u> 39,183,722	0.42% <u>10.88%</u> 11.30%
Common	Progressive Development Corp. ⁴ 18 th Aurora Tower, Cubao Quezon City	Filipino	Stockholder	29,459,772	8.50%

Footnotes:

¹ Mr. Chang-Sheng Lin of President Chain Store (Labuan) Holding, Ltd. has the voting power in behalf of the Corporation

² Ms. Elizabeth Orbeta or Ms. Diana P. Aguilar has the voting power in behalf of Asian Holdings Corp.

³ Mr. Vicente T Paterno has the power of attorney to vote the 37,722,646 shares of his children: Ma. Cristina Paterno-6,710,792; Jose Victor Paterno-12,761,154; Paz Pilar P. Benares -6,282,653 ; Ma. Elena P. Locsin-6,172,748 ; Ma. Theresa P. Dickinson-5,795,299

⁴ Mr. Jorge L. Araneta has the voting power in behalf of Progressive Development Corp.

2. Security Ownership of Management as of April 30, 2012

Title of Class	Name of Beneficial Owner	Amount & Nature of Beneficial Ownership	Citizenship	Percent of Class
Common	Vicente T. Paterno	1,461,076 (R) <u>37,722,646 (B)</u> ¹ 39,183,722	Filipino	0.42% <u>10.88%</u> 11.30%
Common	Jose Victor P. Paterno	12,761,154 ¹	Filipino	3.68%
Common	Jorge L. Araneta	1 ³	Filipino	0.00%
Common	Diana P. Aguilar	1 ³	Filipino	0.00%
Common	Antonio Jose U. Periquet, Jr.	1 ³ <u>729,141</u> ² 729,142	Filipino	0.21%
Common	Michael B. Zalamea	1 ³	Filipino	0.00%
Common	Chung-Jen Hsu	1 ³	R.O.C.	0.00%
Common	Chien-Nan Hsieh	1 ³	R.O.C.	0.00%
Common	Nan-Bey Lai	1 ³	R.O.C.	0.00%
Common	Wen-Chi Wu	1 ³	R.O.C.	0.00%
Common	Yen-Sen Yang	1 ³	R.O.C.	0.00%
Common	Evelyn Sadsad-Enriquez	2,702 ²	Filipino	0.0008%
Common	Liwayway T. Fernandez	3,859 ²	Filipino	0.0011%

¹ Shares directly owned by Vicente T. Paterno is 1,461,076 which is 0.42%, and he has power of attorney for 37,722,646 shares held by his 5 children including above shares of Jose Victor Paterno – 12,761,154 (3.68%)

² Directly owned shares

³ Qualifying shares

3. Power of Attorney to vote shares of 5% or more

Mr. Vicente T. Paterno, Chairman of the Board, has the power of attorney for 37,722,646 shares or 10.88% owned/registered in the name of his children: Jose Victor P. Paterno – 12,761,154 shares; Ma. Theresa P. Dickinson – 5,795,299 shares; Paz Pilar P. Benares – 6,282,653 shares; Ma. Cristina P. Paterno –6,710,792 shares and Ma. Elena P. Locsin – 6,172,748 shares.

Item 12. Certain Relationships and Related Transactions

The Company (or "PSC") executed a licensing agreement with Seven Eleven, Inc. (SEI), of Texas, USA granting the exclusive right to use the 7-Eleven System in the Philippines and the Company pays, among others, royalty fee to SEI. SEI is also a stockholder in PSC and holds 0.39% of PSC's outstanding stocks.

PSC has transactions with PhilSeven Foundation, Inc. (PFI), a foundation with common key management of the Company. PSC has a MOA with PFI whereby the latter supports the CSR program

of PSC in the communities where its 7-Eleven stores are located. The MOA also provides the pledge of PSC to donate ½ of 1% of its net income before tax to support PFI's programs.

The Company has warehousing and distribution management contract with Convenience Distribution Inc. (CDI), its wholly-owned subsidiary. The Chairman of the Board and President of CDI, Mr. Jose Victor Paterno, is the son of Mr. Vicente Paterno, the Chairman of the Board of PSC.

Store Sites Holdings, Inc. is a landholding company affiliated with PSC and it leases on long term basis certain parcels of land to PSC for its operation of 7-Eleven Stores.

The Company, from time to time, makes purchases of equipment from President Chain Store Corporation (and its subsidiaries/affiliates), which is the parent company of President Chain Store (Labuan) Holding Ltd., holding 56.59% of PSC's outstanding shares. Certain products are also purchased from Uni- President Corporation, which is the parent company of President Chain Store Corporation.

The Company have lease and/or sublease agreements with Wenphil Corporation and Progressive Development Corporation for commercial spaces in excess of the requirements of the Company for its 7-Eleven stores, and supply arrangement for certain products/services carried by the stores with Gate Distribution Enterprises Inc.(GATE) and Electronic Commerce Payments Network Inc. (ECPAY). Ms. Diana P. Aguilar, director of the company, is a director and treasurer of Wenphil Corporation (owner of Wendy's Philippine franchise), GATE and ECPAY. She is also the wife of Mr. Raymund Aguilar, a director of GATE and President of ECPAY which is the supplier of physical and electronic phone cards (e-pins) of the company and the system provider for e-pins and bills payment. Mr. Jorge L. Araneta, also a director of the Company, is the Chairman and President of Progressive Development Corporation (owner of Pizza Hut Philippine franchise).

PART IV – CORPORATE GOVERNANCE

Item 13. Corporate Governance

1. Election of independent Directors
In April 2002 the Company disclosed to the SEC that it has complied with the requirement to elect independent directors.
2. Manual of Corporate Governance
In August 2002, the Board of Directors approved the adoption of its Manual of Corporate Governance.
3. Creation of Board Committees: Audit, Nomination and Compensation
In July 2002, the Board has constituted the abovenamed committees and appointed their members to enable them to organize and perform the functions as provided in the Manual of Corporate Governance.
4. Compliance with the designation of a Compliance Officer
5. Corporate Governance Self-Rating Form
The Corporation has submitted to SEC its Corporate Governance Self Rating Form on July 2003.
6. In 2004, amendment of the Code of By-Laws of the Corporation to include the procedure for electing independent directors pursuant to SEC Circular No. 16, Series of 2002, and the revised Implementing Rules and Regulations of the Securities Regulation Code.
7. Yearly issuance of Certifications by Compliance Officer
Compliance Officer submits every January of each year to the SEC its certifications on substantial compliance with leading practices and principles on good corporate governance, and the attendance at board meetings by the directors.
8. July 2007- Inclusion of the Governance Committee in the Nomination Committee to form Nomination & Governance Committee.
9. Accomplished and submit the 2007 Corporate Governance Scorecard and Survey Form as per SEC Memo Circular No. 2 dated 09 August 2007.
10. August 07, 2008 - Holding of Corporate Governance seminar conducted by Sycip Gorres Velayo & Company to all executive officers and senior management of the Corporation.

11. October 2007 – Creation of PhilSeven Foundation Inc. to support the CSR program of PSC.
12. November 10, 2008- Submission of 2008 Corporate Governance Scorecard for Publicly Listed Company to SEC.
13. January 2009- Submission to SEC on Disclosure on Directors' Attendance in Corporate Governance Seminar and amendment to Manual of Corporate Governance to include attendance to such training prior to assumption to office by a director.
14. March 26, 2009 – participated in Corporate Governance Scorecard survey sponsored by Asian Institute of Management.
15. December 18, 2009- Submission of 2009 Corporate Governance Scorecard for Publicly Listed Company to SEC.
16. August 24, 2009 - Adoption of Code of Ethics
17. July 29, 2010 - Adoption of Self-rating scorecard for directors and the Board
18. November 15, 2010 - Submission of Online Corporate Governance Scorecard to Institute of Corporate Directors
19. January 28, 2011- Accomplished and submitted PSE Corporate Governance Disclosure Survey Form for 2010
20. February 11, 2011- Revised Internal Audit Charter
21. January 21, 2011 – Submission and compliance of minimum public float pursuant to PSE Memorandum
22. October 18, 2011 – Execution of Memorandum of Understanding (MOU) between Philippine Seven Corporation (PSC) and PhilSeven Foundation (PFI) providing that PFI shall implement the CSR programs of PSC and PSC has committed to donate each year to PFI ½ of 1% of PSC's annual net income before tax.
23. December 05, 2011 – Participation in the Corporate Governance Scorecard of the Institute of Corporate Directors (ICD)
24. January 01, 2012- Issued Policy on Director's Fee for Independent Directors
25. February 08, 2012- Accomplishment of Self Assessment Forms for the Board of Directors and Directors
26. March 21, 2012- Accomplished and submitted PSE Corporate Governance Disclosure Survey Form for 2011
27. May 2012- PSC recognized as Silver Awardee for the ICD 2011 Corporate Governance Scorecard

Plans on Improvement

1. The Corporation shall continue with setting up an evaluation procedure to measure compliance with the Manual of Corporate Governance:
 - a. Develop a Corporate Governance Evaluation form and conduct periodic compliance survey;
 - b. Obtain external and internal audit findings on effectiveness of oversight of Company's accounting and financial processes;
 - c. Monitor Board and other Committees minutes and attendance;
 - d. Develop compliance review system with risks owners.
2. Provide workshop/seminars to operationalize the Manual, evaluation system and compliance review as part of the Company's training program
3. The Corporation shall continue to adopt the International Accounting Standards as they are approved as Philippine Accounting Standards.

PART V – EXHIBITS AND SCHEDULES

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

Copies of the reports listed below were submitted to SEC:

<u>Date</u>	<u>Items Reported</u>
March 29, 2011	Item 9: Other Events (Acceptance of Resignation of Stock Transfer Agent)
March 29, 2011	Item 9: Other Events (Appointment of New Stock Transfer Agent)
April 08, 2011	Item 9: Other Events (Annual Meeting and Record Date)
July 22, 2011	Item 4: Election of Registrants Directors and Officers (Election of Board of Directors)
	Item 9: Other Events (Annual Stockholder's Meeting on approval and and confirmation of Stock Dividend Declaration, Record Date for entitlement to Stock Dividend and Payment Date)
	Item 4: Election of Registrants Directors and Officers (Election of Corporate Officers and Committees)
	Item 9: Other Events (Dividend Declaration)
August 10, 2011	Item 9: Other Events (Amended 17-C re: Cash Dividend Declaration)
August 23, 2011	Item 9: Other Events (Secretary's Certification on Total Outstanding Capital Stock and Total Amount of Cash Dividend for Distribution)
September 14, 2011	Item 9: Other Events (Update of Shareholdings of Directors and Corporate Officers)
November 24, 2011	Item 9: Other Events (Financial Briefing)

SIGNATURES

Pursuant to the requirements of Section 17 of the SRC and Section 141 of the Corporation Code, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Mandaluyong on _____, 2012.

PHILIPPINE SEVEN CORPORATION

Issuer

Pursuant to the requirements of the Securities Regulation Code, this annual report has been signed by the following persons in the capabilities and on the dates indicated.

By:

Board of Directors


VICENTE T. PATERNO
 Chairman of the Board







JOSE VICTOR P. PATERNO
 President and Chief Executive Officer

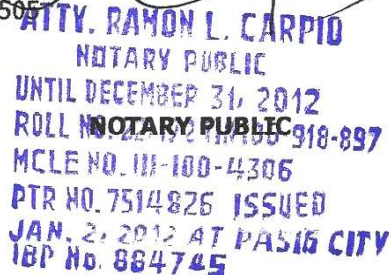

YU-HSIU TSAI
 Chief Financial Officer and Treasurer


EVELYN S. ENRIQUEZ
 Corporate Secretary
 30 MAR 2012

SUBSCRIBED AND SWORN to before me this _____ day of _____ 2012 affiants exhibiting to me their TIN/SSS/Passport No., as follows:

NAME	T.I.N./SSS./PASSPORT NO.	DATE/PLACE OF ISSUE
Vicente T. Paterno	T.I.N 100-133-885	
Jose Victor P. Paterno	T.I.N 132-688-472	
Yu-Hsiu Tsai	200-564-352	March 12, 2003/R.O.C Taipei Taiwan
Evelyn S. Enriquez	SSS-0-372-848-505	

Doc. No. 
 Page No. 
 Book No. 
 Series of 


ATTY. RAMON L. CARPIO
 NOTARY PUBLIC
 UNTIL DECEMBER 31, 2012
 ROLL NO. 2003-918-897
 MCLE NO. III-100-4306
 PTR NO. 7514826 ISSUED
 JAN. 2, 2012 AT PASIG CITY
 IBP No. 884745



PHILIPPINE SEVEN CORPORATION

7th Floor, The Columbia Tower, Ortigas Avenue, Mandaluyong City 1550 Philippines
Telephone Nos. (632) 724-44-41 to 53 / 705-52-00
www.7-eleven.com.ph

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of Philippine Seven Corporation is responsible for the preparation and fair presentation of the consolidated financial statements for the years ended December 31, 2011 and 2010, including the additional components attached therein, in accordance with Philippine Financial Reporting Standards. This responsibility includes designing and implementing internal controls relevant to the preparation and fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

The Board of Directors or the Executive Committee or the Audit Committee, as authorized by the Board, reviews and approves the consolidated financial statements and submits the same to the stockholders.

SyCip Gorres Velayo & Co. the independent auditor appointed by the stockholders for the period December 31, 2011 and 2010, respectively, have examined the consolidated financial statements of the company in accordance with Philippine Standards on Auditing, and in their reports to the stockholders, have expressed their opinion on the fairness of presentation upon completion of such examination.


VICENTE T. PATERNO
Chairman of the Board


JOSE VICTOR P. PATERNO
Chief Executive Officer


YU-HSIU TSAI
Chief Financial Officer

Signed this 10th day of February, 2012



SUBSCRIBED AND SWORN TO
BEFORE ME ON THIS 10 DAY OF
FEBRUARY 2012
AT MANILA


ATTY. RAMON L. CARPIO
NOTARY PUBLIC
UNTIL DECEMBER 31, 2012
ROLL NO. 17371106-918-897
REG. NO. 11-10014826
PTR NO. 7514826, ISSUED
JAN. 27, 2012 AT PASIG CITY

Part 1 – FINANCIAL INFORMATION

Item 1. Financial Statements

A.	Audited Consolidated Balance Sheets as of December 31, 2011 and 2010	
B.	Audited Consolidated Statements of Comprehensive Income for the Years Ended December 31, 2011, 2010 and 2009	
C.	Audited Consolidated Statements of Changes in Equity for the Years Ended December 31, 2011, 2010 and 2009	
D.	Audited Consolidated Statements of Cash Flow for the Years Ended December 31, 2011, 2010 and 2009	
E.	Notes to Audited Consolidated Financial Statements	
F.	Supplemental Written Statement of Auditor	
G.	OTHER DOCUMENTS TO BE FILED WITH THE FINANCIAL STATEMENTS	
	1. Reconciliation of Retained Earnings Available for Dividend Declaration as of December 31, 2011 (<i>4C of SRC Rule 68</i>)	
	2. Financial Soundness Indicators (<i>4D of SRC Rule 68</i>)	
	3. Relationship Map (<i>4H of SRC Rule 68</i>)	
	4. List of Philippine Financial Reporting Standards (PFRSs) (<i>4J of SRC Rule 68</i>)	
H.	ANNEX 1: Schedule of Receivables as of December 31, 2011	
I.	ANNEX 68-C: Reconciliation of Retained Earnings Available for dividend Declaration	
J.	ANNEX 68-E: Schedules	
	1. Schedule A. Financial Assets	
	2. Schedule B. Amounts Receivable from Directors, Officers, Employees, Related Parties and Principal Stockholders (Other than Related Parties)	
	3. Schedule C. Amounts Receivable from Related Parties which are Eliminated during the Consolidation of Financial Statements	
	4. Schedule D. Intangible Assets- Other Assets	
	5. Schedule E. Long Term Debt	
	6. Schedule F. Indebtedness to Related Parties (Long-Term Loans from Related Companies)	
	7. Schedule G. Guarantees of Securities of Other Issuers	
	8. Schedule H. Capital Stock	

Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations in 2011

Philippine Seven Corporation and Subsidiaries

Consolidated Financial Statements
December 31, 2011 and 2010
and Years Ended December 31, 2011, 2010 and 2009

and

Independent Auditors' Report

SyCip Gorres Velayo & Co.

INDEPENDENT AUDITORS' REPORT

The Stockholders and the Board of Directors
Philippine Seven Corporation
7th Floor, The Columbia Tower
Ortigas Avenue, Mandaluyong City

We have audited the accompanying consolidated financial statements of Philippine Seven Corporation and Subsidiaries, which comprise the consolidated balance sheets as at December 31, 2011 and 2010, and the consolidated statements of comprehensive income, statements of changes in equity and statements of cash flows for each of the three years in the period ended December 31, 2011, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Philippine Seven Corporation and Subsidiaries as at December 31, 2011 and 2010, and their financial performance and their cash flows for each of the three years in the period ended December 31, 2011 in accordance with Philippine Financial Reporting Standards.

SYCIP GORRES VELAYO & CO.

Julie Christine O. Mateo

Julie Christine O. Mateo

Partner

CPA Certificate No. 93542

SEC Accreditation No. 0780-AR-1 (Group A),

February 2, 2012, valid until February 1, 2015

Tax Identification No. 198-819-116

BIR Accreditation No. 08-001998-68-2009,

June 1, 2009, valid until May 31, 2012

PTR No. 3174818, January 2, 2012, Makati City

February 10, 2012

PHILIPPINE SEVEN CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

	December 31	
	2011	2010
ASSETS		
Current Assets		
Cash and cash equivalents (Note 4)	₱394,696,749	₱358,729,534
Short-term investment (Note 4)	10,409,907	10,141,555
Receivables (Note 5)	239,289,287	158,342,635
Inventories (Note 6)	519,258,936	402,419,577
Prepayments and other current assets (Note 7)	161,522,138	139,607,097
Total Current Assets	1,325,177,017	1,069,240,398
Noncurrent Assets		
Property and equipment (Note 8)	1,946,032,976	1,607,296,761
Deposits (Note 9)	215,964,826	181,196,390
Deferred income tax assets - net (Note 27)	40,662,817	40,827,991
Goodwill and other noncurrent assets (Note 10)	206,461,345	194,611,819
Total Noncurrent Assets	2,409,121,964	2,023,932,961
TOTAL ASSETS	₱3,734,298,981	₱3,093,173,359
LIABILITIES AND EQUITY		
Current Liabilities		
Bank loans (Note 11)	₱374,666,667	₱320,000,000
Accounts payable and accrued expenses (Note 12)	1,243,937,457	1,078,339,407
Income tax payable	73,922,196	45,289,647
Other current liabilities (Notes 13 and 25)	298,435,516	265,799,298
Total Current Liabilities	1,990,961,836	1,709,428,352
Noncurrent Liabilities		
Deposits payable (Note 14)	171,457,833	142,862,137
Net retirement obligations (Note 24)	65,192,720	57,453,582
Cumulative redeemable preferred shares (Note 15)	6,000,000	6,000,000
Deferred revenue - net of current portion (Note 16)	4,057,482	7,000,300
Total Noncurrent Liabilities	246,708,035	213,316,019
Total Liabilities	2,237,669,871	1,922,744,371
Equity		
Capital stock (Note 17) - ₱1 par value		
Authorized - 400,000,000 shares		
Issued - 347,329,216 and 302,114,918 shares as of		
December 31, 2011 and 2010, respectively		
[held by 666 and 684 equity holders in 2011		
and 2010, respectively (Note 1)]	347,329,216	302,114,918
Additional paid-in capital	293,525,037	293,525,037
Retained earnings (Note 17)	855,468,208	574,482,384
Revaluation increment on land [net of deferred income tax liability		
(Notes 8 and 27)]	3,229,895	3,229,895
	1,499,552,356	1,173,352,234
Cost of 686,250 shares held in treasury	(2,923,246)	(2,923,246)
Total Equity	1,496,629,110	1,170,428,988
TOTAL LIABILITIES AND EQUITY	₱3,734,298,981	₱3,093,173,359

See accompanying Notes to Consolidated Financial Statements.

PHILIPPINE SEVEN CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Years Ended December 31		
	2011	2010	2009
REVENUES			
Revenue from merchandise sales	₱9,435,604,073	₱7,612,243,056	₱6,033,322,488
Franchise revenue (Note 32)	534,025,712	442,822,680	303,815,142
Marketing income (Note 20)	486,823,340	344,241,651	237,618,931
Rental income (Note 26)	44,143,593	37,361,844	52,265,323
Commission income (Note 32)	37,236,539	29,271,506	22,130,513
Interest income (Notes 4, 9, 22 and 26)	5,864,713	5,355,769	4,839,945
Other income (Notes 5, 26 and 32)	99,300,756	72,802,078	34,569,831
	10,642,998,726	8,544,098,584	6,688,562,173
EXPENSES			
Cost of merchandise sales (Note 18)	7,091,496,699	5,585,270,478	4,371,715,990
General and administrative expenses (Note 19)	3,012,177,978	2,531,390,104	2,050,959,329
Interest expense (Notes 11, 15 and 21)	16,024,647	16,398,169	26,482,817
Loss from typhoon (Note 8)	-	-	3,285,171
Other expenses	4,806,251	5,403,913	5,287,817
	10,124,505,575	8,138,462,664	6,457,731,124
INCOME BEFORE INCOME TAX	518,493,151	405,635,920	230,831,049
PROVISION FOR INCOME TAX (Note 27)	162,150,162	128,755,672	75,040,398
NET INCOME	356,342,989	276,880,248	155,790,651
OTHER COMPREHENSIVE INCOME	-	-	-
TOTAL COMPREHENSIVE INCOME	₱356,342,989	₱276,880,248	₱155,790,651
BASIC/DILUTED EARNINGS PER SHARE			
(Note 28)	₱1.03	₱0.80	₱0.45

See accompanying Notes to Consolidated Financial Statements.

PHILIPPINE SEVEN CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2011, 2010 and 2009

	Capital Stock	Additional Paid-in Capital	Retained Earnings	Revaluation Increment on Land (Note 8)	Total	Treasury Stock	Total
BALANCES AS OF DECEMBER 31, 2008	₱261,663,450	₱293,525,037	₱196,616,699	₱3,229,895	₱755,035,081	(₱2,923,246)	₱752,111,835
Stock dividends (Note 17)	26,097,722	–	(26,097,722)	–	–	–	–
Total comprehensive income for the year	–	–	155,790,651	–	155,790,651	–	155,790,651
BALANCES AS OF DECEMBER 31, 2009	287,761,172	293,525,037	326,309,628	3,229,895	910,825,732	(2,923,246)	907,902,486
Stock dividends (Note 17)	14,353,746	–	(14,353,746)	–	–	–	–
Cash dividends (Note 17)	–	–	(14,353,746)	–	(14,353,746)	–	(14,353,746)
Total comprehensive income for the year	–	–	276,880,248	–	276,880,248	–	276,880,248
BALANCES AS OF DECEMBER 31, 2010	302,114,918	293,525,037	574,482,384	3,229,895	1,173,352,234	(2,923,246)	1,170,428,988
Stock dividends (Note 17)	45,214,298	–	(45,214,298)	–	–	–	–
Cash dividends (Note 17)	–	–	(30,142,867)	–	(30,142,867)	–	(30,142,867)
Total comprehensive income for the year	–	–	356,342,989	–	356,342,989	–	356,342,989
BALANCES AS OF DECEMBER 31, 2011	₱347,329,216	₱293,525,037	₱855,468,208	₱3,229,895	₱1,499,552,356	(₱2,923,246)	₱1,496,629,110

See accompanying Notes to Consolidated Financial Statements.

PHILIPPINE SEVEN CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Years Ended December 31		
	2011	2010	2009
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax	₱518,493,151	₱405,635,920	₱230,831,049
Adjustments for:			
Depreciation and amortization (Notes 8 and 19)	378,355,521	291,803,754	203,905,718
Interest expense (Notes 11, 15, and 21)	16,024,647	16,398,169	26,482,817
Net retirement obligations (Note 24)	7,739,138	1,786,458	19,839,386
Interest income (Notes 4, 9, 22 and 26)	(5,864,713)	(5,355,769)	(4,839,945)
Amortization of:			
Deferred lease (Notes 10 and 26)	2,779,684	1,414,700	1,475,524
Software and other program costs (Notes 10 and 19)	2,598,741	3,089,728	3,053,728
Deferred revenue on exclusivity contract (Note 16)	(1,934,524)	(5,476,190)	(3,913,691)
Deferred revenue on finance lease (Notes 16 and 26)	(589,567)	(709,665)	(1,310,151)
Unrealized foreign exchange loss (gain)	(49,798)	378,900	485,170
Loss from/on:			
Retirement of property and equipment	-	67,751	-
Typhoon (Note 8)	-	-	3,285,171
Operating income before working capital changes	917,552,280	709,033,756	479,294,776
Decrease (increase) in:			
Receivables	(78,072,578)	14,301,014	11,444,710
Inventories	(116,839,359)	13,233,094	(76,096,286)
Prepayments and other current assets	(32,811,310)	(58,286,054)	(56,529,837)
Increase (decrease) in:			
Accounts payable and accrued expenses	165,298,414	50,754,902	180,337,730
Other current liabilities	32,636,218	21,551,666	31,737,028
Deposits payable	28,595,696	22,895,083	36,714,408
Deferred revenue (Notes 16 and 32)	(418,727)	5,133,336	-
Cash generated from operations	915,940,634	778,616,797	606,902,529
Income taxes paid	(133,352,439)	(118,023,813)	(68,854,934)
Interest received	2,933,116	3,711,520	3,138,083
Net cash generated from operating activities	785,521,311	664,304,504	541,185,678
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to:			
Property and equipment (Note 8)	(717,091,736)	(671,923,830)	(362,393,990)
Software and other program costs (Note 10)	-	(161,900)	(286,000)
Decrease (increase) in:			
Deposits	(34,768,436)	(28,984,235)	(17,644,957)
Goodwill and other noncurrent assets	(7,922,962)	6,339,916	(11,952,821)
Acquisition of short-term investments	(10,409,907)	(10,141,555)	-
Proceeds from maturity of short-term investments	10,141,555	-	-
Collection of lease receivable (Note 26)	1,591,280	1,775,466	2,782,500
Net cash used in investing activities	(758,460,206)	(703,096,138)	(389,495,268)

(Forward)

	Years Ended December 31		
	2011	2010	2009
CASH FLOWS FROM FINANCING			
ACTIVITIES			
Availments of bank loans (Note 11)	₱230,000,000	₱290,000,000	₱510,000,000
Payments of bank loans (Note 11)	(175,333,333)	(310,000,000)	(500,000,000)
Interest paid	(15,725,011)	(16,577,074)	(27,254,709)
Cash dividends paid	(30,142,867)	(14,353,746)	–
Net cash provided by (used in) financing activities	8,798,789	(50,930,820)	(17,254,709)
EFFECT OF EXCHANGE RATE CHANGES			
ON CASH AND CASH EQUIVALENTS	107,321	(378,900)	(485,170)
NET INCREASE (DECREASE) IN CASH			
AND CASH EQUIVALENTS	35,967,215	(90,101,354)	133,950,531
CASH AND CASH EQUIVALENTS			
AT BEGINNING OF YEAR	358,729,534	448,830,888	314,880,357
CASH AND CASH EQUIVALENTS			
AT END OF YEAR	₱394,696,749	₱358,729,534	₱448,830,888

See accompanying Notes to Consolidated Financial Statements.

PHILIPPINE SEVEN CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Corporate Information and Authorization for Issuance of Financial Statements

Corporate Information

Philippine Seven Corporation (the Company or PSC) was incorporated in the Philippines and registered with the Philippine Securities and Exchange Commission (SEC) on November 29, 1982. The Company and its subsidiaries (collectively referred to as “the Group”), are primarily engaged in the business of retailing, merchandising, buying, selling, marketing, importing, exporting, franchising, acquiring, holding, distributing, warehousing, trading, exchanging or otherwise dealing in all kinds of grocery items, dry goods, food or foodstuffs, beverages, drinks and all kinds of consumer needs or requirements and in connection therewith, operating or maintaining warehouses, storages, delivery vehicles and similar or incidental facilities. The Group is also engaged in the management, development, sale, exchange, and holding for investment or otherwise of real estate of all kinds, including buildings, houses and apartments and other structures.

The Company is controlled by President Chain Store (Labuan) Holdings, Ltd., an investment holding company incorporated in Malaysia, which owns 56.59% of the Company’s outstanding shares. The remaining 43.41% of the shares are widely held. The ultimate parent of the Company is President Chain Store Corporation (PCSC), which is incorporated in Taiwan, Republic of China.

The Company has its primary listing on the Philippine Stock Exchange. As of December 31, 2011 and 2010, the Company has 666 and 684 equity holders, respectively.

The registered business address of the Company is 7th Floor, The Columbia Tower, Ortigas Avenue, Mandaluyong City.

Authorization for Issuance of the Financial Statements

The consolidated financial statements as of December 31, 2011 and 2010 and for each of the three years in the period ended December 31, 2011 were authorized for issue by the Board of Directors (BOD) on February 10, 2012.

2. Summary of Significant Accounting Policies and Financial Reporting Practices

Basis of Preparation

The consolidated financial statements are prepared under the historical cost basis, except for parcels of land, which are carried at revalued amount. The consolidated financial statements are presented in Philippine Peso (Peso), which is the Group’s functional currency and all amounts are rounded to the nearest Peso except when otherwise indicated.

Statement of Compliance

The consolidated financial statements, which are prepared for submission to the SEC, are prepared in compliance with Philippine Financial Reporting Standards (PFRS).

Changes in Accounting Policies

The accounting policies adopted are consistent with those of the previous financial year except for the following new and amended PFRS, Philippine Accounting Standards (PAS) and Philippine Interpretations based on International Financial Reporting Interpretations Committee (IFRIC)

interpretations, which became effective on January 1, 2011. Except as otherwise indicated, the adoption of the new and amended Standards and Interpretations, did not have a significant impact on the consolidated financial statements.

- **Amendment to PAS 24, *Related Party Disclosures***
This Amendment clarifies the definition of a related party. The new definitions emphasize a symmetrical view of related party relationships and clarify the circumstances in which persons and key management personnel affect related party relationships of an entity.

In addition, the amendment introduces an exemption from the general related party disclosure requirements for transactions with government and entities that are controlled, jointly controlled or significantly influenced by the same government as the reporting entity.

- **Amendment to PAS 32, *Financial Instruments: Presentation - Classification of Rights Issues***
This Amendment alters the definition of a financial liability in order to classify rights issues (and certain options or warrants) as equity instruments in cases where such rights are given pro rata to all of the existing owners of the same class of an entity's non-derivative equity instruments, in order to acquire a fixed number of the entity's own equity instruments for a fixed amount in any currency.
- **Amendment to Philippine Interpretation IFRIC 14, *Prepayments of a Minimum Funding Requirement***
This Amendment removes an unintended consequence when an entity is subject to minimum funding requirements and makes an early payment of contributions to cover such requirements. The amendment permits a prepayment of future service cost by the entity to be recognized as a pension asset. The Group is not subject to minimum funding requirements in the Philippines, therefore the amendment of the interpretation has no effect on the financial position nor performance of the Group.
- **Philippine Interpretation IFRIC 19, *Extinguishing Financial Liabilities with Equity Instruments***
This Interpretation clarifies that equity instruments issued to a creditor to extinguish a financial liability qualify as consideration paid. The equity instruments issued are measured at their fair value. In case that this cannot be reliably measured, the instruments are measured at the fair value of the liability extinguished. Any gain or loss is recognized immediately in profit or loss.

Improvements to PFRSs

The omnibus amendments to PFRSs issued in May 2010 were issued primarily with a view to removing inconsistencies and clarifying wording. There are separate transitional provisions for each standard. Except otherwise stated, the adoption of these amendments did not have significant impact on the consolidated financial statements.

- **Amendment to PFRS 3, *Business Combinations (Revised)***
This Amendment clarifies that the Amendments to PFRS 7, *Financial Instruments: Disclosures*, PAS 32 and PAS 39, *Financial Instruments: Recognition and Measurement (Amendment) - Eligible Hedged Items* that eliminate the exemption for contingent consideration, do not apply to contingent consideration that arose from business combinations whose acquisition dates precede the application of PFRS 3 (as revised in 2008).

The measurement options available for non-controlling interest (NCI) were amended. Only components of NCI that constitute a present ownership interest that entitles their holder to a proportionate share of the entity's net assets in the event of liquidation should be measured at either fair value or at the present ownership instruments' proportionate share of the acquiree's

identifiable net assets. All other components are to be measured at their acquisition date fair value.

- *Amendment to PFRS 7, Financial Instruments: Disclosures*
This Amendment was intended to simplify the disclosures provided by reducing the volume of disclosures around collateral held and improving disclosures by requiring qualitative information to put the quantitative information in context.
- *Amendment to PAS 1, Presentation of Financial Statements*
This Amendment clarifies that an entity will present an analysis of other comprehensive income (OCI) for each component of equity, either in the statement of changes in equity or in the notes to the financial statements.
- *Amendment to PAS 27, Consolidated and Separate Financial Statements*
This Amendment clarifies that the consequential amendments from PAS 27 made to PAS 21, *The Effect of Changes in Foreign Exchange Rates*, PAS 28, *Investments in Associates* and PAS 31, *Interests in Joint Ventures*, apply prospectively for annual periods beginning on or after July 1, 2009 or earlier when PAS 27 is applied earlier.
- *Amendment to PAS 34, Interim Financial Reporting*
This Amendment provides guidance to illustrate how to apply disclosure principles in PAS 34 and add disclosure requirements around:
 - a) The circumstances likely to affect fair values of financial instruments and their classification;
 - b) Transfers of financial instruments between different levels of the fair value hierarchy;
 - c) Changes in classification of financial assets; and
 - d) Changes in contingent liabilities and assets.
- *Amendment to Philippine Interpretation IFRIC 13, Customer Loyalty Programmes*
This Amendment clarifies that when the fair value of award credits is measured based on the value of the awards for which they could be redeemed, the amount of discounts or incentives otherwise granted to customers not participating in the award credit scheme, is to be taken into account.

New Accounting Standards, Interpretations, and Amendments to Existing Standards Effective Subsequent to December 31, 2011

The Group will adopt the following standards, interpretations and amendments to existing standards enumerated below when these become effective. Except as otherwise indicated, the Group does not expect the adoption of these standards, interpretations and amendments to existing standards to have a significant impact on the consolidated financial statements.

Effective in 2012

- *Amendments to PAS 1, Financial Statement Presentation, Presentation of Items of Other Comprehensive Income*
This Amendment changed the grouping of items presented in OCI. Items that could be reclassified (or 'recycled') to profit or loss at a future point in time (for example, upon derecognition or settlement) would be presented separately from items that will never be reclassified. The amendment affects presentation only and will have no impact on the Group's financial position or performance.
- *Amendment to PFRS 7, Financial Instruments: Disclosures - Enhanced Derecognition Disclosure Requirements*
The Amendments to PFRS 7 are effective for annual periods beginning on or after July 1, 2011. The amendments require additional disclosure about financial assets that have been transferred but not derecognized to enable the user of the entity's financial statements to

understand the relationship with those assets that have not been derecognized and their associated liabilities. In addition, the amendments require disclosures about continuing involvement in derecognized assets to enable the user to evaluate the nature of, and risks associated with, the entity's continuing involvement in those derecognized assets.

- *Amendment to PAS 12, Income Taxes, Deferred Tax: Recovery of Underlying Assets*
This Amendment to PAS 12 is effective for annual periods beginning on or after January 1, 2012. The amendment clarified the determination of deferred tax on investment property measured at fair value. The amendment introduces a rebuttable presumption that deferred tax on investment property measured using the fair value model in PAS 40, *Investment Property*, should be determined on the basis that its carrying amount will be recovered through sale. Furthermore, it introduces the requirement that deferred tax on non-depreciable assets that are measured using the revaluation model in PAS 16 always be measured on a sale basis of the asset.

Effective 2013

- *Amendment to PFRS 7, Financial Instruments: Disclosures - Offsetting Financial Assets and Financial Liabilities*
The Amendments to PFRS 7 are to be retrospectively applied for annual periods beginning on or after January 1, 2013. These Amendments require an entity to disclose information about rights of set-off and related arrangements (such as collateral agreements). The new disclosures are required for all recognized financial instruments that are set off in accordance with PAS 32. These disclosures also apply to recognized financial instruments that are subject to an enforceable master netting arrangement or 'similar agreement', irrespective of whether they are set-off in accordance with PAS 32. The amendments require entities to disclose, in a tabular format unless another format is more appropriate, the following minimum quantitative information. This is presented separately for financial assets and financial liabilities recognized at the end of the reporting period:
 - a) The gross amounts of those recognized financial assets and recognized financial liabilities;
 - b) The amounts that are set off in accordance with the criteria in PAS 32 when determining the net amounts presented in the statement of financial position;
 - c) The net amounts presented in the statement of financial position;
 - d) The amounts subject to an enforceable master netting arrangement or similar agreement that are not otherwise included in (b) above, including:
 - i. Amounts related to recognized financial instruments that do not meet some or all of the offsetting criteria in PAS 32; and
 - ii. Amounts related to financial collateral (including cash collateral); and
 - e) The net amount after deducting the amounts in (d) from the amounts in (c) above.

The amendment affects disclosures only and has no impact on the Group's financial position or performance.

- PFRS 10, *Consolidated Financial Statements*

This Standard becomes effective for annual periods beginning on or after January 1, 2013. PFRS 10 replaces the portion of PAS 27 that addresses the accounting for consolidated financial statements. It also includes the issues raised in Standing Interpretations Committee (SIC)-12, *Consolidation - Special Purpose Entities*.

PFRS 10 establishes a single control model that applies to all entities including special purpose entities. The changes introduced by PFRS 10 will require management to exercise significant judgment to determine which entities are controlled, and therefore, are required to be consolidated by a parent, compared with the requirements that were in PAS 27. The Group is currently assessing the full impact that this standard will have on the financial position and performance.

- PFRS 11, *Joint Arrangements*

This Standard becomes effective for annual periods beginning on or after January 1, 2013. It replaces PAS 31, *Interests in Joint Ventures and SIC-13 Jointly-controlled Entities - Non-monetary Contributions by Venturers*. It also removes the option to account for jointly controlled entities (JCEs) using proportionate consolidation. Instead, JCEs that meet the definition of a joint venture must be accounted for using the equity method.

- PFRS 12, *Disclosure of Interest with Other Entities*

This Standard becomes effective for annual periods beginning on or after January 1, 2013. It includes all of the disclosures that were previously in PAS 27 related to consolidated financial statements, as well as all of the disclosures that were previously included in PAS 31 and PAS 28. These disclosures relate to an entity's interests in subsidiaries, joint arrangements, associates and structured entities. A number of new disclosures are also required.

- PFRS 13, *Fair Value Measurement*

This Standard becomes effective for annual periods beginning on or after January 1, 2013. It establishes a single source of guidance under PFRS for all fair value measurements. It does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under PFRS when fair value is required or permitted. The Group is currently assessing the impact that this standard will have on the financial position and performance.

- Amendment to PAS 19, *Employee Benefits*

This Amendment becomes effective for annual periods beginning on or after January 1, 2013. The Amendment provides changes which range from fundamental changes such as removing the corridor mechanism and the concept of expected returns on plan assets to simple clarifications and re-wording. The Group is currently assessing the full impact of the amendments.

- Amendment to PAS 27, *Separate Financial Statements (Revised)*

This Amendment becomes effective for annual periods beginning on or after January 1, 2013. As a consequence of the new PFRS 10 and PFRS 12, what remains of PAS 27 is limited to accounting for subsidiaries, jointly controlled entities, and associates in separate financial statements.

- *Amendment to PAS 28, Investments in Associates and Joint Ventures (Revised)*
This Amendment becomes effective for annual periods beginning on or after January 1, 2013. As a consequence of the new PFRS 11 and PFRS 12, PAS 28 has been renamed PAS 28, *Investments in Associates and Joint Ventures*, and describes the application of the equity method to investments in joint ventures in addition to associates.
- *Philippine Interpretation IFRIC 20, Stripping Costs in the Production Phase of a Surface Mine*
This interpretation becomes effective for annual periods beginning on or after January 1, 2013. This interpretation applies to waste removal costs that are incurred in surface mining activity during the production phase of the mine (“production stripping costs”) and provides guidance on the recognition of production stripping costs as an asset and measurement of the stripping activity asset. This interpretation will have no impact on the Group’s financial statements.

Effective 2014

- *Amendments to PAS 32, Offsetting Financial Assets and Financial Liabilities*
These Amendments are to be retrospectively applied for annual periods beginning on or after January 1, 2014. It clarifies the meaning of “currently has a legally enforceable right to set-off” and also clarify the application of the PAS 32 offsetting criteria to settlement systems (such as central clearing house systems) which apply gross settlement mechanisms that are not simultaneous. The Group is currently assessing the impact of these amendments.

Effective 2015

- *PFRS 9, Financial Instruments: Classification and Measurement*
This Standard becomes effective for annual periods beginning on or after January 1, 2015. The Standard, as issued in 2010, reflects the first phase of the work on the replacement of PAS 39 and applies to classification and measurement of financial assets and financial liabilities as defined in PAS 39. In subsequent phases, hedge accounting and impairment of financial assets will be addressed with the completion of this project expected on the first half of 2012. The adoption of the first phase of PFRS 9 will have an effect on the classification and measurement of the Group’s financial assets, but will potentially have no impact on classification and measurements of financial liabilities. The Group will quantify the effect in conjunction with the other phases, when issued, to present a comprehensive picture.
- *Philippine Interpretation IFRIC 15, Agreements for the Construction of Real Estate*
The SEC and the Financial Reporting Standards Council have deferred the effectivity of this interpretation until the final Revenue standard is issued by International Accounting Standards Board and an evaluation of the requirements of the final Revenue standard against the practices of the Philippine real estate industry is completed. This interpretation covers accounting for revenue and associated expenses by entities that undertake the construction of real estate directly or through subcontractors. The interpretation requires that revenue on construction of real estate be recognized only upon completion, except when such contract qualifies as construction contract to be accounted for under PAS 11, *Construction Contracts*, or involves rendering of services in which case revenue is recognized based on stage of completion. Contracts involving provision of services with the construction materials and where the risks and reward of ownership are transferred to the buyer on a continuous basis will also be accounted for based on stage of completion. This interpretation will have no impact on the Group’s financial statements.

Basis of Consolidation

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

	Country of Incorporation	Percentage of Ownership
Convenience Distribution, Inc. (CDI)	Philippines	100
Store Sites Holding, Inc. (SSHI)	Philippines	100

Subsidiaries are those entities in which the Company has an interest of more than one half of the voting rights or otherwise has power to govern the financial and operating policies through interlocking directorships such that substantial benefits from the subsidiaries' activities flow to the Company. Subsidiaries are fully consolidated from the date on which control is transferred to the Company. They are de-consolidated from the date on which control ceases. The results of subsidiaries acquired or disposed of during the year are included in profit or loss from the date of acquisition or up to the date of the disposal, as appropriate.

SSHI's capital stock, which is divided into 40% common shares and 60% preferred shares are owned by the Company and by Philippine Seven Corporation-Employees Retirement Plan (PSC-ERP) through its trustee, Bank of the Philippines Islands-Asset Management and Trust Group (BPI-AMTG), respectively. These preferred shares which accrue and pay guaranteed preferred dividends and are redeemable at the option of the holder are recognized as a financial liability in accordance with PFRS (see Note 15). The Company owns 100% of SSHI's common shares, which, together with common key management, gives the Company control over SSHI.

The financial statements of the subsidiaries are prepared for the same reporting year as the Company, using uniform accounting policies. Intercompany transactions, balances and unrealized gains and losses are eliminated in full.

Cash and Cash Equivalents

Cash includes cash on hand and in banks. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash with original maturities of three months or less from the date of acquisition and that are subject to an insignificant change in value.

Financial Instruments

The Group recognizes a financial asset or a financial liability in the consolidated balance sheet when it becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are recognized initially at fair value. Transaction costs are included in the initial measurement of all financial assets and financial liabilities, except for financial instruments measured at fair value through profit or loss (FVPL).

All regular way purchases and sales of financial assets are recognized on the trade date, i.e. the date the Group commits to purchase or sell the financial asset. Regular way purchases or sales of financial assets require delivery of assets within the time frame generally established by regulation in the market place.

The Group classifies its financial assets as financial assets at FVPL, held-to-maturity (HTM) financial assets, available-for-sale financial (AFS) assets or loans and receivables. Financial liabilities, on the other hand, are classified as either financial liabilities at FVPL or other financial liabilities. The classification depends on the purpose for which the financial assets and financial liabilities were acquired. Management determines the classification at initial recognition and, where allowed and appropriate, re-evaluates this designation at every balance sheet date.

Financial Assets

a. Financial Assets at FVPL

Financial assets at FVPL include financial assets held-for-trading and those designated upon initial recognition as at FVPL.

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

Financial assets are designated as at FVPL on initial recognition when any of the following criteria are met:

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

Financial assets at FVPL are recorded in the consolidated balance sheet at fair value. Changes in fair value are accounted for directly in profit or loss. Interest earned is recorded as interest income, while dividend income is recognized according to the terms of the contract, or when the right of the payment has been established.

As of December 31, 2011 and 2010, the Group has no financial assets at FVPL.

The Group assesses whether embedded derivatives are required to be separated from the host contracts when the Group first becomes a party to the contract. Re-assessment only occurs if there is a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required.

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

- the economic characteristics and risks of the embedded derivative are not closely related to the economic characteristic of the host contract;
- a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and
- the hybrid or combined instrument is not recognized as FVPL.

Embedded derivatives that are bifurcated from the host contracts are accounted for as financial assets at FVPL. Changes in fair values are included in profit or loss.

As of December 31, 2011 and 2010, the Group has no outstanding embedded derivatives.

b. HTM Financial Assets

HTM financial assets are quoted non-derivative financial assets with fixed or determinable payments and fixed maturities wherein the Group has the positive intention and ability to hold to maturity. HTM financial assets are subsequently carried either at cost or amortized cost in the consolidated balance sheet. Amortization is determined by using the effective interest rate method. Assets under this category are classified as current assets if maturity is within 12 months from balance sheet date. Otherwise, these are classified as noncurrent assets.

As of December 31, 2011 and 2010, the Group has not designated any financial asset as HTM.

c. AFS Financial Assets

AFS financial assets are non-derivative financial assets that are either designated in this category or not classified in any of the other categories. Financial assets may be designated at initial recognition as AFS if they are purchased and held indefinitely, and may be sold in response to liquidity requirements or changes in market conditions. AFS financial assets are carried at fair value in the consolidated balance sheet. Changes in the fair value of such assets are accounted for in the consolidated statement of comprehensive income until the financial asset is derecognized or until the financial asset is determined to be impaired at which time the cumulative gain or loss previously reported in the consolidated statement of comprehensive income is recognized in profit or loss. AFS financial assets are classified as current assets if maturity is within 12 months from balance sheet date. Otherwise, these are classified as noncurrent assets.

The Group's AFS financial assets consist of unquoted investments in preferred shares of a public utility company included as part of "Others" under "Goodwill and other noncurrent assets" in the consolidated balance sheets as of December 31, 2011 and 2010.

d. Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are subsequently carried either at cost or amortized cost in the consolidated balance sheet. Amortization is determined using the effective interest rate method. Loans and receivables are classified as current assets if maturity is within 12 months from balance sheet date. Otherwise, these are classified as noncurrent assets.

The Group's loans and receivables consist of cash and cash equivalents, short-term investments, receivables and deposits as of December 31, 2011 and 2010.

Financial Liabilities

a. Financial Liabilities at FVPL

Financial liabilities at FVPL include financial liabilities held-for-trading and those designated upon recognition at FVPL.

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

Financial liabilities are designated as at FVPL on initial recognition when any of the following criteria are met:

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

Financial liabilities at FVPL are recorded in the consolidated balance sheet at fair value. Changes in fair value are accounted for directly in profit or loss. Interest incurred is recorded as interest expense.

As of December 31, 2011 and 2010, the Group has not designated any financial liability as at FVPL.

b. Other Financial Liabilities

This category pertains to financial liabilities that are neither held-for-trading nor designated as at FVPL upon the inception of the liability. Other financial liabilities are subsequently carried at amortized cost, taking into account the impact of applying the effective interest rate method of amortization (or accretion) for any related premium, discount and any directly attributable transaction costs.

Other financial liabilities are classified as current liabilities if maturity is within the normal operating cycle of the Company and it does not have unconditional right to defer settlement of the liability for at least 12 months from balance sheet date. Otherwise, these are classified as noncurrent liabilities.

The Group's other financial liabilities consist of bank loans, accounts payable and accrued expenses, other current liabilities, deposits payable and cumulative redeemable preferred shares as of December 31, 2011 and 2010.

Determination of Fair Values

Fair value is determined by reference to the transaction price or other market prices. If such market prices are not readily determinable, the fair value of the consideration is estimated as the sum of all future cash payments or receipts, discounted using the prevailing market rates of interest for similar instruments with similar maturities.

Day 1 Difference

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

Offsetting Financial Instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated balance sheet if, and only if, there is a currently enforceable legal right to offset the

recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Impairment of Financial Assets

The Group assesses at each balance sheet date whether a financial asset or a group of financial assets is impaired.

Financial Assets Carried at Amortized Cost

If there is objective evidence that an impairment loss on loans and receivables has been incurred, the amount of impairment loss is measured as the difference between the financial asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e., the effective interest rate computed at initial recognition). The carrying amount of the asset is reduced by the impairment loss, which is recognized in profit or loss.

The Group first assesses whether objective evidence of impairment exists for financial assets that are individually significant and collectively for financial assets that are not individually significant. Objective evidence includes observable data that comes to the attention of the Group about loss events such as but not limited to significant financial difficulty of the counterparty, a breach of contract, such as a default or delinquency in interest or principal payments, probability that the borrower will enter bankruptcy or other financial reorganization. If it is determined that no objective evidence of impairment exists for an individually or collectively assessed financial asset, whether significant or not, the asset is included in the group of financial assets with similar credit risk characteristics and that group of financial assets is collectively assessed for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continue to be recognized are not included in a collective assessment of impairment. The impairment assessment is performed at each balance sheet date. For the purpose of a collective evaluation of impairment, financial assets are grouped on the basis of such credit risk characteristics such as customer type, payment history, past-due status and term.

Loans and receivables, together with the related allowance, are written off when there is no realistic prospect of future recovery and all collateral has been realized. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed. Any subsequent reversal of an impairment loss is recognized in profit or loss, to the extent that the carrying value of the asset does not exceed its amortized cost at the reversal date.

Financial Assets Carried at Cost

If there is objective evidence that an impairment loss on an unquoted equity instrument that is not carried at fair value because its fair value cannot be reliably measured, or on a derivative asset that is linked to and must be settled by delivery of such an unquoted equity instrument has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return of a similar financial asset.

Financial Assets Carried at Fair Value

If an AFS financial asset is impaired, an amount comprising the difference between its cost (net of any principal payment) and its current fair value, less any impairment loss previously recognized in profit or loss, is transferred from the consolidated statement of comprehensive income to profit or loss.

In case of equity securities classified as AFS financial asset, objective evidence would include a significant or prolonged decline in the fair value of the financial assets below its cost or where other objective evidence of impairment exists. The determination of what is “significant” or “prolonged” requires judgment. The Group treats “significant” generally as 20% or more of the original cost of investment, and “prolonged” as greater than six months. In addition, the Group evaluates other factors, including normal volatility in share price for unquoted equities.

Impairment losses on equity investments are not reversed through profit or loss. Increases in fair value after impairment are recognized directly in consolidated statement of comprehensive income. Reversals in respect of equity instruments classified as AFS financial asset are not recognized in profit or loss. Reversals of impairment losses on debt instruments are recognized in profit or loss if the increase in fair value of the instrument can be objectively related to an event occurring after the impairment loss was recognized in profit or loss.

In case of debt securities classified as AFS financial asset, impairment is assessed based on the same criteria as financial assets carried at amortized cost. Future interest income is based on the reduced carrying amount and is accrued based on the rate of interest used to discount future cash flows for the purpose of measuring impairment loss. Such accrual is recorded as part of “Interest income” in the consolidated statement of comprehensive income. If, in subsequent year, the fair value of a debt security increases and the increase can be objectively related to an event occurring after the impairment loss was recognized in profit or loss, the impairment loss is reversed through profit or loss.

Derecognition of Financial Assets and Liabilities

Financial Assets

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

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

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

Financial Liabilities

A financial liability is derecognized when the obligation under the liability is discharged, cancelled or has expired.

Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in profit or loss.

Inventories

Inventories are stated at the lower of cost and net realizable value (NRV). Cost of inventories is determined using the first-in, first-out method. NRV is the selling price in the ordinary course of business, less the estimated cost of marketing and distribution.

Value-Added Tax (VAT)

Input VAT is the 12% indirect tax paid by the Group in the course of the Group's trade or business on local purchase of goods or services, including lease or use of property, from a VAT-registered entity. For acquisition of capital goods over ₱1,000,000, the related input taxes are deferred and amortized over the useful life or 60 months, whichever is shorter, commencing on the date of acquisition. Deferred input VAT which is expected to be utilized more than 12 months after the balance sheet date is included under "Goodwill and other noncurrent assets" account in the consolidated balance sheet.

Output VAT pertains to the 12% tax due on the sale of merchandise and lease or exchange of taxable goods or properties or services by the Group.

If at the end of any taxable month the output VAT exceeds the input VAT, the excess shall be paid by the Group. Any outstanding balance is included under "Accounts payable and accrued expenses" account in the consolidated balance sheet. If the input VAT exceeds the output VAT, the excess shall be carried over to the succeeding month or months. Excess input VAT is included under "Prepayments and other current assets" account in the consolidated balance sheet. Input VAT on capital goods may, at the option of the Group, be refunded or credited against other internal revenue taxes, subject to certain tax laws.

Revenue, expenses and assets are recognized net of the amount of VAT.

Advances to Suppliers

Advances to suppliers are downpayments for acquisitions of property and equipment not yet received. Once the property and equipment are received, the asset is recognized together with the corresponding liability.

Property and Equipment

Property and equipment, except for land, are carried at cost less accumulated depreciation and amortization, and any impairment in value.

Land is carried at revalued amount less any impairment in value. The difference between cost and revalued amount goes to the equity section of the consolidated balance sheet. The revalued amount is determined by a professionally qualified independent appraiser.

The initial cost of property and equipment consists of its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditures incurred after the assets have been put into operation, such as repairs and maintenance and overhaul costs, are recognized in profit or loss in the period in which the costs are incurred. In situations where it can be clearly demonstrated that the expenditures have resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property and equipment beyond its originally assessed standard of performance, the expenditures are capitalized as an additional cost of the assets.

Construction in progress includes cost of construction and other direct costs and is stated at cost less any impairment in value. Construction in progress is not depreciated until such time the relevant assets are completed and put into operational use.

Depreciation and amortization commence once the assets are available for use. It ceases at the earlier of the date that it is classified as noncurrent asset held-for-sale and the date the asset is derecognized.

Depreciation is computed on a straight-line method over the estimated useful lives of the assets as follows:

	Years
Buildings and improvements	10 to 12
Store furniture and equipment	5 to 10
Office furniture and equipment	3 to 5
Transportation equipment	3 to 5
Computer equipment	3

Leasehold improvements are amortized over the estimated useful life of the improvements, ranging from five to ten years, or the term of the lease, whichever is shorter.

The assets' estimated useful lives and depreciation and amortization method are reviewed periodically to ensure that the period and method of depreciation and amortization are consistent with the expected pattern of economic benefits from the items of property and equipment. When assets are retired or otherwise disposed of, the cost or revalued amount and the related accumulated depreciation and amortization and any impairment in value are removed from the accounts and any resulting gain or loss is recognized in profit or loss. The revaluation increment in equity relating to the revalued asset sold is transferred to retained earnings.

Fully depreciated assets are retained in the books until disposed.

Software and Program Cost

Software and program cost, which are not specifically identifiable and integral to a specific computer hardware, are shown under "Goodwill and other noncurrent assets" in the consolidated balance sheet. These are carried at cost, less accumulated amortization and any impairment in value. Amortization is computed on a straight-line method over their estimated useful life of five years.

Impairment of Property and Equipment and Software and Program Cost

The Group assesses at each balance sheet date whether there is an indication that a nonfinancial asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash generating unit's fair value less costs to sell and its value-in-use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. For land, the asset's recoverable amount is the land's net selling price, which may be obtained from its sale in an arm's length transaction. For goodwill, the asset's recoverable amount is its value-in-use. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value-in-use, the estimated future cash flows are discounted to their present value, using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset. Impairment losses, if any, are recognized in profit or loss in those expense categories consistent with the function of the impaired asset.

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

Deposits

Deposits are amounts paid as guarantee in relation to noncancelable agreements entered into by the Group. Deposits include rent deposits for lease, franchise and service agreements. These deposits are recognized at cost and can be refunded or applied to future billings.

Business Combinations and Goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the acquirer measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition costs incurred are expensed and included in administrative expenses.

When the Company acquires a business, it assesses the financial assets and financial liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date through profit or loss.

Any contingent consideration to be transferred by the acquirer will be recognized at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration, which is deemed to be an asset or liability, will be recognized in accordance with PAS 39 either in profit or loss or as a change to other comprehensive income. If the contingent consideration is classified as equity, it should not be re-measured until it is finally settled within equity.

Goodwill, included in “Goodwill and other noncurrent assets” in the consolidated balance sheet, represents the excess of the cost of an acquisition over the fair value of the businesses acquired. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses.

Goodwill is reviewed for impairment, annually or more frequently if event or changes in circumstances indicate that the carrying value may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of the cash-generating unit or group of cash-generating units to which the goodwill relates. Where the recoverable amount of the cash-generating unit or group of cash-generating units is less than the carrying amount of the cash-generating unit or group of cash-generating units to which goodwill has been allocated, an impairment loss is recognized. Impairment losses relating to goodwill cannot be reversed in future periods.

Cumulative Redeemable Preferred Shares

Cumulative redeemable preferred shares that exhibit characteristics of a liability is recognized as a financial liability in the consolidated balance sheet, net of transaction cost. The corresponding dividends on those shares are charged as interest expense in profit or loss.

Deferred Revenue

Deferred revenue is recognized for cash received for income not yet earned. Deferred revenue is recognized as revenue over the life of the revenue contract or upon delivery of goods or services.

Equity

Capital Stock

Capital stock is measured at par value for all shares issued and outstanding. When the Group issues more than one class of stock, a separate account is maintained for each class of stock and number of shares issued and outstanding.

Additional Paid-in Capital

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

Retained Earnings

Retained earnings represent the cumulative balance of periodic net income or loss and changes in accounting policy. When the retained earnings account has a debit balance, it is called “deficit.” A deficit is not an asset but a deduction from equity.

Treasury Stock

Treasury stock is stated at acquisition cost and is deducted from equity. No gain or loss is recognized in profit or loss on the purchase, sale, issuance or cancellation of the Group’s own equity instruments.

Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably. The Group has assessed its revenue arrangements against the criteria enumerated under PAS 18, *Revenue Recognition*, and concluded that it is acting as principal in all arrangements, except for its sale of consigned goods. The following specific recognition criteria must also be met before revenue is recognized:

Merchandise Sales

Revenue from merchandise sales is recognized when the significant risks and rewards of ownership of the goods have passed to the buyer. Revenue is measured at the fair value of the consideration received, excluding discounts, returns, rebates and sales taxes.

Franchise

Franchise fee is recognized upon execution of the franchise agreement and performance of initial services required under the franchise agreement. Franchise revenue is recognized in the period earned.

Marketing

Marketing income is recognized when service is rendered. In case of marketing support funds, revenue is recognized upon achievement of the minimum purchase requirement of the suppliers.

Rental

Rental income is accounted for on a straight-line basis over the term of the lease.

Commission

Commission income is recognized upon the sale of consigned goods.

Interest

Interest income is recognized as it accrues based on the effective interest rate method.

Costs and Expenses Recognition

Costs of merchandise sold are recognized in profit or loss at the point of sale. Expenses are recognized in profit or loss upon utilization of the services or when they are incurred.

Other Comprehensive Income

Other comprehensive income comprises items of income and expense (including items previously presented under the statement of changes in equity) that are not recognized in profit or loss for the year in accordance with PFRS.

Retirement Benefits

Retirement benefits cost is determined using the projected unit credit actuarial valuation method. Actuarial gains and losses are recognized as income or expense when the net cumulative unrecognized actuarial gains and losses for each individual plan at the end of the previous reporting year exceeded 10% of the higher of the present value of the retirement obligations and the fair value of the net plan assets as of that date. These gains or losses are recognized over the expected average remaining working lives of the employees participating in the plan.

Past service cost is recognized as an expense in profit or loss on a straight-line basis over the average period until the benefits become vested. If the benefits are already vested following the introduction of, or changes to the plan, past service cost is recognized immediately.

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

Leases

Finance leases, which transfer to the lessee substantially all the risks and rewards of ownership of the asset, are capitalized at the inception of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between the interest income and reduction of the lease receivable so as to achieve a constant rate of interest on the remaining balance of the receivable. Interest income is recognized directly in profit or loss.

Leases where the lessor retains substantially all the risks and rewards of ownership of the asset are classified as operating leases. Operating leases are recognized as an expense in profit or loss on a straight-line basis over the lease term.

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

- a. there is a change in contractual terms, other than a renewal or extension of the arrangement; or
 - b. a renewal option is exercised or extension is granted, unless the term of the renewal or extension was initially included in the lease term; or
 - c. there is a change in the determination of whether fulfillment is dependent on a specified asset; or
 - d. there is a substantial change to the asset.
- Where a re-assessment is made, lease accounting shall commence or cease from the date when the change in circumstance gave rise to the re-assessment for scenarios (a), (c) or (d) above, and the date of renewal or extension for scenario (b).

Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective assets. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Foreign Currency-denominated Transactions

Transactions in foreign currency are initially recorded at the exchange rate at the date of transaction. Outstanding foreign currency-denominated monetary assets and liabilities are translated using the applicable exchange rate at balance sheet date. Exchange differences arising from translation of foreign currency monetary items at rates different from those at which they were originally recorded are recognized in profit or loss.

Income Tax

Current Income Tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that have been enacted or substantively enacted at the balance sheet date.

Deferred Income Tax

Deferred income tax is recognized on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognized for all taxable temporary differences. Deferred income tax assets are recognized for all deductible temporary differences to the extent that it is probable that sufficient future taxable profits will be available against which the deductible temporary differences can be utilized.

Deferred income tax relating to items recognized directly in equity is recognized in profit or loss.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient future taxable profits will be available to allow all or part of the deferred income tax assets to be utilized. Unrecognized deferred income tax assets are reassessed at each balance sheet date and are recognized to the extent that it has become probable that sufficient future taxable profits will allow the deferred income tax assets to be recovered.

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

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

Earnings (Loss) Per Share

Basic earnings (loss) per share is calculated by dividing the net income or (loss) for the year attributable to common shareholders by the weighted average number of shares outstanding during the year, excluding treasury shares.

Diluted earnings (loss) per share is calculated by dividing the net income or (loss) for the year attributable to common shareholders by the weighted average number of shares outstanding during the year, excluding treasury shares and adjusted for the effects of all potential dilutive common shares, if any.

In determining both the basic and diluted earnings (loss) per share, the effect of stock dividends, if any, is accounted for retrospectively.

Segment Reporting

Operating segments are components of an entity for which separate financial information is available and evaluated regularly by management in deciding how to allocate resources and assessing performance. The Group considers the store operation as its primary activity and its only business segment. Franchising, renting of properties and commissioning on bills payment services are considered an integral part of the store operations.

Provisions

Provisions are recognized when: (a) the Group has a present obligation (legal or constructive) as a result of a past event; (b) it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and (c) a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as interest expense. When the Group expects a provision or loss to be reimbursed, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain and its amount is estimable. The expense relating to any provision is presented in profit or loss, net of any reimbursement.

Contingencies

Contingent liabilities are not recognized in the consolidated financial statements. They are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognized in the consolidated financial statements but disclosed when an inflow of economic benefit is probable. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the consolidated financial statements. If it has become virtually certain that an inflow of economic benefits will arise, the asset and the related income are recognized in the consolidated financial statements.

Events after the Balance Sheet Date

Post year-end events that provide additional information about the Group's position at the balance sheet date (adjusting events) are reflected in the consolidated financial statements. Post year-end events that are non-adjusting events are disclosed in the notes to the consolidated financial statements when material.

3. **Use of Significant Accounting Judgments, Estimates and Assumptions**

The preparation of the consolidated financial statements in accordance with PFRS requires management to make judgments, estimates and assumptions that affect the amounts reported in the consolidated financial statements and notes. The judgments, estimates and assumptions used in the consolidated financial statements are based upon management's evaluation of relevant facts and circumstances as of balance sheet date. Future events may occur which can cause the assumptions used in arriving at those judgments, estimates and assumptions to change.

The effects of any changes will be reflected in the consolidated financial statements of the Group as they become reasonably determinable.

Judgments

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

Determination of Functional Currency

Based on the economic substance of the underlying circumstances relevant to the Company, the functional currency of the Company has been determined to be the Peso. The Peso is the currency of the primary economic environment in which the Company operates. It is the currency that mainly influences the revenue, costs and expenses of the Company.

Classification of Financial Instruments

The Group classifies a financial instrument, or its components, on initial recognition as a financial asset, liability or equity instrument in accordance with the substance of the contractual arrangement and the definitions of a financial asset, liability or equity instrument. The substance of a financial instrument, rather than its legal form, governs its classification in the consolidated balance sheet.

Financial assets are classified as financial assets at FVPL, HTM financial assets, AFS financial assets and loans and receivables. Financial liabilities, on the other hand, are classified as financial liabilities at FVPL and other financial liabilities.

The Group determines the classification at initial recognition and, where allowed and appropriate, re-evaluates this classification at every balance sheet date.

The Group's financial instruments include loans and receivables, AFS financial assets and other financial liabilities (see Note 29).

Classification of Leases

a. Finance lease as lessor

The Group entered into a sale and leaseback transaction with an armored car service provider where it has determined that the risks and rewards related to the armored vehicles leased out will be transferred to the lessee at the end of the lease term. As such, the lease agreement was accounted for as a finance lease (see Note 26).

b. Operating lease as lessee

The Group entered into various property leases, where it has determined that the risks and rewards related to the properties are retained with the lessors. As such, the lease agreements were accounted for as operating leases (see Note 26).

c. Operating lease as lessor

The Company entered into property subleases on its leased properties. SSHI also entered into lease agreements on properties which it owns. The Company and SSHI determined that it retains all the significant risks and rewards of these properties which are leased out on operating leases (see Note 26).

Impairment of Property and Equipment and Software and Program Costs

The Group determines whether its items of property and equipment and software and program costs are impaired on an annual basis. This requires an estimation of the value-in-use of the cash-generating units to which the assets are allocated. The preparation of the estimated future cash flows in determining value-in-use involves significant judgment, estimation and assumption.

While management believes that the assumptions made are appropriate and reasonable, significant changes in these assumptions may materially affect the assessment of recoverable values and may lead to future impairment charges.

The carrying value of property and equipment and software and program costs amounted to ₱1,948,517,102 and ₱1,612,379,628 as of December 31, 2011 and 2010, respectively (see Notes 8 and 10). Based on management's judgment, there were no indicators of impairment of the Group's nonfinancial assets, thus, no impairment loss were recognized in 2011, 2010 and 2009.

Estimates

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities follow:

Determination of Fair Values

The fair value for financial instruments traded in active markets at the balance sheet date is based on their quoted market price or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs. When current bid and asking prices are not available, the price of the most recent transaction provides evidence of the current fair value as long as there has not been a significant change in economic circumstances since the time of the transaction.

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

Note 29 presents the fair values of the financial instruments and the methods and assumptions used in estimating their fair values.

Impairment of Loans and Receivables

The Group reviews its loans and receivables at each balance sheet date to assess whether a provision for impairment should be recognized in profit or loss or loans and receivables balance should be written off. In particular, judgment by management is required in the estimation of the amount and timing of future cash flows when determining the level of allowance required. Such estimates are based on assumptions about a number of factors and actual results may differ, resulting in future changes to the allowance. Moreover, management evaluates the presence of objective evidence of impairment which includes observable data that comes to the attention of the Group about loss events such as but not limited to significant financial difficulty of the counterparty, a breach of contract, such as a default or delinquency in interest or principal payments, probability that the borrower will enter bankruptcy or other financial re-organization.

- In addition to specific allowances against individually significant loans and receivables, the Group also makes a collective impairment allowance against exposures which, although not specifically identified as requiring a specific allowance, have a greater risk of default than when originally granted. This takes into consideration the credit risk characteristics such as customer type, payment history, past due status and term.

- The carrying value of loans and receivables amounted to ₱708,505,045 and ₱571,226,437 as of December 31, 2011 and 2010, respectively (see Note 29). Allowance for impairment on loans and receivables amounted to ₱7,438,483 and ₱3,627,492 as of December 31, 2011 and 2010, respectively (see Notes 5 and 30). Provision for impairment amounted to ₱3,810,991, ₱1,622,883 and ₱9,798,327 in 2011, 2010 and 2009, respectively (see Notes 5 and 19).

Impairment of AFS Financial Assets

In determining the fair values of financial assets, management evaluates the presence of significant and prolonged decline in the fair value of share price below its cost, the normal volatility in the share price, the financial health of the investee and the industry and sector performance like changes in operational and financial cash flows. Any indication of deterioration in these factors can have a negative impact on their fair value. The determination of what is “significant” or “prolonged” requires judgment. The Group treats “significant” generally as 20% or more of the original cost of investment, and “prolonged” as greater than six months.

- The carrying value of AFS financial assets included as part of “Others” under “Goodwill and other noncurrent assets” amounted to nil as of December 31, 2011 and ₱ 1,320,575 as of December 31, 2010. (see Notes 10 and 29). No impairment losses were recognized in 2011, 2010 and 2009.

Decline in Inventory Value

Provisions are made for inventories whose NRV are lower than their carrying cost. This entails determination of replacement costs and costs necessary to make the sale. The estimates are based on a number of factors, such as but not limited to the age, status and recoverability of inventories.

The carrying value of inventories amounted to ₱ 519,258,936 and ₱ 402,419,577 as of December 31, 2011 and 2010, respectively (see Note 6). No provisions for decline in inventory value were recognized in 2011, 2010 and 2009.

Estimation of Useful Lives of Property and Equipment and Software and Program Cost

The Group estimates the useful lives of its property and equipment and software and program cost based on a period over which the assets are expected to be available for use.

Property and equipment, net of accumulated depreciation and amortization, amounted to ₱1,946,032,976 and ₱1,607,296,761 as of December 31, 2011 and 2010, respectively (see Note 8). The carrying amount of software and program cost amounted to ₱2,484,126 and ₱5,082,867 as of December 31, 2011 and 2010, respectively (see Note 10).

Impairment of Goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value-in-use of the cash-generating units to which the goodwill is allocated. Estimating the value-in-use amount requires management to make an estimate of the expected future cash flows from the cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows.

The carrying value of goodwill amounted to ₱65,567,524 as of December 31, 2011 and 2010. No impairment losses were recognized in 2011, 2010 and 2009 (see Note 10). Based on the assessment made by the Group, there is no impairment of goodwill as the recoverable amount of the cash-generating units exceeds the carrying amount of the unit, including goodwill as of December 31, 2011 and 2010.

Estimation of Retirement Benefits

The determination of the obligation and retirement benefits is dependent on management’s assumptions used by the actuary in calculating such amounts. Those assumptions are described in Note 24 and include, among others, discount rates per annum, expected annual rate of return on plan assets and salary increase rates. Actual results that differ from the Group’s assumptions are accumulated and amortized over future periods and therefore, generally affect the recognized expense and recorded obligation in such future periods. While the Group believes that the assumptions are reasonable and appropriate, significant differences in the actual experience or significant changes in the assumptions may materially affect the retirement obligations.

The Group's net retirement obligations amounted to ₱ 65,192,720 and ₱ 57,453,582 as of December 31, 2011 and 2010, respectively. Retirement benefits cost amounted to ₱12,368,401, ₱11,220,501 and ₱21,979,689 in 2011, 2010 and 2009, respectively. Further details about the assumptions used are disclosed in Note 24.

Provisions and Contingencies

Judgment is exercised by management to distinguish between provisions and contingencies. The Group provides for present obligations (legal or constructive) where it is probable that there will be an outflow of resources embodying economic benefits that will be required to settle said obligations. An estimate of the provision and contingency is based on known information at balance sheet date, net of any estimated amount that may be reimbursed to the Group. If the effect of the time value of money is material, provisions and contingencies are discounted using a current pre-tax rate that reflects the risks specific to the liability. The amount of provision and contingency is being re-assessed at least on an annual basis to consider new relevant information.

As of December 31, 2011 and 2010, the Group has provision for litigation losses amounting to ₱7,066,290 and is reported under "Accounts payable and accrued expenses" in the consolidated balance sheets. Provisions and contingencies are further explained in Note 34.

Realizability of Deferred Income Tax Assets

Deferred income tax assets are recognized for all temporary deductible differences to the extent that it is probable that sufficient future taxable profits will be available against which the deductible temporary differences can be utilized. Management has determined based on business forecast of succeeding years that there is enough taxable profits against which the recognized deferred income tax assets will be realized.

The Group's recognized deferred income tax assets amounted to ₱47,717,236 and ₱46,653,929 as of December 31, 2011 and 2010, respectively (see Note 27).

4. **Cash and Cash Equivalents and Short-Term Investment**

	2011	2010
Cash on hand and in banks	₱394,696,749	₱322,975,839
Cash equivalents	–	35,753,695
	₱394,696,749	₱358,729,534

Cash in banks earn interest at the respective bank deposit rates. Cash equivalents are made for varying periods up to three months depending on the immediate cash requirements of the Group and earn interest at the respective cash equivalent rates.

As of December 31, 2011 and 2010, SSHI's short-term investment, which pertains to time deposit which has maturity date of more than 90 days, amounted to ₱ 10,409,907 and ₱10,141,555, respectively.

Interest income from savings and deposits accounts and short-term investment amounted to ₱2,911,480, ₱3,675,553 and ₱3,387,088 in 2011, 2010 and 2009, respectively (see Note 22).

5. **Receivables**

	2011	2010
Suppliers	₱99,035,030	₱58,816,472
Franchisees	89,638,852	40,871,647
Store operators	15,683,186	9,718,957
Employees	15,407,124	10,321,643
Rent	7,068,009	5,709,582
Notes	1,328,983	728,097
Current portion of lease receivable - net of unearned interest income amounting to ₱291,204 and ₱378,850 as of December 31, 2011 and 2010, respectively (Note 26)	1,300,075	1,212,430
Insurance receivable	319,208	10,986,094
Due from Philseven Foundation, Inc. (PFI) (Note 25)	173,945	888,425
Deposits	1,009,864	1,009,864
Others	15,763,494	21,706,916
	246,727,770	161,970,127
Less allowance for impairment	7,438,483	3,627,492
	₱239,289,287	₱158,342,635

The classes of receivables of the Group are as follows:

- Suppliers - pertains to receivables from the Group's suppliers for display allowances, annual volume discount and commission income from different service providers.
- Franchisees - pertains to receivables for the inventory loans obtained by the franchisees at the start of their store operations.
- Store operators - pertains to the advances given to third party store operators under service agreements (see Note 32).
- Employees - includes car loans, salary loans and cash shortages from stores which are charged to employees.
- Rent - pertains to receivables from sublease agreements with third parties, which are based on an agreed fixed monthly rate or as agreed upon by the parties.

Receivables are noninterest-bearing and are generally on 30 to 90 day terms except for lease receivable with a 7% interest rate per annum.

The Company collected ₱10,858,906 and ₱8,606,678 in 2011 and 2010, respectively, from the insurance company as insurance proceeds for the Company's properties destroyed by the typhoon "Ondoy". As of December 31, 2011, there is no outstanding receivable from the insurance company related to the claim. The gain amounting to ₱19,465,584 is included as "Other income" in the 2010 consolidated statement of comprehensive income.

Movements in allowance for impairment are as follows:

	2011		
	Suppliers	Others	Total
Beginning balances	₱381,786	₱3,245,706	₱3,627,492
Provision for the year (Note 19)	1,396,168	2,414,823	3,810,991
Ending balances	₱1,777,954	₱5,660,529	₱7,438,483

	2010		
	Suppliers	Others	Total
Beginning balances	₱7,535,300	₱3,308,648	₱10,843,948
Provision for the year (Note 19)	204,716	1,418,167	1,622,883
Write-off	(7,140,854)	–	(7,140,854)
Recovery of bad debts	(217,376)	(1,481,109)	(1,698,485)
Ending balances	₱381,786	₱3,245,706	₱3,627,492

6. Inventories

	2011	2010
At cost (Note 18):		
Warehouse merchandise	₱271,683,488	₱200,869,257
Store merchandise	247,575,448	201,550,320
	₱519,258,936	₱402,419,577

7. Prepayments and Other Current Assets

	2011	2010
Deferred input VAT	₱43,844,078	₱35,627,256
Advances to suppliers	47,628,097	46,036,750
Prepaid rent (Note 10)	36,729,050	32,972,222
Pre-operating store expenses	11,354,992	10,387,131
Advances for expenses	5,176,635	3,268,768
Current portion of deferred lease (Notes 10 and 26)	2,425,557	1,363,270
Prepaid uniform	2,145,413	2,400,798
Supplies	1,825,459	1,915,107
Others	10,392,857	5,635,795
	₱161,522,138	₱139,607,097

Deferred input VAT pertains to the acquisition of capital goods over ₱1,000,000 which are being amortized over the useful life or 60 months, whichever is shorter, commencing on the date of acquisition. Current portion of deferred input VAT in 2011 and 2010 amounted to ₱43,844,078 and ₱35,627,256, respectively.

8. Property and Equipment

Movements in property and equipment are as follows:

	2011								
	Land- at revalued amount	Buildings and Improvements	Store Furniture and Equipment	Office Furniture and Equipment	Transportation Equipment	Computer Equipment	Leasehold Improvements	Construction In-Progress	Total
Costs/Revalued Amount									
Beginning balances	₱44,481,000	₱109,312,911	₱1,176,847,311	₱419,230,096	₱37,624,956	₱248,482,190	₱828,894,084	₱41,487,041	₱2,906,359,589
Additions	–	866,938	348,799,410	106,667,047	16,034,780	53,854,534	121,517,149	69,351,878	717,091,736
Disposals	–	–	(218,620,219)	(71,994,025)	(14,671,134)	(125,977,509)	(9,605,987)	–	(440,868,874)
Reclassifications	–	–	–	203,179	–	–	37,828,990	(38,032,169)	–
Ending balances	44,481,000	110,179,849	1,307,026,502	454,106,297	38,988,602	176,359,215	978,634,236	72,806,750	3,182,582,451
Accumulated Depreciation and Amortization									
Beginning balances	–	60,016,925	455,617,362	209,862,824	24,284,740	199,975,370	349,305,607	–	1,299,062,828
Depreciation and amortization (Note 19)	–	4,941,169	188,112,964	56,852,655	6,069,588	31,284,991	91,094,154	–	378,355,521
Disposals	–	–	(218,620,219)	(71,994,025)	(14,671,134)	(125,977,509)	(9,605,987)	–	(440,868,874)
Ending balances	–	64,958,094	425,110,107	194,721,454	15,683,194	105,282,852	430,793,774	–	1,236,549,475
Net Book Values	₱44,481,000	₱45,221,755	₱881,916,395	₱259,384,843	₱23,305,408	₱71,076,363	₱547,840,462	₱72,806,750	₱1,946,032,976

2010

	Land - at revalued amount	Buildings and Improvements	Store Furniture and Equipment	Office Furniture and Equipment	Transportation Equipment	Computer Equipment	Leasehold Improvements	Construction In-Progress	Total
Costs/Revalued Amount									
Beginning balances	P44,481,000	P106,835,234	P838,669,091	P341,773,268	P31,477,634	P234,546,575	P632,372,530	P43,745,821	P2,273,901,153
Additions	-	2,477,677	364,185,866	83,407,721	7,246,905	16,016,009	91,525,378	107,064,274	671,923,830
Disposals	-	-	(26,007,646)	(5,950,893)	(1,099,583)	(2,080,394)	(4,326,878)	-	(39,465,394)
Reclassifications	-	-	-	-	-	-	109,323,054	(109,323,054)	-
Ending balances	44,481,000	109,312,911	1,176,847,311	419,230,096	37,624,956	248,482,190	828,894,084	41,487,041	2,906,359,589
Accumulated Depreciation and Amortization									
Beginning balances	-	55,131,255	358,677,752	170,264,855	20,393,889	162,318,915	279,870,057	-	1,046,656,723
Depreciation and amortization (Note 19)	-	4,884,908	123,939,882	45,462,652	4,626,521	40,107,026	72,782,765	-	291,803,754
Disposals	-	-	(26,007,646)	(5,883,148)	(1,099,583)	(2,080,394)	(4,326,878)	-	(39,397,649)
Reclassifications	-	762	(992,626)	18,465	363,913	(370,177)	979,663	-	-
Ending balances	-	60,016,925	455,617,362	209,862,824	24,284,740	199,975,370	349,305,607	-	1,299,062,828
Net Book Values	P44,481,000	P49,295,986	P721,229,949	P209,367,272	P13,340,216	P48,506,820	P479,588,477	P41,487,041	P1,607,296,761

On February 5, 2007, the Group revalued its land with cost amounting to P39,866,864 at appraised value of P44,481,000, as determined by a professionally qualified independent appraiser. The appraisal increase of P3,229,895, net of P1,384,241 deferred income tax liability, resulting from the revaluation was credited to “Revaluation increment on land” account under equity section of the consolidated balance sheets. The appraised value was determined using the market data approach, wherein the value of the land is based on sales and listings of comparable properties registered within the vicinity.

On September 26, 2009, nine of the Group’s stores were devastated by the typhoon “Ondoy”. The Group recognized loss from the said typhoon amounting to P3,285,171, which represents the net book value of the property and equipment destroyed by the typhoon as of that said date.

The carrying value of the Group’s capitalized interest amounted to P13,130 and P1,677,864 as of December 31, 2011 and 2010.

The cost of fully depreciated property and equipment that are still being used in operations amounted to P45,007,187 and P585,711,873 as of December 31, 2011 and 2010, respectively. No property and equipment are pledged nor treated as security to the outstanding liabilities, as of December 31, 2011 and 2010.

9. Deposits

	2011	2010
Rent	P155,379,984	P142,148,088
Utilities	29,267,868	23,969,222
Refundable	26,789,004	11,805,629
Others	4,527,970	3,273,451
	P215,964,826	P181,196,390

Refundable

Refundable deposits on rent are computed at amortized cost as follows:

	2011	2010
Face value of security deposits	₱27,391,286	₱26,918,039
Additions	25,186,036	1,073,247
Refunded	(3,974,386)	(600,000)
Unamortized discount	(21,813,932)	(15,585,657)
	₱26,789,004	₱11,805,629

Movements in unamortized discount are as follows:

	2011	2010
Beginning balance	₱15,585,657	₱16,591,060
Additions	8,616,062	257,859
Amortization (Note 22)	(2,387,787)	(1,035,216)
Refunded	-	(228,046)
Ending balance	₱21,813,932	₱15,585,657

10. **Goodwill and Other Noncurrent Assets**

	2011	2010
Deferred input VAT - net of current portion	₱103,958,618	₱93,062,349
Goodwill	65,567,524	65,567,524
Deferred lease - net of current portion (Note 26)	15,266,788	10,492,697
Garnished accounts (Note 34)	6,241,465	9,676,376
Lease receivable - net of current portion (Note 26)	3,448,336	4,748,411
Software and program cost	2,484,126	5,082,867
Prepaid rent - net of current portion	6,134,227	-
Others	3,360,261	5,981,595
	₱206,461,345	₱194,611,819

Goodwill

On March 22, 2004, the Group purchased the leasehold rights and store assets of Jollimart Philippines Corporation (Jollimart) for a total consideration of ₱130,000,000. The excess of the acquisition cost over the fair value of the assets acquired was recorded as goodwill amounting to ₱70,178,892.

The recoverable amount of the goodwill was estimated based on the value-in-use calculation using cash flow projections from financial budgets approved by senior management covering a five year period. The pre-tax discount rate applied to cash flow projections is 10.22% in 2011 and 10.65% in 2010. The cash flows beyond the five-year period are extrapolated using a 3% growth rate in 2011 and 2010 that is the same as the long-term average growth rate for the retail industry.

No store acquired from Jollimart was closed in 2011 and 2010. In 2009, the Group has closed one store out of the 25 remaining stores it purchased from Jollimart. No impairment loss was recognized in 2011, 2010 and 2009.

Goodwill is allocated to the group of cash generating unit (CGU) which comprises the working capital and property and equipment of all the purchased stores' assets.

Key assumptions used in value-in-use calculations in 2011 and 2010 follow:

Sales and Cost Ratio

Sales and cost ratio are based on average values achieved in the three years preceding the start of the budget period. These are increased over the budget period for anticipated efficiency improvements. Sales are projected to increase by two to three percent per annum while the cost ratio is set at 68.00% - 70.00% of sales per annum.

Discount Rates

Discount rates reflect management's estimates of the risks specific to the CGU. Management computed for its weighted average cost of capital (WACC). In computing for its WACC, the following items were considered:

- Average high and low range of average bank lending rates as of year-end
- Yield on a 10-year Philippine zero coupon bond as of valuation date
- Market risk premium
- Company relevered beta
- Alpha risk

Growth Rate Estimates

Rates are based on average historical growth rate which is consistent with the expected average growth rate for the industry. Annual inflation and rate of possible reduction in transaction count were also considered in determining growth rates used.

Management recognized that unfavorable conditions could materially affect the assumptions used in the determination of value in use. An increase of 0.52% and 2.20% in the discount rates, or a reduction of growth rates by 1.00% and 2.00%, would give a value in use equal to the carrying amount of the cash generating units in 2011 and 2010, respectively.

Deferred Lease

Deferred lease pertains to Day 1 loss recognized on refundable deposits on rent, which is amortized on a straight-line basis over the term of the related leases.

Movements in deferred lease are as follows:

	2011	2010
Beginning balance	₱11,855,967	₱13,186,794
Additions	8,616,062	257,859
Amortization (Note 26)	(2,779,684)	(1,414,700)
Refunded	-	(173,986)
Ending balance	17,692,345	11,855,967
Less current portion	2,425,557	1,363,270
Noncurrent portion	₱15,266,788	₱10,492,697

Garnished Accounts

Garnished accounts pertain to the amount set aside by the Group, as required by the courts, in order to answer for litigation claims should the results be unfavorable to the Group (see Note 34).

Software and Program Cost

Movements in software and program cost are as follows:

	2011	2010
Cost		
Beginning balance	<i>P14,661,985</i>	<i>P14,500,085</i>
Acquisition	<i>–</i>	<i>161,900</i>
Ending balance	<i>14,661,985</i>	<i>14,661,985</i>
(Forward)		
	2011	2010
Accumulated Amortization		
Beginning balance	<i>P9,579,118</i>	<i>P6,489,390</i>
Amortization (Note 19)	<i>2,598,741</i>	<i>3,089,728</i>
Ending balance	<i>12,177,859</i>	<i>9,579,118</i>
Net Book Values	<i>P2,484,126</i>	<i>P5,082,867</i>

11. Bank Loans

Bank loans represent unsecured Peso-denominated short-term borrowings from various local banks, payable in lump-sum in 2011 and 2010 with annual interest rates ranging from 3.50% to 4.25%, 4.20% to 5.20% and 4.90% to 5.50% in 2011, 2010 and 2009, respectively, which are repriced monthly based on market conditions. The proceeds of these loans were used for the operations of the Group.

Movements in bank loans are as follows:

	2011	2010
Beginning balance	P320,000,000	P340,000,000
Availment	230,000,000	290,000,000
Payments	(175,333,333)	(310,000,000)
Ending balance	P374,666,667	P320,000,000

Interest expense from these bank loans amounted to P15,697,647, P16,033,249, and P26,070,437 in 2011, 2010 and 2009, respectively (see Note 21). Interest payable amounted to P1,174,528 and P874,892 as of December 31, 2011 and 2010, respectively (see Note 12). The carrying value of the Group's capitalized interest amounted to P13,130 and P1,677,864 as of December 31, 2011 and 2010

12. Accounts Payable and Accrued Expenses

	2011	2010
Trade payable	P1,066,740,769	P905,064,399
Rent (Notes 26)	47,263,813	59,026,978
Utilities	38,219,462	31,187,454
Employee benefits	23,954,117	34,009,286
Advertising and promotion	16,054,548	18,831,169
Outsourced services	12,461,025	8,042,071
Security services	3,054,419	3,610,705
Bank charges	2,278,700	2,181,700
Interest (Note 11)	1,174,528	874,892
Others	32,736,076	15,510,753
	P1,243,937,457	P1,078,339,407

The trade suppliers generally provide 15 or 30-day credit terms to the Group. Prompt payment discounts ranging from 0.5% to 5.0% are given by a number of trade suppliers. All other payables are due within 3 months.

13. **Other Current Liabilities**

	2011	2010
Non-trade accounts payable	₱188,758,358	₱164,122,488
Withholding taxes	22,974,557	18,896,178
Service fees payable	19,370,472	15,694,145
Output VAT	19,205,290	25,721,487
Retention payable	18,688,531	18,459,378
Royalty (Note 25)	10,353,333	8,465,255
Employee related liabilities	3,860,665	3,655,040
Current portion of deferred revenue on:		
Exclusivity contract (Notes 16 and 32)	1,934,524	1,934,524
Finance lease (Notes 16 and 26)	589,567	589,567
Others	12,700,219	8,261,236
	₱298,435,516	₱265,799,298

Non-trade accounts payable pertains to payable to suppliers of goods or services that are not directly related to the Company's ordinary course of business.

14. **Deposits Payable**

	2011	2010
Franchisees (Note 32)	₱88,795,094	₱75,679,031
Service agreements (Note 32)	69,260,533	55,282,328
Rent	13,402,206	11,900,778
	₱171,457,833	₱142,862,137

15. **Cumulative Redeemable Preferred Shares**

Cumulative redeemable preferred shares, which are redeemable at the option of the holder, represent the share of PSC-ERP through its trustee, BPI-AMTG, in SSHI's net assets pertaining to preferred shares. PSC-ERP is entitled to an annual "Guaranteed Preferred Dividend" in the earnings of SSHI starting April 5, 2002, the date when the 25% of the subscription on preferred shares have been paid, in accordance with the Corporation Code.

The guaranteed annual dividends shall be calculated and paid in accordance with the Shareholder's Agreement dated November 16, 2000 which provides that the dividend shall be determined by the BOD of SSHI using the prevailing market conditions and other relevant factors. Further, the preferred shareholder shall not participate in the earnings of SSHI except to the extent of guaranteed dividends and whatever is left of the retained earnings be declared as dividends in favor of common shareholders. Guaranteed preferred dividends included under "Interest expense" in the consolidated statements of comprehensive income amounted to ₱327,000, ₱364,920 and ₱412,380 in 2011, 2010 and 2009, respectively (see Note 21). Interest payable included under "Accounts payable and accrued expenses" in the consolidated balance sheets amounted to ₱327,000 and ₱364,920 as of December 31, 2011 and 2010, respectively.

16. Deferred Revenue

	2011	2010
Deferred revenue on exclusivity contract (Note 32)	₱1,264,881	₱3,199,405
Deferred revenue on finance lease (Note 26)	1,277,398	1,866,965
Deferred revenue - others	1,515,203	1,933,930
	₱4,057,482	₱7,000,300

Deferred Revenue on Exclusivity Contract

Movements in deferred revenue on exclusivity contract are as follows:

	2011	2010
Beginning balance	₱5,133,929	₱3,913,690
Additions	–	6,696,429
Amortization (Note 32)	(1,934,524)	(5,476,190)
	3,199,405	5,133,929
Less current portion	1,934,524	1,934,524
Noncurrent portion	₱1,264,881	₱3,199,405

Deferred Revenue on Finance Lease

Movements in deferred revenue on finance lease are as follows:

	2011	2010
Beginning balance	₱2,456,532	₱3,166,197
Less amortization (Note 26)	589,567	709,665
	1,866,965	2,456,532
Less current portion	589,567	589,567
Noncurrent portion	₱1,277,398	₱1,866,965

17. Equity

On July 21, 2011, the Company's BOD and at least 2/3 of the Company's stockholders approved the recommendation for a stock dividend declaration corresponding to 15% of the outstanding common shares of the Company of 301,428,666. Record date of entitlement is August 19, 2011.

On the same date, the Company's BOD approved the declaration of cash dividend in the amount of 10 centavos per share on its outstanding 301,428,666 shares. The record date for entitlement to said cash dividend is August 19, 2011. Cash dividends amounted to ₱30,142,867.

On July 29, 2010, the Company's BOD and at least 2/3 of the Company's stockholders approved the recommendation for a stock dividend declaration corresponding to 5% of the outstanding common shares of the Company of 287,074,922 shares. Record date of entitlement is August 27, 2010.

On the same date, the Company's BOD approved the declaration of cash dividend in the amount of five centavos per share on its outstanding 287,074,922 shares. The record date for entitlement to said cash dividend is August 27, 2010. Cash dividends amounted to ₱14,353,746.

On June 25, 2009, the Company's BOD approved the recommendation for a stock dividend declaration corresponding to 10% of the outstanding common shares of the Company of 260,977,200. The stock dividends approved by the Company's BOD were approved by at least 2/3 of the Company's stockholders on July 16, 2009. Record date of entitlement is August 14, 2009.

There are 686,250 shares that are in the treasury amounting to ₱ 2,923,246 as of December 31, 2011 and 2010. There are no movement in the Group's treasury shares in 2011 and 2010.

The Company's retained earnings is restricted to the extent of ₱ 56,484,212 and ₱36,014,643 as of December 31, 2011 and 2010, respectively for the undistributed earnings of subsidiaries and ₱2,923,246 as of December 31, 2011 and 2010 for the cost of treasury shares.

The Group was listed with the Philippine Stock Exchange on February 4, 1998 with total listed shares of 71,382,000 common shares consisting of 47,000,000 shares for public offering and 24,382,000 shares for private placement. The Parent Company offered the share at a price of ₱4.40. As of December 31, 2011, the Parent Company has a total of 666 shareholders on record.

Movements in the number of shares are as follows:

	2011	2010	2009
Beginning balance	302,114,918	287,761,172	261,663,450
Issuance of stock dividends	45,214,298	14,353,746	26,097,722
Ending balance	347,329,216	302,114,918	287,761,172

18. Cost of Merchandise Sales

	2011	2010	2009
Merchandise inventory, beginning	₱402,419,577	₱415,652,671	₱339,556,385
Net purchases	7,208,336,058	5,572,037,384	4,447,812,276
	7,610,755,635	5,987,690,055	4,787,368,661
Less merchandise inventory, ending	519,258,936	402,419,577	415,652,671
	₱7,091,496,699	₱5,585,270,478	₱4,371,715,990

19. General and Administrative Expenses

	2011	2010	2009
Communication, light and water	₱610,997,841	₱528,123,729	₱371,580,742
Outside services (Note 32)	527,283,460	389,212,920	299,568,215
Rent (Note 26)	401,628,602	341,397,389	325,249,255
Depreciation and amortization (Note 8)	378,355,521	291,803,754	203,905,718
Personnel costs (Note 23)	271,925,395	287,246,482	285,712,784
Trucking services	128,105,699	89,415,946	68,511,742
Advertising and promotion	119,151,632	101,175,106	73,763,919
Royalties (Note 25)	106,490,524	90,693,176	70,386,281
(Forward)			
	2011	2010	2009
Repairs and maintenance	₱101,447,166	₱86,964,361	₱60,593,879

Supplies	98,718,890	81,307,138	56,019,871
Taxes and licenses	76,189,697	68,340,335	64,648,509
Warehousing services	69,397,133	58,179,955	48,668,549
Entertainment, amusement and recreation	28,169,708	36,145,205	25,874,891
Transportation and travel	26,472,937	23,642,048	26,539,417
Inventory losses	19,906,752	14,659,113	10,639,655
Insurance	6,032,839	4,216,516	4,634,768
Dues and subscription	5,898,075	5,143,890	5,123,248
Provision for impairment of receivables (Note 5)	3,810,991	1,622,883	9,798,327
Amortization of software and program costs (Note 10)	2,598,741	3,089,728	3,053,728
Others	29,596,375	29,010,430	36,685,831
	₱3,012,177,978	₱2,531,390,104	₱2,050,959,329

20. Marketing Income

	2011	2010	2009
Display charges	₱195,671,478	₱161,168,392	₱119,307,326
Promotions	171,330,886	112,766,444	84,413,455
Marketing support funds (Note 32)	119,820,976	70,306,815	33,898,150
	₱486,823,340	₱344,241,651	₱237,618,931

21. Interest Expense

	2011	2010	2009
Interest on bank loans	₱15,697,647	₱16,033,249	₱26,070,437
Guaranteed preferred dividends	327,000	364,920	412,380
	₱16,024,647	₱16,398,169	₱26,482,817

22. Interest Income

	2011	2010	2009
Bank deposits	₱2,911,480	₱3,675,553	₱3,387,088
Accretion of refundable deposits (Note 9)	2,387,787	1,035,216	987,606
Finance lease (Note 26)	378,850	403,887	465,251
Accretion of notes receivable	186,596	241,113	—
	₱5,864,713	₱5,355,769	₱4,839,945

23. Personnel Costs

	2011	2010	2009
Salaries and wages	₱227,335,598	₱242,069,716	₱231,983,627
Employee benefits	32,221,396	33,956,265	31,749,468
Retirement benefits cost	12,368,401	11,220,501	21,979,689

(Note 24)

	₱271,925,395	₱287,246,482	₱285,712,784
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24. Retirement Benefits

The Group maintains a trustee, non-contributory defined benefit retirement plan covering all qualified employees. Normal retirement benefits are equal to the employee's retirement pay as defined in Republic Act No. 7641 multiplied by the years of service. Normal retirement date is the attainment of age 60 and completion of at least five years of service.

The following tables summarize the components of net retirement benefits cost recognized in profit or loss and the funding status and amounts recognized in the consolidated balance sheets:

a. Net retirement benefits cost for the year are as follows:

	2011		
	PSC	CDI	Total
Current service cost	₱4,637,501	₱351,324	₱4,988,825
Interest cost	7,377,255	540,217	7,917,472
Expected return on plan assets	(645,048)	(31,373)	(676,421)
Net actuarial losses	138,525	-	138,525
Net retirement benefits cost	₱11,508,233	₱860,168	₱12,368,401

	2010		
	PSC	CDI	Total
Current service cost	₱3,706,434	₱705,342	₱4,411,776
Interest cost	6,749,595	520,065	7,269,660
Expected return on plan assets	(430,680)	(30,255)	(460,935)
Net retirement benefits cost	₱10,025,349	₱1,195,152	₱11,220,501

	2009		
	PSC	CDI	Total
Current service cost	₱345,868	₱146,754	₱492,622
Interest cost	20,284,950	1,347,433	21,632,383
Expected return on plan assets	(554,917)	(42,468)	(597,385)
Net actuarial losses	436,078	15,991	452,069
Net retirement benefits cost	₱20,511,979	₱1,467,710	₱21,979,689

b. Net retirement obligations recognized by the Group are as follows:

	2011		
	PSC	CDI	Total
Present value of retirement obligations	₱96,296,328	₱6,764,360	₱103,060,688
Less fair value of net plan assets	12,239,143	565,547	12,804,690
Unfunded retirement obligation	84,057,185	6,198,813	90,255,998
Unrecognized net actuarial gain (losses)	(25,368,578)	305,300	(25,063,278)
Net retirement obligations	₱58,688,607	₱6,504,113	₱65,192,720

	2010		
	PSC	CDI	Total
Present value of retirement obligations	₱72,897,778	₱5,615,558	₱78,513,336
Less fair value of net plan assets	10,750,804	522,878	11,273,682
Unfunded retirement obligation	62,146,974	5,092,680	67,239,654
Unrecognized net actuarial gain (losses)	(10,337,337)	551,265	(9,786,072)
Net retirement obligations	₱51,809,637	₱5,643,945	₱57,453,582

- c. Changes in the present value of the retirement obligations are as follows:

	2011		
	PSC	CDI	Total
Beginning balances	₱72,897,778	₱5,615,558	₱78,513,336
Current service cost	4,637,501	351,324	4,988,825
Interest cost	7,377,255	540,217	7,917,472
Benefits paid	(4,018,237)	–	(4,018,237)
Actuarial losses	15,402,031	257,261	15,659,292
Ending balances	₱96,296,328	₱ 6,764,360	₱103,060,688

	2010		
	PSC	CDI	Total
Beginning balances	₱62,438,440	₱4,864,964	₱67,303,404
Current service cost	3,706,434	705,342	4,411,776
Interest cost	6,749,595	520,065	7,269,660
Benefits paid	(6,248,673)	–	(6,248,673)
Actuarial losses (gains)	6,251,982	(474,813)	5,777,169
Ending balances	₱72,897,778	₱5,615,558	₱78,513,336

d. Changes in the fair value of net plan assets are as follows:

	2011		
	PSC	CDI	Total
Beginning balances	₱10,750,804	₱522,878	₱11,273,682
Expected return on plan assets	645,048	31,373	676,421
Contribution	4,629,263	–	4,629,263
Benefits paid	(4,018,237)	–	(4,018,237)
Actuarial gains	232,265	11,296	243,561
Ending balances	₱12,239,143	₱565,547	₱12,804,690

	2010		
	PSC	CDI	Total
Beginning balances	₱7,178,008	₱504,251	₱7,682,259
Expected return on plan assets	430,680	30,255	460,935
Contribution	9,434,042	–	9,434,042
Benefits paid	(6,248,673)	–	(6,248,673)
Actuarial losses	(43,253)	(11,628)	(54,881)
Ending balances	₱10,750,804	₱522,878	₱11,273,682

Breakdown of the Group's net plan assets are as follows:

	2011	2010
Investments in trust and mutual funds	46.00%	41.90%
Investments in equity securities	54.00%	58.10%
	100.00%	100.00%

Actual return on plan assets amounted to ₱877,313 in 2011 and ₱387,427 in 2010 for PSC and ₱42,669 in 2011 and ₱18,627 in 2010 for CDI.

The overall expected rate of return on plan assets is determined based on the market prices prevailing on the date applicable to the period over which the obligation is to be settled.

The Company expects to contribute ₱18,142,139 to its defined benefit plan in 2012.

The principal assumptions used in determining net retirement benefits cost for the Group's plan at the beginning of the year are as follows:

	PSC		CDI	
	2011	2010	2011	2010
Number of employees	655	669	20	21
Discount rate per annum	5.80%	10.81%	5.54%	10.69%
Expected annual rate of return on plan assets	5.50%	6.00%	5.50%	6.00%
Salary increase rate	5.50%	6.00%	5.50%	6.00%

Amounts for the current and prior four periods are as follows:

	2011		
	PSC	CDI	Total
Present value of retirement obligations	₱96,296,328	₱6,764,360	₱103,060,688
Fair value of net plan assets	12,239,143	565,547	12,804,690
Unfunded retirement obligation	84,057,185	6,198,813	90,255,998
Experience loss (gain) adjustments on retirement obligations	324,950	(267,061)	57,889
Experience gain adjustments on plan assets	232,265	11,296	243,561
	2010		
	PSC	CDI	Total
Present value of retirement obligations	₱72,897,778	₱5,615,558	₱77,762,742
Fair value of net plan assets	10,750,804	522,878	11,273,682
Unfunded retirement obligation	62,146,974	5,092,680	67,239,654
Experience gain adjustments on retirement obligations	(6,251,982)	(857,124)	(7,109,106)
Experience loss adjustments on plan assets	(43,253)	(11,628)	(54,881)
	2009		
	PSC	CDI	Total
Present value of retirement obligations	₱62,438,440	₱4,864,964	₱67,303,404
Fair value of net plan assets	7,178,008	504,251	7,682,259
Unfunded retirement obligation	55,260,432	4,360,713	59,621,145
Experience gain adjustments on retirement obligations	(12,458,512)	(857,124)	(13,315,636)
Experience loss adjustments on plan assets	(69,753)	(10,086)	(79,839)
	2008		
	PSC	CDI	Total
Present value of retirement obligations	₱54,006,788	₱4,174,204	₱58,180,992
Fair value of net plan assets	6,165,743	471,869	6,637,612
Unfunded retirement obligation	47,841,045	3,702,335	51,543,380
Experience loss adjustments on retirement obligations	46,616	2,532,432	2,579,048
Experience loss adjustments on plan assets	(283,759)	(21,716)	(305,475)
	2007		
	PSC	CDI	Total
Present value of retirement obligations	₱50,892,911	₱1,674,978	₱52,567,889
Fair value of net plan assets	6,039,312	462,193	6,501,505

(Forward)

	2007		
	PSC	CDI	Total
Unfunded retirement obligation	₱44,853,599	₱1,212,785	₱46,066,384
Experience loss (gain) adjustment on retirement obligations	2,872,179	(94,636)	2,777,543
Experience loss adjustments on plan assets	(477,943)	(28,521)	(506,464)

The discount rate of PSC and CDI as of December 31, 2011 are 5.80% and 5.54%, respectively, based on market rates consistent with the obligation of the defined benefit plan. Future annual increase in salary as of December 31, 2011 is 5.5%. Expected rate of return as of December 31, 2011 is 5.5%.

25. Related Party Transactions

Related party relationships exist when one party has the ability to control, directly or indirectly through one or more intermediaries, the other party or exercise significant influence over the other party in making financial and operating decisions. Such relationships also exist between and/or among entities which are under common control with the reporting enterprise, or between and/or among the reporting enterprises and their key management personnel, directors or its stockholders.

Transactions with related parties consist of:

- a. The Group executed a licensing agreement with Seven Eleven, Inc. (SEI), a stockholder organized in Texas, U.S.A. This grants the Group the exclusive right to use the 7-Eleven System in the Philippines. In accordance with the agreement, the Group pays, among others, royalty fee to SEI based on a certain percentage of monthly gross sales, net of gross receipts tax.

Royalty fees recorded by the Group amounted to ₱ 106,490,524, ₱ 90,693,176, and ₱70,386,281 in 2011, 2010 and 2009, respectively. Royalty fees are paid on a monthly basis.

Royalty payable included under “Other current liabilities” in the consolidated balance sheets amounted to ₱10,353,333 and ₱8,465,255 as of December 31, 2011 and 2010, respectively.

- b. PSC has transactions with PFI, a foundation with common key management of the Group, consisting of noninterest-bearing advances pertaining primarily to salaries, taxes and other operating expenses initially paid by PSC for PFI. Amounts due from PFI amounted to ₱173,945 and ₱888,425 as of December 31, 2011 and 2010, respectively. Amount due to PFI included under others in “Other current liabilities” in the consolidated balance sheets amounted to ₱84,100 and ₱12,099 as of December 31, 2011 and 2010, respectively.
- c. Compensation of key management personnel are as follows:

	2011	2010	2009
Short-term employee benefits	₱31,624,639	₱33,663,181	₱32,583,183
Post-employment benefits	1,664,000	1,662,152	1,752,710
Other long-term benefits	376,073	376,073	376,073
	₱33,664,712	₱35,701,406	₱34,711,966

26. Leases

Finance Lease as Lessor

In March 2007, PSC entered into a five-year sale and leaseback finance lease agreement with an armored car service provider. The lease has no terms of renewal and no escalation clauses. Unguaranteed residual values accruing to the Company amounted to ₱300,000.

In March 2010, the Company amended its agreement with the armored car service provider extending the lease term for another five years from March 1, 2010 to February 1, 2015, imposing 7% interest per annum on the restructured loan obligation and reducing its monthly rental payments. The unguaranteed residual values accruing to the Company was retained. The restructuring resulted in the recognition of a gain on accretion amounting to ₱849,890 and is reported under "Other income" in the 2010 consolidated statement of comprehensive income.

Future minimum lease receivable under this lease as of December 31 are as follows:

	2011	2010
Within one year	₱1,591,280	₱1,591,280
After one year but not more than five years	3,747,773	5,339,053
Total minimum lease payments	5,339,053	6,930,333
Less unearned interest income	590,642	969,492
Present value of future minimum lease payments	4,748,411	5,960,841
Less current portion	1,300,075	1,212,430
Noncurrent portion	₱3,448,336	₱4,748,411

Collection of lease receivable amounted to ₱1,591,280 and ₱1,775,466 in 2011 and 2010, respectively.

Present value of lease receivable as of December 31 is as follows:

	2011	2010
Within one year	₱1,300,075	₱1,212,430
After one year but not more than five years	3,448,336	4,748,411
Total minimum lease payments	4,748,411	5,960,841
Less current portion	1,300,075	1,212,430
Present value of future minimum lease payments	₱3,448,336	₱4,748,411

Unearned interest income as of December 31, 2011 and 2010 amounted to ₱590,642 and ₱969,492, respectively. Related interest income amounted to ₱378,850, ₱403,887 and ₱465,251 in 2011, 2010 and 2009, respectively.

Difference between the original lease agreement's present value of minimum lease payments at the date of lease inception against the carrying value of the finance lease asset resulted in a deferred revenue on finance lease amounting to ₱6,550,753, which is to be amortized on a straight-line basis over the lease term. The related deferred revenue amounted to ₱1,277,398 and ₱1,866,965 as of December 31, 2011 and 2010, with current portion amounting to ₱589,567 in 2011 and 2010, and noncurrent portion amounting to ₱1,277,398 and ₱1,866,965 as of December 31, 2011 and 2010, respectively. Amortization of deferred revenue amounted to ₱589,567, ₱709,665 and ₱1,310,151, in 2011, 2010 and 2009, respectively.

Operating Lease as Lessee

- a. PSC has various lease agreements with third parties relating to its store operations. Certain agreements provide for the payment of rentals based on various schemes such as an agreed percentage of net sales for the month and fixed monthly rate.

Rental expense related to these lease agreements amounted to ₱375,908,146, ₱312,975,325 and ₱295,747,766 in 2011, 2010 and 2009, respectively. Of the total rent expense, ₱2,019,210 in 2011, ₱1,902,221 in 2010 and ₱663,802 in 2009 pertains to contingent rent of some stores based on percentage ranging from 1.5% to 3.0% of merchandise sales. Amortization of deferred lease amounted to ₱1,689,184, ₱324,200 and ₱385,024 in 2011, 2010 and 2009, respectively.

The approximate annual minimum rental payments of PSC under its existing lease agreements as of December 31 are as follows:

	2011	2010
Within one year	₱52,930,899	₱48,966,221
After one year but not more than five years	114,077,970	93,993,928
More than five years	–	3,131,450
	₱167,008,869	₱146,091,599

- b. CDI entered into a 15-year operating lease contract for the lease of its warehouse effective November 1, 2005. The lease is subject to an escalation rate of 7.0% after every two years starting on the third year of the lease.

Rent expense related to this lease agreement amounted to ₱22,925,240 in 2011, 2010 and 2009. Amortization of deferred lease amounted to ₱1,090,500 in 2011, 2010 and 2009.

The approximate annual minimum rental payments of CDI under its existing lease contract as of December 31 are as follows:

	2011	2010
Within one year	<i>₱31,879,766</i>	₱21,058,664
After one year but not more than five years	<i>138,038,344</i>	92,747,776
More than five years	<i>152,413,780</i>	130,516,307
	<i>₱</i>	
	<i>322,331,890</i>	₱244,322,747

The Company also has other various short-term operating leases pertaining to rental of warehouse fixtures and equipments. Related rent expense amounted to ₱994,083, ₱2,448,678 and ₱2,397,929 in 2011, 2010 and 2009, respectively.

Operating Lease as Lessor

The Group has various sublease agreements with third parties which provide for lease rentals based on an agreed fixed monthly rate or as agreed upon by the parties. Rental income related to these sublease agreements amounted to ₱44,143,593, ₱37,361,84 and ₱52,265,323 in 2011, 2010 and 2009, respectively.

27. Income Tax

- a. The components of the Group's provision for income tax are as follows:

	2011	2010	2009
Current:			
Regular corporate income tax	₱161,398,364	₱124,265,727	₱80,682,849
Final tax on interest income	586,624	693,335	627,617
	161,984,988	124,959,062	81,310,466
Deferred	165,174	3,796,610	(6,270,068)
	₱162,150,162	₱128,755,672	₱75,040,398

- b. The components of the Group's net deferred income tax assets are as follows:

	2011			Total
	PSC	CDI	SSHI	
Deferred income tax assets:				
Net retirement obligations	₱17,606,581	₱1,951,234	₱-	₱19,557,815
Accrued rent	7,951,803	6,227,340	-	14,179,143
Unamortized discount on refundable deposit	4,683,505	1,860,674	-	6,544,179
Allowance for impairment on receivables	2,231,545	-	-	2,231,545
Provision for litigation losses	2,119,887	-	-	2,119,887
Unamortized past service cost	1,766,126	35,681	-	1,801,807
Deferred revenue on exclusivity agreement	959,822	-	-	959,822
Unearned income	243,731	-	-	243,731
Unamortized discount on receivable	79,102	-	-	79,102
Unrealized foreign exchange loss	205	-	-	205
	37,642,307	10,074,929	-	47,717,236
Deferred income tax liabilities:				
Deferred lease expense	3,500,191	1,807,512	-	5,307,703
Unamortized discount on purchase of refundable deposit	343,393	-	-	343,393
Unamortized capitalized interest	3,937	-	-	3,937
Unrealized foreign exchange gain	-	15,145	-	15,145
Revaluation increment in land	-	-	1,384,241	1,384,241
	3,847,521	1,822,657	1,384,241	7,054,419
Net deferred income tax assets (liability)	₱33,794,786	₱8,252,272	(₱1,384,241)	₱40,662,817

	2010			
	PSC	CDI	SSHI	Total
Deferred income tax assets:				
Accrued rent	₱12,040,725	₱5,667,367	₱–	₱17,708,092
Net retirement obligations	15,542,890	1,693,184	–	17,236,074
Unamortized discount on refundable deposit	4,675,697	–	–	4,675,697
Provision for litigation losses	2,119,887	–	–	2,119,887
Allowance for impairment on receivables	1,088,248	–	–	1,088,248
Deferred revenue on exclusivity agreement	1,540,179	–	–	1,540,179
Unamortized past service cost	1,994,721	42,280	–	2,037,001
Unamortized discount on receivable	135,081	–	–	135,081
Unrealized foreign exchange loss	113,670	–	–	113,670
	<u>39,251,098</u>	<u>7,402,831</u>	<u>–</u>	<u>46,653,929</u>
Deferred income tax liabilities:				
Deferred lease expense	3,556,790	–	–	3,556,790
Unamortized capitalized interest	503,359	–	–	503,359
Unamortized discount on purchase of refundable deposit	381,548	–	–	381,548
Revaluation increment in land	–	–	1,384,241	1,384,241
	<u>4,441,697</u>	<u>–</u>	<u>1,384,241</u>	<u>5,825,938</u>
Net deferred income tax assets (liability)	<u>₱34,809,401</u>	<u>₱7,402,831</u>	<u>(₱1,384,241)</u>	<u>₱40,827,991</u>

- c. The reconciliation of the provision for income tax computed at the statutory income tax rate to provision for income tax shown in the consolidated statements of comprehensive income follow:

	2011	2010	2009
Provision for income tax computed at statutory income tax rate	₱155,509,791	₱121,690,776	₱69,249,315
Adjustments for:			
Nondeductible expenses:			
Inventory losses	5,972,026	4,397,733	3,353,737
Interest expense and others	955,165	3,114,649	1,662,459
Tax effect of rate difference between final tax and statutory tax rate on bank interest income	(286,820)	(386,196)	(313,809)
Nontaxable other income	–	(61,290)	(112,855)
Loss from typhoon	–	–	985,551
Donation expense	–	–	216,000
	<u>₱162,150,162</u>	<u>₱128,755,672</u>	<u>₱75,040,398</u>

- d. RA 9504, effective on July 7, 2008 allows availment of optional standard deductions (OSD). Corporations, except for nonresident foreign corporations, may now elect to claim standard deduction in an amount not exceeding 40% of their gross income. The Group did not avail of the OSD for the computation of its taxable income in 2011, 2010 and 2009.

28. Basic/Diluted Earnings Per Share

	2011	2010	2009
a.			
Net income	<u>₱356,342,989</u>	<u>₱276,880,248</u>	<u>₱155,790,651</u>
b. Weighted average number of shares issued	347,329,216	347,329,216	347,329,216
c. Less weighted average number of shares held in treasury	686,250	686,250	686,250
d. Weighted average number of shares outstanding (b-c)	346,642,966	346,642,966	346,642,966
e. Basic/diluted earnings per share (a/d)	₱1.03	₱0.80	₱0.45

The Group does not have potentially dilutive common shares as of December 31, 2011, 2010 and 2009. Thus, the basic earnings per share is equal to the diluted earnings per share as of those dates.

The Group's outstanding common shares increased from 302,114,918 to 347,329,216 as a result of stock dividend issuance equivalent to 15% of the outstanding common shares of the Company of 301,428,666 shares approved on July 21, 2011 (see Note 17). Therefore, the calculation of basic/diluted earnings per share for all periods presented has been adjusted retrospectively.

29. Financial Instruments

The following tables summarize the carrying value and fair value of the Group's financial assets and financial liabilities per class as of December 31:

	2011		2010	
	Carrying Value	Fair Value	Carrying Value	Fair Value
FINANCIAL ASSETS				
Loans and Receivables				
Cash and cash equivalents				
Cash on hand and in banks	₱394,696,749	₱ 394,696,749	₱322,975,839	₱322,975,839
Cash equivalents	-	-	35,753,695	35,753,695
	394,696,749	394,696,749	358,729,534	358,729,534
Short-term investments				
	10,409,907	10,409,907	10,141,555	10,141,555
Receivables:				
Suppliers	97,257,076	97,257,076	58,434,686	58,434,686
Franchisee	89,638,852	89,638,852	40,871,647	40,871,647
Store operators	15,683,186	15,683,186	9,718,957	9,718,957
Employees	15,407,124	15,407,124	10,321,643	10,321,643
Rent*	7,068,009	7,068,009	5,925,582	5,925,582
Notes	1,328,983	1,328,983	728,097	728,097
Current portion of lease receivable	1,300,075	1,563,950	1,212,430	1,363,599
Insurance claims	319,208	319,208	10,986,094	10,986,094
Due from PFI	173,945	173,945	888,425	888,425
Deposits	-	-	1,009,864	1,009,864
Others	11,112,829	11,112,829	18,461,210	18,461,210
	239,289,287	239,553,162	158,558,635	158,709,804
Deposits:				
Utilities	29,267,868	29,267,868	23,969,222	23,969,222
Refundable	26,864,928	27,301,992	11,805,629	15,894,383
Others	4,527,970	4,527,970	3,273,451	3,273,451
	60,660,766	61,097,830	39,048,302	43,137,056

(Forward)

	2011		2010	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Other noncurrent assets - lease receivable (net of current portion)	P3,448,336	P3,439,941	P4,748,411	P4,915,991
Total Loans and Receivables	708,505,045	709,197,589	571,226,437	575,633,940
AFS Financial Assets	-	-	1,320,575	1,320,575
TOTAL FINANCIAL ASSETS	P708,505,045	P709,197,589	P572,547,012	P576,954,515
FINANCIAL LIABILITIES				
Other Financial Liabilities				
Bank loans	P374,666,667	P374,666,667	P320,000,000	P320,000,000
Accounts payable and accrued expenses:				
Trade payable	1,066,740,769	1,066,740,769	905,064,399	905,064,399
Utilities	38,219,462	38,219,462	31,187,454	31,187,454
Employee benefits	23,954,117	23,954,117	34,009,286	34,009,286
Advertising and promotion	16,054,548	16,054,548	18,831,169	18,831,169
Outsourced services	12,461,025	12,461,025	8,042,071	8,042,071
Security services	3,054,419	3,054,419	3,610,705	3,610,705
Bank charges	2,278,700	2,278,700	2,181,700	2,181,700
Interest	1,174,528	1,174,528	874,892	874,892
Others**	32,734,076	32,734,076	15,508,753	15,508,753
	1,196,671,644	1,196,671,644	1,019,310,429	1,019,310,429
Other current liabilities:				
Non-trade accounts payable	188,758,358	188,758,358	164,122,488	164,122,488
Service fees payable	19,370,472	19,370,472	15,694,145	15,694,145
Retention payable	18,688,531	18,688,531	18,459,378	18,459,378
Royalty	10,353,333	10,353,333	8,465,255	8,465,255
Others	12,700,219	12,700,219	11,916,276	11,916,276
	249,870,913	249,870,913	218,657,542	218,657,542
Deposit payable	171,457,833	171,457,833	142,862,137	142,862,137
Cumulative redeemable preferred shares	6,000,000	6,000,000	6,000,000	6,000,000
	177,457,833	177,457,833	148,862,137	148,862,137
TOTAL FINANCIAL LIABILITIES	P1,998,667,057	P1,998,667,057	P1,706,830,108	P1,706,830,108

*Includes short-term refundable deposits amounting to P216,000 as of December 31, 2011 and 2010, respectively, reported under "Prepayments and other current assets" in the consolidated balance sheet.

**Excludes withholding taxes payable amounting to P2,000 as of December 31, 2011 and 2010.

Fair Value Information

Current Financial Assets and Financial Liabilities

Due to the short-term nature of the related transactions, the fair value of cash and cash equivalents, receivables (except for lease receivables), accounts payable and accrued expenses and other current liabilities approximates their carrying amount as of balance sheet date.

Lease Receivables

The fair value of lease receivable is determined by discounting the sum of future cash flows using the prevailing market rates for instruments with similar maturities as of December 31, 2011 and 2010, which is 3.80% and 4.64%, respectively.

Utility and Other Deposits

The fair value of utility and other deposits approximates its carrying value as it earns interest based on repriced market conditions.

Refundable Deposits

The fair value of deposits is determined by discounting the sum of future cash flows using the prevailing market rates for instruments with similar maturities as of December 31, 2011 and 2010 ranging from 1.66% to 5.30% and 2.74% to 6.09%, respectively.

AFS Financial Assets

The fair value of unquoted AFS financial assets is not reasonably determinable, thus, balances are presented at cost.

Bank Loans and Deposit Payables

The carrying value approximates fair value because of recent and monthly repricing of related interest based on market conditions.

Cumulative Redeemable Preferred Shares

The carrying value approximates fair value because corresponding dividends on these shares that are charged as interest expense in profit or loss are based on recent treasury bill rates repriced annually at year end.

Fair Value Hierarchy

As of December 31, 2011 and 2010, the Group has no financial instruments measured at fair value.

30. Financial Risk Management Objectives and Policies

The main risks arising from the Group's financial instruments are credit risk, liquidity risk, interest rate risk and foreign exchange risk. The BOD reviews and approves policies for managing each of these risks. The BOD also created separate board-level entity, which is the Audit Committee, with explicit authority and responsibility in managing and monitoring risks. The Audit Committee, which ensures the integrity of internal control activities throughout the Group, develops, oversees, checks and pre-approves financial management functions and systems in the areas of credit, market, liquidity, operational, legal and other risks of the Group, and crisis management. The Internal Audit Department and the External Auditor directly report to the Audit Committee regarding the direction, scope and coordination of audit and any related activities. Listed below are the summarized risk identified by the BOD.

Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss to the other party by failing to discharge an obligation. The receivable balances are monitored on an ongoing basis with the result that the Group's exposure to impairment is managed to a not significant level. The Group deals only with counterparty duly approved by the BOD.

The following tables provide information regarding the maximum credit risk exposure of the Group as of December 31:

	2011	2010
Cash and cash equivalents (excluding cash on hand):		
Cash in bank	₱277,117,736	₱248,539,958
Cash equivalents	–	35,753,695
	277,117,736	284,293,653
Short-term investments	10,409,907	10,141,555
Receivables:		
Suppliers	99,035,030	58,816,472
Franchisee	89,638,852	40,871,647
Store operators	15,683,186	9,718,957
Employees	15,407,124	10,321,643
Rent*	7,068,009	5,925,582
Notes	1,328,983	728,097
Current portion of lease receivables	1,300,075	1,212,430
Insurance claims	319,208	10,986,094
(Forward)		
	2011	2010
Due from PFI	₱173,945	₱888,425

Deposits	–	1,009,864
Others	16,773,358	21,706,916
	246,727,770	162,186,127
Deposits:		
Utilities	29,267,868	23,969,222
Refundable	26,864,928	11,805,629
Others	4,527,970	3,273,451
	60,660,766	39,048,302
Other noncurrent assets:		
Lease receivables - net of current portion	3,448,336	4,748,411
AFS financial assets	–	1,320,575
	3,448,336	6,068,986
	P598,364,515	P501,738,623

*Includes short-term refundable deposits amounting to P216,000 as of December 31, 2011 and 2010 reported under "Prepayments and other current assets" in the consolidated balance sheet.

The following tables provide information regarding the credit risk exposure of the Group by classifying assets according to the Group's credit ratings of debtors:

	2011			Total
	Neither Past Due nor Impaired		Past Due Or Impaired	
	High Grade	Standard Grade		
Cash and cash equivalents				
Cash in bank	P277,117,736	P–	P–	P277,117,736
Short-term investments	10,409,907	–	–	10,409,907
Receivables				
Suppliers	–	14,789,976	84,245,054	99,035,030
Franchisee	–	89,638,852	–	89,638,852
Store operators	–	15,683,186	–	15,683,186
Employees	–	15,407,124	–	15,407,124
Rent	–	7,068,009	–	7,068,009
Notes	–	1,328,983	–	1,328,983
Current portion of lease receivables	–	1,300,075	–	1,300,075
Insurance claims	–	319,208	–	319,208
Due from PFI	–	173,945	–	173,945
Others	–	11,112,829	5,660,529	16,773,358
	–	156,822,187	89,905,583	246,727,770
Deposits				
Utilities	–	29,267,868	–	29,267,868
Refundable	–	26,864,928	–	26,864,928
Others	–	4,527,970	–	4,527,970
	–	60,660,766	–	60,660,766
Other noncurrent assets				
Lease receivables - net of current portion	–	3,448,336	–	3,448,336
	P287,527,643	P220,931,289	P89,905,583	P598,364,515

	2010			Total
	Neither Past Due nor Impaired		Past Due Or Impaired	
	High Grade	Standard Grade		
Cash and cash equivalents				
Cash in bank	P248,539,958	P-	P-	P248,539,958
Cash equivalents	35,753,695	-	-	35,753,695
	284,293,653	-	-	284,293,653
Short-term investments				
	10,141,555	-	-	10,141,555
Receivables				
Suppliers	-	13,814,889	45,001,583	58,816,472
Franchisee	-	40,871,647	-	40,871,647
Insurance claims	-	10,986,094	-	10,986,094
Employees	-	9,929,725	391,918	10,321,643
Store operators	-	9,718,957	-	9,718,957
Rent	-	5,925,582	-	5,925,582
Current portion of lease receivables	-	1,212,430	-	1,212,430
Deposits	-	-	1,009,864	1,009,864
Due from PFI	-	888,425	-	888,425
Notes	-	728,097	-	728,097
Others	-	19,862,992	1,843,924	21,706,916
	-	113,938,838	48,247,289	162,186,127
Deposits				
Utilities	-	23,969,222	-	23,969,222
Refundable	-	11,805,629	-	11,805,629
Others	-	3,273,451	-	3,273,451
	-	39,048,302	-	39,048,302
Other noncurrent assets				
Lease receivables - net of current portion	-	4,748,411	-	4,748,411
AFS financial assets	-	1,320,575	-	1,320,575
	-	6,068,986	-	6,068,986
	P294,435,208	P159,056,126	P48,247,289	P501,738,623

The Group uses the following criteria to rate credit quality:

Class	Description
High Grade	Financial assets that have a recognized foreign or local third party rating or instruments which carry guaranty/collateral.
Standard Grade	Financial assets of companies that have the apparent ability to satisfy its obligations in full.

The credit qualities of the financial assets were determined as follows:

Cash and cash equivalents are classified as high grade since these are deposited or transacted with reputable banks which have low probability of insolvency.

Receivables, deposits and other noncurrent assets are classified as standard grade since these pertain to receivables considered as unsecured from third parties with good paying habits.

The following tables provide the analysis of financial assets that are past due but not impaired and past due and impaired:

	2011				Past due and impaired	Total
	Aging analysis of financial assets past due but not impaired					
	31 to 60 days	61 to 90 days	> 90 days	Total		
Receivables:						
Suppliers	₱3,565,821	₱3,058,308	₱75,842,971	₱82,467,100	₱1,777,954	₱84,245,054
Others	–	–	–	–	5,660,529	5,660,529
	₱3,565,821	₱3,058,308	₱75,842,971	₱82,467,100	₱7,438,483	₱89,905,583

	2010				Past due and impaired	Total
	Aging analysis of financial assets past due but not impaired					
	31 to 60 days	61 to 90 days	> 90 days	Total		
Receivables:						
Suppliers	₱7,533,090	₱9,420,501	₱27,666,206	₱44,619,797	₱381,786	₱45,001,583
Others	–	–	–	–	3,245,706	3,245,706
	₱7,533,090	₱9,420,501	₱27,666,206	₱44,619,797	₱3,627,492	₱48,247,289

Receivables from suppliers are noninterest-bearing and are generally on 30-day to 90-day terms.

There are no significant concentrations of credit risk within the Group.

Liquidity Risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial instruments. The Group seeks to manage its liquidity profile to be able to finance its capital expenditures and service its maturing debts. To cover for its financing requirements, the Group intends to use internally generated funds and sales of certain assets.

As part of its liquidity risk management program, the Group regularly evaluates projected and actual cash flow information and continuously assesses conditions in the financial markets for opportunities to pursue fund raising initiatives. These initiatives may include drawing of loans from the approved credit line intended for working capital and capital expenditures purposes and equity market issues.

The tables below summarize the maturity profile of the financial assets of the Group:

	2011				Total
	Three months or less	More than three months to one year	More than one year to five years	More than five years	
Cash and cash equivalents					
Cash	₱394,696,749	₱–	₱–	₱–	₱394,696,749
Short-term investments	–	10,409,907	–	–	10,409,907
Receivables					
Suppliers	97,257,076	–	–	–	97,257,076
Franchisee	89,638,852	–	–	–	89,638,852
Store operators	15,683,186	–	–	–	15,683,186
Employees	15,407,124	–	–	–	15,407,124
Rent	7,068,009	–	–	–	7,068,009
Current portion of lease receivables	1,300,075	–	–	–	1,300,075
Notes	1,328,983	–	–	–	1,328,983
Insurance claims	–	319,208	–	–	319,208
Due from PFI	–	173,945	–	–	173,945
Others	11,112,829	–	–	–	11,112,829
	238,796,134	493,153	–	–	239,289,287
Deposits					
Utilities	–	–	29,267,868	–	29,267,868
Refundable	–	–	26,864,928	–	26,864,928

(Forward)

2011

	Three months or less	More than three months to one year	More than one year to five years	More than five years	Total
Others	P-	P-	P4,527,970	P-	P4,527,970
	-	-	60,660,766	-	60,660,766
Other noncurrent assets					
Lease receivables - net of current portion	-	-	3,448,336	-	3,448,336
	P633,492,883	P10,903,060	P64,109,102	P-	P708,505,045

	2010				Total
	Three months or less	More than three months to one year	More than one year to five years	More than five years	Total
Cash and cash equivalents					
Cash	P322,975,839	P-	P-	P-	P322,975,839
Cash equivalents	35,753,695	-	-	-	35,753,695
	358,729,534	-	-	-	358,729,534
Short-term investments	-	10,141,555	-	-	10,141,555
Receivables					
Suppliers	45,001,583	13,433,103	-	-	58,434,686
Franchisee	40,871,647	-	-	-	40,871,647
Insurance claims	-	10,986,094	-	-	10,986,094
Employees	10,321,643	-	-	-	10,321,643
Store operators	9,718,957	-	-	-	9,718,957
Rent	5,925,582	-	-	-	5,925,582
Current portion of lease receivables	295,221	917,209	-	-	1,212,430
Deposits	1,009,864	-	-	-	1,009,864
Due from PFI	-	888,425	-	-	888,425
Notes	728,097	-	-	-	728,097
Others	1,197,103	17,264,107	-	-	18,461,210
	115,069,697	43,488,938	-	-	158,558,635
Deposits					
Utilities	-	-	23,969,222	-	23,969,222
Refundable	-	-	11,805,629	-	11,805,629
Others	-	-	3,273,451	-	3,273,451
	-	-	39,048,302	-	39,048,302
Other noncurrent assets					
Lease receivables - net of current portion	-	-	4,748,411	-	4,748,411
AFS financial assets	-	-	-	1,320,575	1,320,575
	-	-	4,748,411	1,320,575	6,068,986
	P473,799,231	P53,630,493	P43,796,713	P1,320,575	P572,547,012

The tables below summarize the maturity profile of the financial liabilities of the Group based on remaining undiscounted contractual obligations:

	2011			
	Three months or less	More than three months to one year	More than one year	Total
Bank loans	P293,389,375	P83,335,278	P-	P376,724,653
Accounts payable and accrued expenses				
Trade payable	1,066,740,769	-	-	1,066,740,769
Utilities	38,219,462	-	-	38,219,462
Employee benefits	23,954,117	-	-	23,954,117
Advertising and promotion	16,054,548	-	-	16,054,548
Outsourced services	12,461,025	-	-	12,461,025
Security services	3,054,419	-	-	3,054,419
Bank charges	2,278,700	-	-	2,278,700

(Forward)

2011				
	Three months or less	More than three months to one year	More than one year	Total
Interest	P1,174,528	P-	P-	P1,174,528
Others	32,736,076	-	-	32,736,076
	1,196,673,644	-	-	1,196,673,644
Other current liabilities				
Non-trade accounts payable	23,253,171	165,505,187	-	188,758,358
Service fees payable	-	19,370,472	-	19,370,472
Retention payable	-	18,688,531	-	18,688,531
Royalty	10,353,333	-	-	10,353,333
Others	-	12,700,219	-	12,700,219
	33,606,504	216,264,409	-	249,870,913
Cumulative redeemable preferred shares	6,000,000	-	-	6,000,000
	P1,529,669,523	P299,599,687	P-	P1,829,269,210

2010				
	Three months or less	More than three months to one year	More than one year	Total
Bank loans	P170,821,194	P152,479,267	P-	P323,300,461
Accounts payable and accrued expenses				
Trade payable	905,064,399	-	-	905,064,399
Employee benefits	34,009,286	-	-	34,009,286
Utilities	31,187,454	-	-	31,187,454
Advertising and promotion	18,831,169	-	-	18,831,169
Outsourced services	8,042,071	-	-	8,042,071
Security services	3,610,705	-	-	3,610,705
Bank charges	2,181,700	-	-	2,181,700
Interest	874,892	-	-	874,892
Others	15,508,753	-	-	15,508,753
	1,019,310,429	-	-	1,019,310,429
Other current liabilities				
Non-trade accounts payable	13,657,982	150,464,506	-	164,122,488
Retention payable	-	18,459,378	-	18,459,378
Service fees payable	-	15,694,145	-	15,694,145
Royalty	8,465,255	-	-	8,465,255
Others	-	11,916,276	-	11,916,276
	22,123,237	196,534,305	-	218,657,542
Cumulative redeemable preferred shares	6,000,000	-	-	6,000,000
	P1,218,254,860	P349,013,572	P-	P1,567,268,432

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's fair value and cash flows interest rate risk mainly arise from bank loans with floating interest rates. The Group is expecting to substantially reduce the level of bank loans over time. Internally generated funds coming from its cash generating units and from its franchising business will be used to pay off outstanding debts and consequently reduce the interest rate exposure.

The maturity profile of financial instruments that are exposed to interest rate risk are as follows:

	2011	2010
Due in less than one year	P374,666,667	P320,000,000
Rate	3.50%-4.25%	4.20%-5.20%

Interest of financial instruments classified as floating rate is repriced at intervals of 30 days. The other financial instruments of the Group that are not included in the above tables are noninterest-bearing and are therefore not subject to interest rate risk.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Group's income before income tax (through the impact on floating rate borrowings):

	2011		2010	
	Increase/ Decrease in Basis Points	Effect on Income Before Income Tax	Increase/ Decrease in Basis Points	Effect on Income Before Income Tax
Bank loans - floating interest rate	+100	(3,746,667)	+100	(3,200,000)
	-100	3,746,667	-100	3,200,000

There is no other impact on the Group's equity other than those already affecting profit or loss.

Foreign exchange risk

Foreign exchange risk is the risk to earnings or capital arising from changes in foreign exchange rates. The Group's foreign exchange exposure arises from holding foreign currency denominated rates.cash and cash equivalents, loans and receivables and merchandise sale to foreign entity. In order to balance this exposure, the Group has some sales denominated in foreign currency and maintains a foreign currency accounts in a reputable commercial bank. The Group does not enter into derivatives to hedge the exposure. The Group's cash and receivables denominated in foreign currency and converted into Peso using the closing exchange rates at the reporting dates are summarized below.

	2011		2010	
	Dollar	Peso	Dollar	Peso
Cash	\$59,634	₱2,614,355	\$35,718	₱1,565,877
Receivables	90,349	3,960,900	-	-
	\$149,983	₱6,575,255	\$35,718	₱1,565,877

As of December 31, 2011 and 2010, the closing functional currency exchange rate is ₱43.84.

The following table represents the impact on the Group's income before income tax brought about by a reasonably possible changes in Peso to Dollar exchange rate (holding all other variables constant) as of December 31, 2011 and 2010 until its next financial reporting date:

	Change in Peso to Dollar Exchange Rate	Effect on Income before Income Tax
2011	Increase by 3.00%	₱197,258
	Decrease by 3.00%	(197,258)
2010	Increase by 1.00%	16,049
	Decrease by 1.00%	(16,049)

There is no other effect on the Company's equity other than those already affecting profit or loss.

31. Capital Management

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

In the light of changes in economic conditions, the Group manages dividend payments to shareholders, pay-off existing debts, return capital to shareholders or issue new shares. The Group mainly uses financing from local banks. The Group considers equity contributed by shareholders as capital. The Group manages its capital structure by keeping a net worth of between 30% and 50% in relation to its total assets. The Group's net worth ratio is 40% and 38% as of December 31, 2011 and 2010, respectively. No changes were made in the objectives, policies and processes during the year.

	2011	2010
Capital stock	₱347,329,216	₱302,114,918
Additional paid-in capital	293,525,037	293,525,037
Retained earnings	855,468,208	574,482,384
	1,496,322,461	1,170,122,339
Less cost of shares held in treasury	2,923,246	2,923,246
	₱1,493,399,215	₱1,167,199,093
Total assets	₱3,734,298,981	₱3,093,173,359
Net worth	40%	38%

As of December 31, 2011 and 2010, the Group was able to meet its objective.

32. Significant Agreements

- a. The Group has various store franchise agreements with third parties for the operation of certain stores. The agreement includes a one-time franchise fee payment and an annual 7-Eleven charge for the franchisee, which is equal to a certain percentage of the franchised store's gross profit. Franchise fee amounted to ₱ 55,198,201, ₱ 40,202,044 and ₱32,828,051 in 2011, 2010 and 2009, respectively, and franchise revenue for the 7-Eleven charge amounted to ₱478,827,511, ₱402,620,636 and ₱270,987,091 in 2011, 2010 and 2009, respectively.
- b. The Group has service agreements with third parties for the management and operation of certain stores. In consideration thereof, the store operator is entitled to a service fee based on a certain percentage of the store's gross profit and operating expenses as stipulated in the service agreement. Service fees included under outside services shown as part of "General and administrative expenses" in profit or loss amounted to ₱ 174,464,102 in 2011, ₱134,893,173 in 2010 and ₱109,601,229 in 2009.
- c. On April 1, 2011, CDI has entered into a Memorandum of Agreement (MOA) with TAIT Marketing and Distribution Co., Ltd., a corporation duly organized and existing under the laws of the Republic of China (ROC) with principal office at Taiwan, ROC. The contract indicates that CDI shall provide consumer goods and products from Philippine Suppliers that meet the needs and specifications of TAIT. Revenue from merchandise sold to TAIT amounted to ₱11,974,766 in 2011 with associated cost of goods sold amounted to ₱9,986,582.

- d. The Group has an agreement with its phone card supplier effective January 1, 2000. Under the arrangement, the Group earns commission on the sale of phone cards based on a certain percentage of net sales for the month and a fixed monthly rate. Commission income amounted to ₱37,236,539, ₱29,271,506 and ₱22,130,513 in 2011, 2010 and 2009, respectively.
- e. The Group has entered into an exclusivity agreement with a Third Party Supplier in the Philippines on October 1, 2007. Upon the effectivity of the agreement, all existing branches of 7-Eleven shall exclusively carry the Third Party Supplier's products and 7-Eleven should not carry any other similar or parallel products. The agreement is for a period of three years starting October 1, 2007 and shall continue in force and effect until December 31, 2010. In June 2008, the Company received a total consideration of ₱11,741,071 in relation to the agreement, to be amortized over three years.

On October 15, 2010, the said agreement was extended for another 3 years. The Company received ₱29,000,000 as a result of the extension.

Income from exclusivity contract included as part of "Marketing support funds" under "Marketing income" in the consolidated statement of comprehensive income amounted to ₱29,000,000 in 2011 and ₱3,913,690 in 2010 and 2009.

- f. The Group has also entered into a 3-year exclusivity contract with a Third Party soda manufacturer in the Philippines effective April 2010 to March 2013. The contract indicates that the Third Party soda manufacturer will exclusively supply all slurpee products of 7-Eleven. The Group received a one-time signing bonus amounting to ₱4,464,286 upon the effectivity of the exclusivity supply contract amortized over three years. Income from exclusivity contract included as part of "Marketing support funds" under "Marketing income" in consolidated statement of comprehensive income amounted to ₱1,488,095 and ₱1,116,071 in 2011 and 2010, respectively. Deferred revenue as of December 31, 2011 and 2010 amounted to ₱1,860,119 and ₱3,348,214, respectively.
- g. In 2010, the Group collected a signing bonus amounting to ₱2,232,143 from one of the Group's food suppliers for awarding half of the Company's existing Hotdog Stock Keeping Units (SKUs) to the food supplier for the next five years starting January 1, 2010. Income from exclusivity contract included as part of "Marketing support funds" under "Marketing income" in profit or loss amounted to ₱446,429 both in 2011 and 2010. Deferred revenue as of December 31, 2011 and 2010 amounted to ₱1,339,286 and ₱1,785,715, respectively.
- h. The Group has entered into a Memorandum of Agreement (MOA) with Chevron Philippines, Inc. (CPI) on August 6, 2009, wherein CPI has granted the Group as authorized co-locator for a full term of three-years to establish, operate and/or franchise its 7-Eleven stores in CPI service stations. Both parties have identified 22 CPI service stations, wherein the Group will give the Retailers of these service stations a Letter Offer to Franchise (LOF) 7-Eleven stores. Upon acceptance of the Retailers of the LOF, the Retailers will sign a Store Franchise Agreement (SFA) with the Group. If LOF is not accepted by one of the 22 original service stations identified, that service station will be replaced with another mutually acceptable service station site.

Upon signing of the MOA, CPI executes a Caltex Retail Agreement with each of the 25 service station Retailers, which shall have a full term of three years and which will be co-terminus with the SFA.

The Company has 25 Retailers franchised stores as of December 31, 2011 and 2010.

33. Segment Reporting

The Group considers the store operations as its only business segment based on its primary business activity. Franchising, renting of properties and commissioning on bills payment services are considered an integral part of the store operations.

The products and services from which the store operations derive its revenues from are as follows:

- Merchandise sales
- Franchise revenue
- Marketing income
- Rental income
- Commission income
- Interest income

The segment's relevant financial information is as follows:

	2011	2010	2009
REVENUE			
Revenue from merchandise sales	₱9,435,604,073	₱7,612,243,056	₱6,033,322,488
Franchise revenue	534,025,712	442,822,680	303,815,142
Marketing income	484,888,816	338,765,461	236,502,860
Rent income	44,143,593	37,361,844	52,265,323
Commission income	37,236,539	29,271,506	22,130,513
Interest income	5,864,713	5,355,769	4,839,945
Other income	101,235,280	78,278,268	35,685,902
	10,642,998,726	8,544,098,584	6,688,562,173
EXPENSES			
Cost of merchandise sales	7,091,496,699	5,585,270,478	4,371,715,990
General and administrative expenses:			
Depreciation and amortization	380,954,262	294,893,483	203,905,718
Others	2,631,223,716	2,236,612,313	1,847,053,611
Interest expense	16,024,647	16,398,169	26,482,817
Other expenses	4,806,251	5,288,221	8,572,988
	10,124,505,575	8,138,462,664	6,457,731,124
INCOME BEFORE INCOME TAX	518,493,151	405,635,920	230,831,049
PROVISION FOR INCOME TAX	162,150,162	128,755,672	75,040,398
SEGMENT PROFIT	₱356,342,989	₱276,880,248	₱155,790,651
SEGMENT ASSETS	₱3,734,298,981	₱3,093,173,359	₱2,709,291,692
SEGMENT LIABILITIES	₱2,237,669,871	₱1,922,744,371	₱1,801,389,206
CAPITAL EXPENDITURE FOR THE YEAR	₱717,091,736	₱671,923,830	₱362,393,990

34. Provisions and Contingencies

The Group is a party to various litigations involving, among others, employees suing for illegal dismissal, back wages and damage claims, lessors claiming for lease payments for the unexpired portion of the lease agreements in cases of pre-termination of lease agreements, claims arising from store operations and as co-respondents with manufacturers on complaints with the Bureau of Food and Drugs, specific performance and other civil claims. All such cases are in the normal course of business and are not deemed to be considered as material legal proceedings. Further, these cases are either pending in courts or under protest, the outcome of which are not presently determinable. Management and its legal counsel believe that the liability, if any, that may result from the outcome of these litigations and claims will not materially affect their financial position or financial performance.

As of December 31, 2011 and 2010, the Company has provisions amounting to ₱7,066,290 pertaining to probable loss on litigations.

The table below summarizes the movements in the Company's provision as of December 31:

	2011	2010
Beginning of the year	₱7,066,290	₱12,578,122
Provisions during the year	–	4,098,267
Payments during the year	–	(9,610,099)
	₱7,066,290	₱7,066,290

35. Note to Consolidated Statements of Cash Flows

The principal non-cash transaction of the Group under financing activities pertains to the issuance of stock dividends (see Note 17).

INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY SCHEDULES

The Stockholders and the Board of Directors
Philippine Seven Corporation
7th Floor, The Columbia Tower
Ortigas Avenue, Mandaluyong City

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of Philippine Seven Corporation (the Company) and Subsidiaries as at December 31, 2011 and 2010 and for each of the three years in the period ended December 31, 2011, included in this Form 17-A, and have issued our report thereon dated February 10, 2012. Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The schedules listed in the Index to the Consolidated Financial Statements and Supplementary Schedules are the responsibility of the Company's management. These schedules are presented for purposes of complying with Securities Regulation Code Rule 68, As Amended (2011) and are not part of the basic financial statements. These schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, fairly state, in all material respects, the information required to be set forth therein in relation to the basic financial statements taken as a whole.

SYCIP GORRES VELAYO & CO.



Julie Christine O. Mateo
Partner
CPA Certificate No. 93542
SEC Accreditation No. 0780-AR-1 (Group A),
February 2, 2012, valid until February 1, 2015
Tax Identification No. 198-819-116
BIR Accreditation No. 08-001998-68-2009,
June 1, 2009, valid until May 31, 2012
PTR No. 3174818, January 2, 2012, Makati City

February 10, 2012

OTHER DOCUMENTS TO BE FILED WITH THE AUDITED FINANCIAL STATEMENTS

RECONCILIATION OF RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION DECEMBER 31, 2011

The Securities and Exchange Commission issued Memorandum Circular No. 11 series of 2008 on December 5, 2008, which provides guidance on the determination of retained earnings available for dividend declaration.

The reconciliation of retained earnings available for dividend declaration as of December 31, 2011 follows:

Unappropriated retained earnings available for dividend distribution, beginning		₱492,067,504
Net income during the period closed to retained earnings		<u>₱356,342,989</u>
Less non-actual/unrealized income net of tax:		
Share in net income of subsidiaries	20,469,569	
Provision for deferred income tax assets	(1,608,791)	
Accretion of interest income per PAS 39	1,558,530	
Unrealized foreign exchange gain	<u>684</u>	
		<u>20,419,992</u>
Add net income actually earned during the period		
Less dividend declaration during the year		<u>(75,357,165)</u>
Unappropriated retained earnings available for dividend distribution, ending		<u><u>₱752,633,336</u></u>

FINANCIAL SOUNDNESS INDICATORS

FOR THE YEAR	2011	2010	% change
Current Ratio	0.67	0.63	6%
Debt-Equity Ratio	1.5	1.64	-9%
Equity-Asset Ratio	40%	38%	6%
Interest Rate Coverage Ratio	33.36	25.74	30%
Net Income Margin	3.80%	3.60%	6%
Return on Equity	23.80%	23.70%	0.40%

RELATIONSHIP MAP

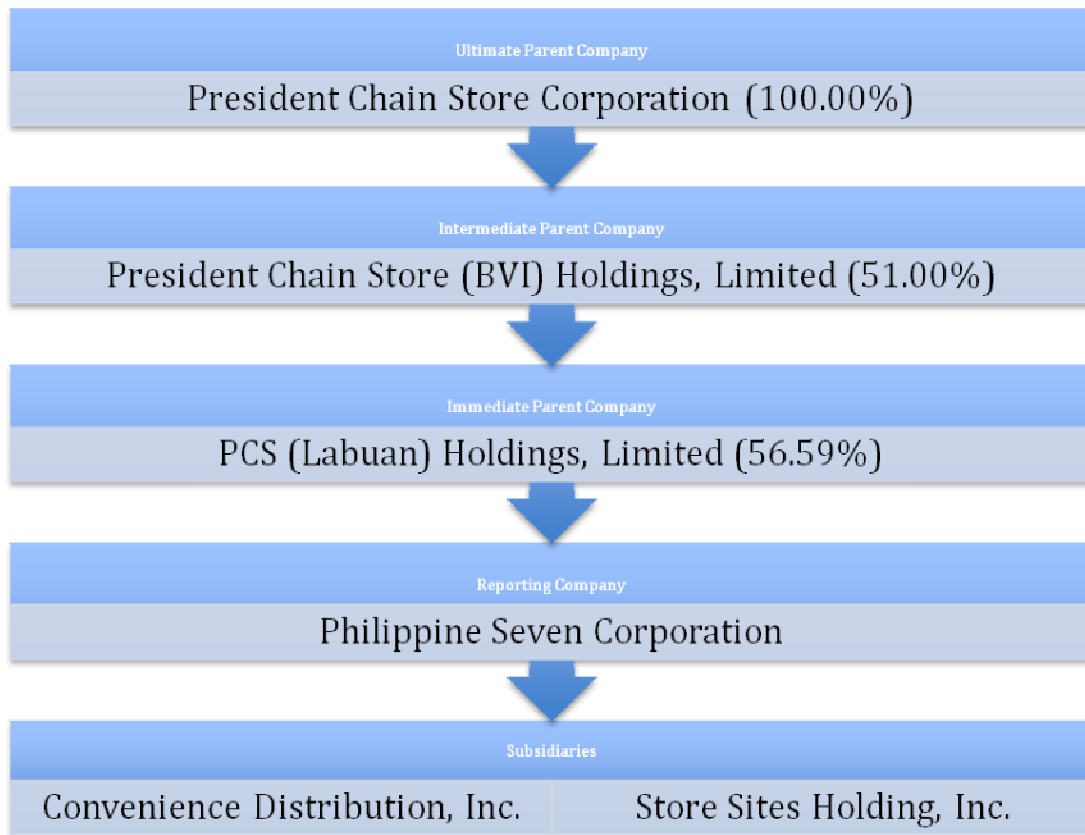


Figure 1

List of Philippine Financial Reporting Standards (PFRSs) [which consist of PFRSs, Philippine Accounting Standards (PASs) and Philippine Interpretations] and Philippine Interpretations Committee (PIC) Q&As effective as of December 31, 2011:

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

PFRSs and PIC Q&As	Adopted/Not adopted/Not applicable
PAS 39, <i>Financial Instruments: Recognition and Measurement</i>	Adopted
PAS 40, <i>Investment Property</i>	Adopted
PAS 41, <i>Agriculture</i>	Not applicable
Philippine Interpretation IFRIC–1, <i>Changes in Existing Decommissioning, Restoration and Similar Liabilities</i>	Not applicable
Philippine Interpretation IFRIC–2, <i>Members' Shares in Co-operative Entities and Similar Instruments</i>	Not applicable
Philippine Interpretation IFRIC–4, <i>Determining whether an Arrangement contains a Lease</i>	Not applicable
Philippine Interpretation IFRIC–5, <i>Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds</i>	Not applicable
Philippine Interpretation IFRIC–6, <i>Liabilities arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment</i>	Not applicable
Philippine Interpretation IFRIC–7, <i>Applying the Restatement Approach under PAS 29 Financial Reporting in Hyperinflationary Economies</i>	Not applicable
Philippine Interpretation IFRIC–9, <i>Reassessment of Embedded Derivatives</i>	Not applicable
Philippine Interpretation IFRIC–10, <i>Interim Financial Reporting and Impairment</i>	Adopted
Philippine Interpretation IFRIC–12, <i>Service Concession Arrangements</i>	Not applicable
Philippine Interpretation IFRIC–13, <i>Customer Loyalty Programmes</i>	Not applicable
Philippine Interpretation IFRIC–14, <i>PAS 19 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction</i>	Adopted
Philippine Interpretation IFRIC–16, <i>Hedges of a Net Investment in a Foreign Operation</i>	Not applicable
Philippine Interpretation IFRIC–17, <i>Distributions of Non-cash Assets to Owners</i>	Not applicable
Philippine Interpretation IFRIC–18, <i>Transfers of Assets from Customers</i>	Not applicable
Philippine Interpretation IFRIC–19, <i>Extinguishing Financial Liabilities with Equity Instruments</i>	Not applicable
Philippine Interpretation SIC–7, <i>Introduction of the Euro</i>	Not applicable
Philippine Interpretation SIC–10, <i>Government Assistance - No Specific Relation to Operating Activities</i>	Not applicable
Philippine Interpretation SIC–12, <i>Consolidation - Special Purpose Entities</i>	Not applicable
Philippine Interpretation SIC–13, <i>Jointly Controlled</i>	Not applicable

PFRSs and PIC Q&As	Adopted/Not adopted/Not applicable
<i>Entities - Non-Monetary Contributions by Venturers</i>	
Philippine Interpretation SIC-15, <i>Operating Leases – Incentives</i>	Not applicable
Philippine Interpretation SIC-21, <i>Income Taxes - Recovery of Revalued Non-Depreciable Assets</i>	Not applicable
Philippine Interpretation SIC-25, <i>Income Taxes - Changes in the Tax Status of an Entity or its Shareholders</i>	Not applicable
Philippine Interpretation SIC-27, <i>Evaluating the Substance of Transactions Involving the Legal Form of a Lease</i>	Not applicable
Philippine Interpretation SIC-29, <i>Service Concession Arrangements: Disclosures</i>	Not applicable
Philippine Interpretation SIC-31, <i>Revenue - Barter Transactions Involving Advertising Services</i>	Not applicable
Philippine Interpretation SIC-32, <i>Intangible Assets - Web Site Costs</i>	Not applicable
PIC Q&A No. 2006-01: PAS 18, Appendix, paragraph 9 – Revenue recognition for sales of property units under pre-completion contracts	Not applicable
PIC Q&A No. 2006-02: PAS 27.10(d) – Clarification of criteria for exemption from presenting consolidated financial statements	Not applicable
PIC Q&A No. 2007-03: PAS 40.27 – Valuation of bank real and other properties acquired (ROPA)	Not applicable
PIC Q&A No. 2008-01 (Revised): PAS 19.78 – Rate used in discounting post-employment benefit obligations	Adopted
PIC Q&A No. 2008-02: PAS 20.43 – Accounting for government loans with low interest rates under the amendments to PAS 20	Not applicable
PIC Q&A No. 2009-01: Framework.23 and PAS 1.23 – Financial statements prepared on a basis other than going concern	Not applicable
PIC Q&A No. 2010-01: PAS 39.AG71-72 – Rate used in determining the fair value of government securities in the Philippines	Not applicable
PIC Q&A No. 2010-02: PAS 1R.16 – Basis of preparation of financial statements	Adopted
PIC Q&A No. 2011-01: PAS 1.10(f) – Requirements for a Third Statement of Financial Position	Not applicable

Important: If an entity has early adopted any of the following pronouncements, please take note of the: (1) additional disclosures the entity has to make for the early adoption of the said pronouncements and (2) the existing pronouncements that the entity may have to mark as “Not applicable”:

Pronouncements issued but not yet effective	Applicable to annual period beginning on or after	Early application allowed	Remarks
Amendments to PFRS 7: <i>Disclosures—Transfers of Financial Assets</i>	July 1, 2011	Yes	
Amendments to PFRS 7: <i>Disclosures—Offsetting Financial Assets and Financial Liabilities</i>	January 1, 2013	Not mentioned	
PFRS 9, <i>Financial Instruments</i>	January 1, 2015	Yes	PFRS 9 was first adopted by FRSC in March 2010, which introduces new requirements on the classification and measurement of financial assets [PFRS 9 (2009)]. Subsequently in November 2010, the FRSC adopted the requirements on the classification and measurement of financial liabilities, which were then added to the previously adopted PFRS 9 [PFRS 9 (2010)]. Need to mark IFRIC-9 as “Not applicable” if the entity will early adopt PFRS 9 (2010).
PFRS 10, <i>Consolidated Financial Statements</i>	January 1, 2013	Yes	Early application allowed provided that the entity will also early adopt PFRS 11, PFRS 12, PAS 27 (Revised) and PAS 28 (Revised) at the same time. Need to mark the existing PAS 27, PAS 28,

			PAS 31, SIC-12 and SIC-13 as “Not applicable”.
PFRS 11, <i>Joint Arrangements</i>	January 1, 2013	Yes	Early application allowed provided that the entity will also early adopt PFRS 10, PFRS 12, PAS 27 (Revised) and PAS 28 (Revised) at the same time. Need to mark the existing PAS 27, PAS 28, PAS 31, SIC-12 and SIC-13 as “Not applicable”.
PFRS 12, <i>Disclosure of Interests in Other Entities</i>	January 1, 2013	Yes	
PFRS 13, <i>Fair Value Measurement</i>	January 1, 2013	Yes	
Amendments to PAS 1: <i>Presentation of Items of Other Comprehensive Income</i>	July 1, 2012	Yes	
Amendments to PAS 12– <i>Deferred Tax: Recovery of Underlying Assets</i>	January 1, 2012	Yes	Need to mark SIC-21 as “Not applicable”.
PAS 19, <i>Employee Benefits</i> (Revised)	January 1, 2013	Yes	Need to mark existing PAS 19 as “Not applicable”.
PAS 27, <i>Separate Financial Statements</i>	January 1, 2013	Yes	Early application allowed provided that the entity will also early adopt PFRS 10, PFRS 11, PFRS 12, and PAS 28 (Revised) at the same time. Need to mark the existing PAS 27, PAS 28, PAS 31, SIC-12 and SIC-13 as “Not applicable”.
PAS 28, <i>Investments in Associates and Joint Ventures</i>	January 1, 2013	Yes	Early application allowed provided that the entity will also early adopt PFRS 10, PFRS 11, PFRS 12, and PAS 27 (Revised) at the same

			time. Need to mark the existing PAS 27, PAS 28, PAS 31, SIC-12 and SIC-13 as “Not applicable”.
Amendments to PAS 32, <i>Offsetting Financial Assets and Financial Liabilities</i>	January 1, 2014	Yes	Early application allowed provided that the entity will also early adopt <i>Disclosures— Offsetting Financial Assets and Financial Liabilities</i> (Amendments to PFRS 7).
Philippine Interpretation IFRIC-15, <i>Agreements for the Construction of Real Estate</i>	Deferred by SEC and FRSC	No	
Philippine Interpretation IFRIC-20, <i>Stripping Costs in the Production Phase of a Surface Mine</i>	January 1, 2013	Yes	
PIC Q&A No. 2011-02: PFRS 3.2 – Common Control Business Combinations	January 1, 2012	Yes	
PIC Q&A No. 2011-03: Accounting for Inter-company Loans	January 1, 2012	Yes	
PIC Q&A No. 2011-04: PAS 32.37-38 – Costs of Public Offering of Shares	January 1, 2012	Yes	
PIC Q&A No. 2011-05: PFRS 1.D1-D8 – Fair Value or Revaluation as Deemed Cost	January 25, 2012	Not mentioned	

Philippine Seven Corporation
Schedule of Receivables

	2011	2010
Suppliers	₱99,035,030	₱58,816,472
Franchisee	89,638,852	40,871,647
Store operators	15,683,186	9,718,957
Employees	15,407,124	10,321,643
Rent	7,068,009	5,709,582
Notes	1,328,983	728,097
Current portion of lease receivable - net of unearned interest income amounting to ₱ 291,204 and ₱378,850 as of December 31, 2011 and 2010, respectively	1,300,075	1,212,430
Insurance receivable	319,208	10,986,094
Due from Philseven Foundation, Inc. (PFI)	173,943	888,425
Deposits	1,009,864	1,009,864
Others	15,763,494	21,706,916
	246,727,770	161,970,127
Less allowance for impairment	7,438,483	3,627,492
	₱239,289,287	₱158,342,635

The classes of receivables of the Group are as follows:

- Suppliers - pertains to receivables from the Group's suppliers for display allowances, annual volume discount and commission income from different service providers.
- Franchisee - pertains to receivables for the inventory loans obtained by the franchisees at the start of their store operations.
- Employees - includes car loans, salary loans and cash shortages from stores which are charged to employees.
- Rent - pertains to receivables from sublease agreements with third parties, which are based on an agreed fixed monthly rate or as agreed upon by the parties.
- Store operators - pertains to the advances given to third party store operators under service agreements.

Receivable from suppliers are non-interest bearing and are generally on 30 to 90 days terms.

ANNEX 68-C

**RECONCILIATION OF RETAINED EARNINGS AVAILABLE FOR
DIVIDEND DECLARATION DECEMBER 31, 2011**

The Securities and Exchange Commission issued Memorandum Circular No. 11 series of 2008 on December 5, 2008, which provides guidance on the determination of retained earnings available for dividend declaration.

The reconciliation of retained earnings available for dividend declaration as of December 31, 2011 follows:

Unappropriated retained earnings available for dividend distribution, beginning	₱492,067,504
Net income during the period closed to retained earnings	₱ <u>356,342,989</u>
Less non-actual/unrealized income net of tax:	
Share in net income of subsidiaries	20,469,569
Provision for deferred income tax assets	(1,608,791)
Accretion of interest income per PAS 39	1,558,530
Unrealized foreign exchange gain	684
	<u>20,419,992</u>
Add net income actually earned during the period	
Less dividend declaration during the year	<u>(75,357,165)</u>
Unappropriated retained earnings available for dividend distribution, ending	<u><u>₱752,633,336</u></u>

ANNEX 68-E

Schedule A. Financial Assets

Name of issuing entity and association of each issue	Number of shares or principal amount of bonds and notes	Amount shown in the balance sheet	Valued based on market quotations at end of reporting period	Income received and accrued
NONE				

Schedule B. Amounts Receivable from Directors, Officers, Employees, Related Parties and Principal Stockholders (Other than Related Parties)

See schedule C for the receivable from subsidiaries, no receivable from other related parties.

Name and Designation of debtor	Balance of Beginning of Period	Additions	Amounts collected	Amounts Written off	Current	Non Current	Balance of end of period
VARIOUS EMPLOYEE CAR LOAN	4,130,885.90	8,643,989.37	3,023,476.09	-	9,751,399.19		9,751,399.19

Schedule C. Amounts Receivable from Related Parties which are eliminated during the consolidation of financial statements

Name and Designation of Debtor	Balance of Beginning of Period	Additions	Amounts collected	Amounts Written off	Current	Non Current	Balance of end of period
CONVENIENCE DISTRIBUTION, INC.- Subsidiary	565,655.07	41,483,768.30	40,081,476.30	-	-	1,967,947.07	1,967,947.07
STORE SITES HOLDINGS, INC.- Subsidiary	273,465.93	802,452.95	919,093.08	-	-	156,825.80	156,825.80

Schedule D. Intangible Assets- Other Assets

Description	Beginning balance	Additions at cost	Charged to cost and expenses	Charged to other accounts	Other Charges additions (deductions)	Ending balance
Software & Program Cost	5,082,867	0	2,598,741	0	0	2,484,126
Goodwill	65,567,524	0	0	0	0	65,567,524

Schedule E. Long Term Debt

Title of Issue and type of obligation	Amount authorized by indenture	Amount shown under caption "Current portion of long-term debt" in related balance sheet	Amount shown under caption " Long Term Debt" in related balance sheet"
NONE			

Schedule F. Indebtedness to Related Parties (Long-Term Loans from Related Companies)

Name of related party	Balance of beginning of period	Balance of end of period
NONE		

Schedule G. Guarantees of Securities of Other Issuers

Name of issuing entity of securities guaranteed by the company for which this statement is filed	Title of issue of each class of securities guaranteed	Total amount guaranteed and outstanding	Amount owned by person for which statement is filed	Nature of Guarantee
NONE				

Schedule H. Capital Stock

Title of Issue	Number of Shares authorized	Number of shares issued and outstanding as shown under related balance sheet caption	Number of shares reserved for options, warrants, conversion and other rights	Number of shares held by related parties	Directors, officers and employees	Others
COMMON SHARES	400,000,000	347,329,216	nil	196,160,452	75,094,069	76,074,695

Management's Discussion and Analysis of Results of Operations and Financial Condition

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with the accompanying consolidated financial statements and the related notes as of December 31, 2011 and 2010. This discussion contains forward-looking statements that reflect our current views with respect to future events and our future financial performance. These statements involve risks and uncertainties and our actual results may differ materially from those anticipated in these forward-looking statements. On a periodic basis, we evaluate our estimates, including those related to revenue recognition, goodwill, capitalized assets and income taxes. We base our estimates on historical experience and on various assumptions that are believed to be reasonable under the circumstances.

SELECTED FINANCIAL DATA

	For the Period Ended and As of December 31,		
	2011	2010	2009
SYSTEM WIDE SALES	10,696,614	9,112,829	7,075,772
Statement of Income Data:			
Revenues and other income			
Revenue from merchandise sales	9,435,604	7,612,243	6,033,322
Franchise revenue	534,026	442,823	303,815
Marketing income	486,823	344,242	237,619
Rent income	44,144	37,362	52,265
Others (net)	142,402	107,429	61,540
Cost and expenses			
Cost of merchandise sales	7,091,497	5,585,270	4,371,716
General & administrative expenses	3,012,178	2,531,390	2,050,959
Interest expense	16,025	16,398	26,483
Total comprehensive income	356,343	276,880	155,791
Earnings per share (EPS)	1.03	0.80	0.45
Cash Flow Data:			
Net cash from operating activities	785,521	664,305	541,186
Net cash used in investing activities	-758,460	-703,096	-389,495
Net cash used in financing activities	8,799	-50,931	-17,255
Balance Sheet Data:			
Total assets	3,734,299	3,093,173	2,709,292
Total liabilities	2,237,670	1,922,744	1,801,389
Total stockholders' equity	1,496,629	1,170,429	907,903

(Amount in thousands, except EPS)

OVERVIEW

Philippine Seven Corporation (PSC or the Company) operates the largest convenience store network in the country. It acquired from Southland Corporation (now 7-Eleven Inc.) of Dallas, Texas the license to operate 7-Eleven stores in the Philippines on December 13, 1982. Operations commenced with the opening of its first store in February 1984 at the corner of Kamias Road and EDSA Quezon City, Metro Manila. Considering the country's economic condition at that time, the Company grew slowly in its first few years of existence. In 1993, PSC, encouraged by the resurgent national economy, stepped up its rate of expansion.

During 2011, 7-Eleven has added 147 new stores in its chain to end the period with 689 stores. The retail chain of convenience stores is sustained by a manpower complement of 675 employees engaged in store operations and in various support service units. Despite the growing competition in the convenience retailing business, the Company maintains its leadership in the industry.

7-Eleven derives its revenues principally from retail sales of merchandise, marketing and franchising activities. The primary expenses consist of cost of goods, general and administrative expenses and income taxes.

PSC seeks to meet the needs of its customers and maintain a leadership position in the C-store industry by taking advantage of economies of scale, technology, people and a widely recognized brand. Its vision is to be the best retailer of convenience for emerging markets.

FINANCIAL CONDITION AND RESULTS OF OPERATIONS IN 2011 COMPARED WITH 2010

Results of Operations

At the end of 2011, PSC has generated net income totaling to ₱356.3 million. This represents an increase of 29 percent compared with the 2010 level of ₱276.9 million. EPS during the period likewise grew by 29 percent and is pegged at ₱1.03 per share. Moreover, share prices of the Company surged by 72 percent from ₱15.04 at the beginning of the year to ₱25.90 per share at the end of 2011.

The improved earnings results can be attributed to the growth in system-wide sales brought about by the opening of 147 new stores. This increased store base by 25 percent bringing store count to 689 by year-end. In addition, continuous supplier support and sustained franchise revenues contributed positively to the bottom-line.

System-wide sales, the measure of sales of all corporate and franchise-operated stores, rose by 17 percent to ₱10.7 billion from ₱9.1 billion in 2010. This was driven mainly by the increase in store base and favorable sales registered by mature stores, which generally recovered during the second half of the year.

Revenue from merchandise sales grew by 24 percent to ₱9.4 billion while cost of goods sold went up by 27 percent to ₱7.1 billion resulting into gross profit of ₱2.3 billion.

New operators boosted franchise store count to 443 and grew franchise revenues by 21 percent to P534.0 million. Marketing income continued to support corporate earnings by delivering ₱486.8 million, an increase of 41 percent from 2010 level.

EBITDA (earnings before interest, taxes, depreciation and amortization) rose by 31 percent from ₱682.6 million in 2010 to ₱891.1 million while EBITDA margin improved to 8.3% percent at the end of the year.

Revenue and Gross Margin

The Company registered total revenue from merchandise sales of P9.4 billion in 2011, an increase of 24% percent compared to P7.6 billion in 2010. Cost of merchandise sold rose by P1.5 billion to P7 billion during 2011.

Gross Profit stood at P2.3 billion, while GP in relation to sales went down by 1.8% owing to the dilution brought about by the increase in Company's sales to franchise stores, which is accounted for at zero mark-up.

Products in the services category, which form part of the Company's commission income, are physical cards, bills payment and consigned goods. Commission income rose by 27.2% to P37.2 million.

	FY2011	FY2010	Increase (Decrease)	
			Value	Percentage
Revenue from merchandise sales	₱9,435,604	₱7,612,243	₱1,823,361	24%
Cost of merchandise sales	7,091,497	5,585,270	1,506,227	27%
Gross profit	₱2,344,107	₱2,026,973	₱317,134	16%
Commission income	₱37,236	₱29,272	₱7,964	27%
<i>(amount in thousand Pesos)</i>				

Other Income

Other income mainly consisted of franchise revenues, marketing income and rentals. The Company's total other income increased by P240.6 million, to P1.1 billion as a result of the following:

Marketing income grew by P142.6 million from 2010 level. This was due to increased supplier-supported ad and promo spending, driven by system innovations that allow an increasing number of options for our supplier partners to build their brands in our stores. The goal is to become the preferred trade partner for manufacturer's brand building needs.

	FY2011	FY2010	Increase (Decrease)	
			Value	Percentage
Marketing Income				
Display charges	₱195,671	₱161,168	₱34,503	21%
Promotions	171,331	112,767	58,564	52%
Marketing support funds	119,821	70,307	49,514	70%
Total	₱486,823	₱344,242	₱142,581	41%
<i>(amount in thousand Pesos)</i>				

The Company's share in the gross profit of franchise-operated stores is recognized as franchise revenue and it climbed to P534.0 million from P442.8 million in 2010. This was the result of the increase in number of franchise-operated stores that reached 274 at the end of the 2011. Rent income increased by 18% from P37.4 million to P44.1 million.

In 2010, the Company collected from Meralco the PPA refund by virtue of the Supreme Court Ruling of 2003 in the amount of ₱23.1 million.

No significant element of income came from sources other than the result of the Company's continuing operations.

General and Administrative Expense

General and administrative expense which is comprised of store operating and selling expenses as well as headquarters expenses went up by 19% or ₱480.8 million and totaled to ₱3.0 billion in 2011. The increase in expense can be mainly attributed to the higher number of operating stores.

Communication, light and water were the highest contributor in expenses and accounted for 20% of the total G & A in 2011. This represents a 16% increase compared with 2010 level as electricity rates became stable in 2011. Outside services accounted for 18% of total G & A expense and this is followed by rent, depreciation and amortization accounting for 13% apiece. Relative to sales, rent improved to 4.3% from 4.5%.

Personnel costs aggregated to ₱271.9 million and declined by 5% compared with preceding year's level as the Company continued with its outsourcing initiatives to contain costs. Ratio to sales was 2.9% in 2011 and 3.8% in 2010. Personnel costs include salaries and wages at ₱227.3 million, employee benefits at ₱32.2 million and pension costs at ₱12.4 million. Combined personnel and outsourced services, net of service fees improved in relation to revenue.

All other expense types went up over preceding year's level as a result of the increased number of stores. The said growth is considered to be incidental and proportionate as PSC continues to grow its store base. There are no significant nor unusual expense incurred during the calendar year and is considered to be incurred in the normal course of business.

	FY2011	FY2010	Increase (Decrease)	
			Value	Percentage
Communication, light and water	₱610,998	₱528,123	₱82,875	16%
Outside services	527,283	389,213	138,070	35%
Rent	401,629	341,397	60,232	18%
Depreciation and amortization	378,356	291,804	86,552	30%
Personnel costs	271,925	287,246	-15,321	-5%
Advertising and promotion	119,152	101,175	17,977	18%
Royalties	106,491	90,693	15,798	17%
Trucking services	128,106	89,416	38,690	43%
Repairs and maintenance	101,447	86,964	14,483	17%

Supplies	98,719	81,307	17,412	21%
Taxes and licenses	76,190	68,340	7,850	11%
Warehousing services	69,397	58,180	11,217	19%
EAR	28,170	36,145	-7,975	-22%
Transportation and travel	26,473	23,642	2,831	12%
Inventory losses	19,907	14,659	5,248	36%
Dues and subscription	5,898	5,144	754	15%
Insurance	6,033	4,216	1,817	43%
Amortization of software	2,599	3,090	-491	-16%
Provision for impairment	3,811	1,623	2,188	135%
Others	29,594	29,010	584	2%
	₱3,012,178	₱2,531,390	₱480,788	19%
<i>(amount in thousand Pesos)</i>				

Interest Expense

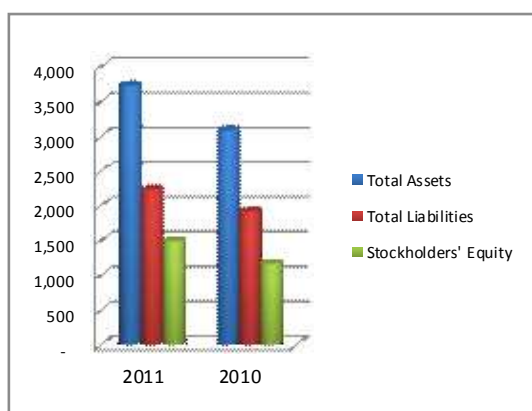
Interest incurred to service debt went down slightly by 2% to ₱16.0 million owing to lower interest rates. Outstanding loan balance at the end of 2011 was pegged at ₱374.7 million, up by ₱54.7 million or 17% from ₱320.0 million at the beginning of the year.

Net Income

Net income in 2011 grew by P79.5 million or 29% to ₱356.3 million. This was primarily due to better sales, continuing support from trade suppliers and store expansion.

The net income generated during 2011 translated into a 3.8% return on sales and 23.8% return on equity. The key ratios in 2011 are much better compared to the ROS and ROE of 3.6% and 23.7%, respectively, a year ago. Moreover, EPS is pegged ₱1.03 at the end of 2011, up from ₱0.80 a year earlier.

Financial Condition



Balance Sheet Highlights (in Php Million except book value per share)	2011	% Change
Total Assets	3,734	21%
Current Assets	1,325	23%
Non-current Assets	2,409	19%
Current Liabilities	1,991	17%
Total Liabilities	2,238	16%
Stockholders' Equity	1,497	28%
Book Value Per Share (P)	4.32	11%

Total assets increased by P641.1 million or 21% to ₱3.7 billion at the end of 2011. Cash and cash equivalents during the year increased to ₱394.7 million from ₱358.7 million at the beginning of the year.

The year was characterized by strong cash flow from operations enabling the Company to manage its resources on an effective and efficient manner. Cash flow from operations increased by 18% to support 8% increase in cash flow used in investing activities and payment of cash dividends.

Merchandise inventories reached ₱519.3 million, an increase of ₱116.8 million or 29 percent compared with 2010 level. This was due to increase in number of franchised stores and faster inventory turnover that improved to 12.4 times from 12.0 times in the preceding year.

Receivables increased by ₱81 million due to higher balance of supplier collectibles arising from ad and promo programs implemented during the year. Others are receivables from Franchisees, employees and sublease spaces. Inventories went up by ₱116.8 million while prepayments were up by ₱21.9 million coming from advance rent paid for new stores and down payments to equipment sellers. The aforementioned factors resulted into a net increase in total current assets by ₱255.7 million from the beginning of the year.

Total current liabilities increased by ₱281.5 million or 16.5% mainly due to the increase in trade payables and other current liabilities. However, current ratio went up to 0.67 to 1 in 2011 against 0.63 to 1 at the beginning of the year.

The Company operates on a negative working capital position, which is manifested by a current ratio of 0.72:1 from 0.68 in 2010. This is because cash proceeds from retail sales are invested in long-term assets and at the same time utilizing credit term extended by trade suppliers.

Property and equipment, net of accumulated depreciation increased by ₱338.7 million mainly due to capital expenditure spent in relation to store expansion.

Stockholders' equity at the end of 2011 comprises 40.1% of total assets, compared to 37.8% at the beginning of 2011. Debt to equity ratio pegged at 1.50 for 2011 from 1.64, end of 2010.

Liquidity and Capital Resources

The Company obtains majority of its working capital requirements from cash generated by retailing operations and franchising activities and borrowings under the revolving facility extended by banks

PSC believes that operating activities and available working capital sources will provide sufficient liquidity in 2012 as it continue to expand its store base. This will enable the Company to fund its capital expenditure, pay dividends and other general corporate purposes. The following are the discussion of the sources and uses of cash in 2011.

	2011	2010	Variance	
	(in million Php)		Amount	%
Income before income tax	518	406	112	28%
Depreciation and amortization	378	292	86	29%
Working capital changes	-111	-33	-78	236%
Net cash from operating activities	785	665	120	18%
Additions to property and equipment	-717	-672	-45	7%
Increase in other assets	-41	-31	-10	32%
Net cash used in investing activities	-758	-703	-55	8%
Net availment (payment) of bank loan	55	-20	75	-375%
Payment of cash dividend	-30	-14	-16	114%
Interest paid	-16	-17	1	-6%
Net cash from financing activities	9	-51	60	-118%
<i>(figures in blue font:</i>				
Net decrease in cash	36	-90	126	-140%
Cash and cash equivalent, beginning	359	449	-90	-20%
Cash and cash equivalent, ending	395	359	36	10%

Cash Flows from Operating Activities

Net cash generated from operating activities in 2011 resulted to ₱785.5 million, compared to P664.3 million generated last year. Such is attributable to increase in income before income tax by 112.8 million compared last year. Accounts payable also increased by 165 million this year. Depreciation and amortization also increased cash from operating activities with an amount higher by 86.5 million compare last year.

Cash Flows from Investing Activities

Net cash used in investing activities amounted to ₱758 million in 2011 compared to net cash out flow of ₱703 million in 2010. Major cash outlay went to the procurement of store equipment, new store constructions and store renovations. There were 147 new stores opened from last year to current year.

Majority of the company's commitments for capital expenditures for the year are for new store constructions and renovations. Funds for these expenditures are expected to come from the anticipated increase in cash flows from retail operations and from additional borrowings if the need for such may arise.

Cash Flows from Financing Activities

Net cash inflow from financing activities reached ₱8.8 million representing availments of bank loans in the amount of P230 million, payment of cash dividends and bank loans for 30 million and 175 million respectively while interest expense on outstanding bank loans totaled P15.7 million.

PSC expects to reduce the level of its debt within the next three years to minimize the impact of interest expense in the net income and consequently reduce the leverage ratios.

FINANCIAL CONDITION AND RESULTS OF OPERATIONS IN 2010 COMPARED WITH 2009

Results of Operations

At the end of calendar year 2010, PSC has generated net income totaling to ₱276.9 million. This represents an increase of 78 percent compared with the 2009 level of ₱155.8 million. EPS during the period grew by 77 percent and is pegged at ₱0.92. Moreover, share prices of the Company doubled from ₱7.00 per share at the end of 2009 to more than ₱14.00 per share at the end of 2010.

The improved earnings results can be attributed to the growth in system-wide sales and opening of 112 new stores that increased store base by 24% to 551 stores at the end of the year. In addition, continuous supplier support and higher franchise revenues contributed positively to the bottom-line.

System-wide sales, the measure of sales of all corporate and franchise operated stores, rose by 29 percent to ₱9.1 billion from ₱7.1 billion in 2009. This is driven mainly by the higher number of operating stores and improvement in same store sales. Sales went up as a result of better weather conditions coupled by favorable effect of a recovering economy and higher spending during the election season.

Revenue from merchandise sales grew by 26 percent to ₱7.6 billion while cost of goods sold went up by 28 percent to ₱5.6 billion resulting into gross profit of ₱2.0 billion enabling the Company to meet its profit guidance for the year.

New operators boosted franchise store count by 27 percent and grew franchise revenues by 46 percent to ₱442.8 million. Marketing income continued to support corporate earnings by delivering ₱344.2 million, an increase of 45 percent from 2009 level.

EBITDA (earnings before interest, taxes, depreciation and amortization) rose by 55 percent from ₱461.2 million in 2009 to ₱713.8 million while EBITDA margin improved to 9.4% percent at the end of the year.

Financial Condition

Total assets of the Company rose by 14 percent to ₱3.1 billion at the end of 2010. Current assets slightly decreased by 1 percent due to the 18 percent reduction in cash and cash equivalent which settled at ₱368.9 million. The decrease in cash was due to the following factors;

- a. store expansion which was funded internally
- b. repayment of debt
- c. payment of cash dividend

The year was characterized by strong cash flow from operations enabling the Company to manage its resources on an effective and efficient manner.

Merchandise inventories reached ₱402.4 million, a decrease of ₱13.2 million or 3 percent compared with 2009 level. This was due to increase in number of franchised stores and faster inventory turnover that improved to 14 times from 12 times in the preceding year.

Receivables and prepaid and current assets went up by 13 percent and 33 percent, respectively. Combined, the two accounted for 13 percent of total assets owing to the increase in advance rental paid for stores waiting in the pipeline and higher balance of supplier collectibles due to more ad and promo programs implemented during the year.

The Company operates on a negative working capital position which is manifested by a current ratio of 0.73:1 in 2009 and 0.63:1 in 2010. This is because cash proceeds from retail sales are invested in long-term assets and at the same time utilizing credit term extended by trade suppliers.

Further, non-current assets had grown by 26 percent to ₱1.9 billion due mainly to the 31 percent growth in property and equipment resulting from continued store opening. Property and equipment now accounted for 52 percent of total assets, higher compared with 45 percent in the same period in 2009. For company-owned stores, PSC, invest on leasehold improvement and equipment, while for franchised stores, investment is only for the latter.

By year-end, total liabilities rose by 7 percent or ₱121.4 million to ₱1.9 billion mainly due to the higher current liabilities which grew by 6 percent or ₱91.5 million. Net trade payables went up by 6 percent or ₱50.8 million because of increase in trade purchases while average payable period shortened to 54 days from 59 days in the preceding year.

Short term debt which pertains to unsecured bank loans went down by 6 percent or ₱20.0 million to end 2010 with outstanding debt of ₱320.0 million. Income tax payable was higher by 18 percent at year-end due mainly to increase in taxable income while other current liabilities increased by 25 percent to end 2010 at the ₱265.0 million level.

Noncurrent liabilities posted an increase of ₱29.8 million or 16 percent attributed to higher deposit payable of 19 percent which came from rent and guaranty deposit paid by franchisees and operators.

Stockholders' equity at the end of 2010 comprises 38 percent of total assets, higher compared to 34 percent at the beginning of the year. This increased by P262.5 million or 29 percent mainly due to the net income earned during the year. As a result, debt to equity ratio improved to 1.6:1 from 2.0: 1 in 2009.

Liquidity and Capital Resources

The Company obtains majority of its working capital requirements from cash generated by retailing operations and franchising activities and borrowings under the revolving facility extended by banks

PSC believes that operating activities and available working capital sources will provide sufficient liquidity in 2011. This will enable the Company to fund its capital expenditure, pay dividends and other general corporate purposes. The following are the discussion of the sources and uses of cash in 2010.

Cash Flows from Operating Activities

Net cash used from operating activities increased by ₱123.1 million or 23 percent mainly driven by the P174.8 million or 76 percent growth in income before tax. Net working capital was lower by P141.0 million.

Cash Flows from Investing Activities

Net cash used in investing activities totaled to ₱703.1 million, an increase of 80 percent compared with 2009 level. Major cash outlay went to the procurement of store equipment, new store constructions and store renovations. There are 112 new stores opened in 2010 against 7 store closures resulting into net opening of 105 stores. This is higher compared to net opening of 78 stores in 2009.

Cash Flows from Financing Activities

Net cash used in financing activities reached ₱50.9 million almost tripling the 2009 level of ₱17.2 million. The increase was due to net repayment of debts during the year totaling to P20.0 million, payment of interest expense and cash dividend amounting to ₱16.6 million and ₱14.4 million, respectively.

PSC expects to reduce the level of its debt within the next three years to minimize the impact of interest expense in the net income and consequently reduce its leverage ratios.

Discussion and Analysis of Material Events and Uncertainties

1. There are no known trends, events and uncertainties that will have a material impact on liquidity after the balance sheet date.
2. There are no material off-balance sheet transactions, arrangements and obligations of the Company with unconsolidated entities during the reporting period.
3. All of the Company's income was earned in the ordinary course of business.
4. There are no seasonal aspects that have a potentially material effect on the financial statements.
5. The Company's financial risk management objectives and policies are discussed in Note 30 of the December 31, 2010 Notes to Audited Consolidated Financial Statements.
6. There are no other known trends, events and uncertainties that will have a material impact on the Company's liquidity.

DISCUSSION OF THE COMPANY'S KEY PERFORMANCE INDICATORS

System Wide Sales

System-wide sales represents the overall retail sales to customers of corporate and franchise-operated stores.

Revenue from Merchandise Sales

Revenue corresponds to the retail sales of corporate owned and sales made by stores under labor franchise. This also includes merchandise sales of the Company to franchise operated stores.

Net Income Margin

Measures the level of recurring income generated by continuing operations relative to revenues and is calculated by dividing net income over revenue from merchandise sales.

Return on Equity (ROE)

The ratio of the net income over stockholders' equity and indicates the level of efficiency with which a company utilizes owners' capital.

Current Ratio

Current Ratio is a measure of the Company's liquidity, an indicator of its capability to settle short-term obligations.

Debt-Equity Ratio

Debt-Equity Ratio is a measure of the Company's liabilities in relation to its shareholders' equity.

Earnings per Share (EPS)

EPS is the ratio of net income earned during the year relative to the number of issued and outstanding common shares.

FOR THE YEAR	2011	2010	% change
System wide Sales (in '000s)	10,696,614	9,112,829	17%
Revenue from Merchandise Sales (in '000s)	9,435,604	7,612,243	24%
Net Income Margin	3.80%	3.60%	6%
Return on Equity	23.80%	23.70%	0.4%
Current Ratio	0.67	0.63	6%
Debt-Equity Ratio	1.50	1.64	-9%
Earnings Per Share	1.03	0.8	29%

SIGNATURE

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

Registrant: **PHILIPPINE SEVEN CORPORATION**

A handwritten signature in black ink, appearing to read "Jose Victor P. Paterno". The signature is fluid and cursive, with a large, prominent initial "J" and "P".

JOSE VICTOR P. PATERNO
President and CEO