SAN MIGUEL CORPORATION

August 12, 2010

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

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

Gentlemen:

Enclosed is a copy of our press statement entitled "Strong beer and liquor sales lift SMC 1H results," which we will release to the press today.

Very truly yours,

FERDINAND K. CONSTANTINO
Corporate Information Officer

NEWS RELEASE

SAN MIGUEL CORPORATION

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Strong beer and liquor sales lift SMC 1H results

Brisk sales of beer and liquor boosted San Miguel Corporation's first half results with consolidated operating income rising 40% to P12.1 billion and consolidated sales revenue ending 8% higher to P91.9 billion.

Consolidated net income for the period settled lower at P6.28 billion vis-a-vis year-ago results following SMB Inc.'s sale to Kirin last year. However, excluding the non-recurring items, along with foreign exchange gains, SMC's bottom line grew 7% from the comparable recurring net income in the same period last year.

San Miguel's consolidated recurring EBITDA grew 41% higher in the first six months of the year to P18.5 billion.

San Miguel drew strength from both its Ginebra San Miguel and SMB Inc. even as most of the conglomerate's businesses fared equally well versus last year's results. Equity in earnings of affiliates increased 22% to P1.09 billion, propelled by Meralco's contribution to San Miguel's earnings.

Strong first half consumer spending from election and summer-related activities lifted SMB Inc.'s revenues to P27.7 billion, up 11%, resulting in a 14% growth in net income to P5.56 billion. SMB Inc. said focus on distribution, marketing and promotional gimmicks helped push beer volumes for the period.

Domestic liquor volume, led by flagship Ginebra San Miguel Gin and GSM Blue, rose 9% resulting in a 20% increase in sales revenue to P11.2 billion. Higher revenues,

combined with stable fuel and molasses costs, yielded a 40% increase in consolidated operating income to P862 million. Net income jumped 26% to P538 million.

San Miguel Food Group delivered higher consolidated revenues of P38 billion for the first semester following favourable performance from poultry, feeds, dairy, coffee and most of the group's regional businesses.

Meanwhile, San Miguel Yamamura Packaging Group's consolidated revenues rose 13% to P11.5 billion for the period with the increase in glass volumes, strong performance from Malaysia, new contracts in Australia and growing export volumes.

San Miguel's power businesses – Sual, Limay and San Roque power plants – posted revenues of P24.1 billion for the first half in review contributing P699 million to the conglomerate's consolidated net income. ##

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