A	2	0	0	1	1	7	5	9	5

S.E.C. Registration Number

E	M	P	E	R	A	D	O	R		I	N	C	.				

(Company's Full Name)

7	/	F		1	8	8	0		E	A	S	T	W	O	O	D		A	V	E	N	U	E	,
E	A	S	T	W	O	O	D		C	I	T	Y		C	Y	B	E	R	P	A	R	K	,	
B	A	G	U	M	B	A	Y	A	N	,	Q	U	E	Z	O	N		C	I	T	Y			

(Business Address: No. StreetCity/ Town/ Province)

DINA D.R. INTING
Contact Person

8709-2038 to 41
Company Telephone Number

1 2 **3 1**
Month Day
Fiscal Year

17-Q
FORM TYPE
(QUARTERLY REPORT FOR MARCH 31, 2020)

0 5 **3rd Monday**
Month Day
Annual Meeting

Registration of Securities
Secondary License Type, If Applicable

Dept. Requiring this Doc.

Amended Articles Number/Section

Total Amount of Borrowings

Total No. of Stockholders

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I.D.

Cashier

STAMPS

Remarks = pls. use black ink for scanning purposes

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q

QUARTERLY REPORT PURSUANT TO SECTION 17 OF THE SECURITIES REGULATION CODE AND SRC RULE 17(2)(b) THEREUNDER

1. For the quarterly period ended............**March 31, 2020**

2. Commission identification number…..…**A200117595**

3. BIR Tax Identification No......................**214-815-715-000**

4. Exact name of issuer as specified in its charter.....**EMPERADOR INC.**

5. **METRO MANILA, PHILIPPINES**
   Province, country or other jurisdiction of incorporation or organization

6. Industry Classification Code: [ ] (SEC Use Only)

7. **7th Floor, 1880 Eastwood Avenue, Eastwood City CyberPark, 188 E. Rodriguez Jr. Ave., Bagumbayan, Quezon City** **1110**
   Address of issuer's principal office Postal Code

8. Issuer's telephone number, including area code……**632**-8**70920-38 to -41**

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

Title of each Class	Number of shares of common stock outstanding **As of March 31, 2020**
COMMON	**15,926,289,938** **(net of 316,101,238 treasury shares)**

11. Are any or all of the securities listed on a Stock Exchange? If yes, state the name of such Stock Exchange and the class/es of securities listed therein.

    Yes [✔] No [ ] **PHILIPPINE STOCK EXCHANGE, INC.** **Common Shares**

12. Indicate by check mark whether the registrant:

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

    Yes [✔] No [ ]

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

    Yes [✔] No [ ]

PART I - FINANCIAL INFORMATION

1. Financial Statements

The following interim financial statements, notes and schedules are submitted as part of this report:

- Consolidated Statements of Financial Position
- Consolidated Statements of Comprehensive Income
- Consolidated Statements of Changes in Equity
- Consolidated Statements of Cash Flows
- Notes to Interim Consolidated Financial Statements
- Schedule of Financial Soundness Indicators
- Aging of Trade and Other Receivables

The interim consolidated financial statements ("ICFS") have been prepared in accordance with PFRSs and Philippine Accounting Standard 34, *Interim Financial Reporting*. As such, they do not include all of the information and disclosures required for full annual consolidated financial statements, and thus should be read in conjunction with the audited consolidated financial statements of the Group as at and for the year ended December 31, 2019 ("ACFS"). The accounting policies and methods of computations used are consistent with those applied in the audited consolidated financial statements of the Group as at and for the year ended December 31, 2019 The ICFS have been prepared using the measurement bases specified by PFRS for each type of asset, liability, income and expenses.

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

The world saw the rapid spread of COVID-19, a novel strain of coronavirus, during the first quarter of the year. In January, the outbreak was declared as a public health emergency of international concern; and in March, it was characterized as a pandemic as it had reached 114 countries and territories, including the Philippines, Spain and UK where the Group operate. To prevent the further spread of COVID-19 and bring down its transmission, the governments across the world have implemented extensive measures such as travel bans/restrictions, lockdowns, home isolation (stay-at-home orders), social distancing, gathering limitations and closing of non-essential businesses (all types of recreational venues and most public places included). The entire Luzon and almost the whole country were under lockdown from the second half of March, which paralyzed all non-essential business activities. It is in this general backdrop that the Group operated in the first quarter.

Results of Operations – First Quarter 2020 vs 2019

The Group ended the first quarter of the year with P10.7 billion revenues slipping 3% from P11.0 billion a year ago, which resulted in net profit to owners sliding 16% year-on-year to P1.5 from P1.7 billion. This was mainly attributed to the lockdown and travel restrictions that hampered sales growth.

	Q1	Q1	YoY	
In Million Pesos	2020	2019	YoY	%
Revenues	10,658	11,026	(368)	-3
Brandy	7,580	7,690	(109)	-1
Scotch Whisky	3,078	3,336	(258)	-8
NP	1,421	1,743	(322)	-18
Brandy	1,098	1,086	12	1
Scotch Whisky	323	657	(334)	-51
NP to owners	1,457	1,738	(280)	-16
Brandy	1,135	1,081	54	5
Scotch Whisky	323	657	(334)	-51
GP margin	33%	34%		
Brandy	32%	30%		
Scotch Whisky	34%	42%		
NP-owners margin	14%	16%		

The Brandy segment realized a 5% year-on-year uptick in net profit to owners, reported at P1.1 billion this year, inspite of a 1% slash in revenues to external customers recorded at P7.6 billion as compared to P7.7 billion a year ago. 'Emperador' was experiencing a good kickoff when it was halted by the lockdown implemented from mid-March which caused Emperador to suspend production and distribution in compliance with government mandate. Liquor bans were also imposed by most localities. Offshore, Spain was in a similar lockdown situation at about the same time. Bodegas Fundador, however, was able to continue its regular production and distribution in Jerez while its head office in Madrid was under lockdown. The segment's gross profit margin improved to 32% as compared to 30% a year ago due to product mix, inspite of higher Philippine excise taxes which took effect at the start of the year.

The Scotch Whisky segment registered 8% less revenues to external customers which totaled P3.1 billion this quarter as compared to P3.3 billion a year ago, out of which it tucked in net profit to owners of P323 million. Last year's sales got a push from Brexit contingency orders. This year, international sales slowed down due to travel restrictions and lockdowns in most countries. In UK, Whyte and Mackay was able to continue its off-premise distribution to a certain degree as well as its production when and as necessary because alcohol production is considered a critical industry by the government. Meanwhile, head office remained closed and travel restricted as of end-March. The segment made gross profit margin of 34% as compared to 42% a year ago due to sales mix as the low-margin products sold popularly in UK during the first quarter

Operating expenses for this year remained at P1.7 billion because the 17% contraction (-P96 million) in general and administrative expenses to P469 million was offset by the 9% growth (+P104 million) in selling and distribution expenses to P1.3 billion. Advertising and promotions increased year-on-year while transportation and travel-related expenses decreased because of the lockdowns and travel bans and as a precautionary measure as well.

Interest expense decreased 23% or P45 million to P152 million this period due to lower interest rates in effect and payments of principal amortizations this quarter as compared to a year ago.

Other charges of P114 million represent foreign exchange losses recorded in this quarter.

EBITDA, which is computed as profit before interest expense, tax, depreciation and amortization, amounted to P2.2 billion and P2.5 billion for 2020 and 2019, respectively, showing margins of 21% and 23-% in respective years.

Financial Condition

Total assets amounted to P118.2 billion at March 31, 2020, a 6% depletion (-P7.8 billion) from P126.0 billion at December 31, 2019. The Group is strongly liquid with current assets exceeding current liabilities 2.7 times by the end of the current interim period, as compared to 2.2 times last year-end.

Cash and cash equivalents were less by 9% or P663 million at end of interim period, as the Group spent more cash for its financing activities (mainly, payment of loans, acquisition of treasury shares, dividend payment) than its cash flows from operating activities.

Trade and other receivables dipped 33% or P7.9 billion, primarily due to collections from customers (-P6.0 billion), who at year-end had larger balances due to purchases in the lead up to the Christmas period, and application of advances to suppliers of inventories or services (-P2.1 billion).

Financial assets at fair value through profit or loss of P1.8 billion at end of interim period represent the acquisitions of marketable securities held for trading during the period.

Prepayments and other current assets accelerated 18% or P347 million due to timing of prepayments and subsequent charging to profit or loss in general. These included prepaid advertising (+P203 million), taxes (+P132 million) and rent (+P30 million).

Intangible assets decelerated nearly 5% or P1.4 billion from effect of translating foreign-denominated assets to end-March rate.

Retirement benefit assets continued to grow as they doubled by P250 million during the interim period to end at P473 million.

Other non-current assets increased 38% or P385 million as advances to suppliers of long-term assets increased.

Current Interest-bearing loans decelerated by 11% or P741 million and non-current interest bearing loans by 4% or P990 million due to repayment of bank loans and the effect of translation adjustment.

Trade and other payables went down 24% or P4.0 billion as trade payables, accruals and output vat were settled during the period.

Current Lease liabilities increased 110% or P334 million while the non-current lease liabilities decreased 24% or P411 million, for combined reduction of 4% (-P77million) due to rental payments during the interim period.

Financial liabilities at fair value through profit or loss almost tripled to P35 million as a result of marked-to-market valuation.

Current Equity-linked securities were reduced to zero as these got converted to common shares in February by the Holder, while Dividends payable was settled on payable date.

Non-controlling interest pertains primarily to the minority interest in DBLC, a subsidiary consolidated by end-2017. The decrease of P374 million pertains to share in translation adjustment and in net profit of non-controlling shareholders recorded during the current period.

Five Key Performance Indicators

- Revenue growth – measures the percentage change in revenues over a designated period of time.
- Net profit growth – measures the percentage change in net profit over a designated period of time.
- Net profit rate– computed as percentage of net profit to revenues - measures the operating efficiency and success of maintaining satisfactory control of costs
- Return on assets – the ratio of net profit to total assets - measures the degree of efficiency in the use of resources to generate net income
- Current ratio – computed as current assets divided by current liabilities – measures the ability of the business to meet its current obligations. To measure immediate liquidity, quick assets [cash, marketable securities, accounts receivables] is divided by current liabilities.
- Interest rate coverage ratio – computed as profit before tax and interest expense divided by interest expense -measures the business' ability to meet its interest payments.

	Q1	Q1	Growth	
In Million Pesos	2020	2019	YoY	%
Revenues	10,658	11,026	(368)	-3
Net profit [NP]	1,421	1,743	(322)	-18
NP to owners	1,457	1,738	(280)	-16
NP rate	13%	16%		
NP owners rate	14%	16%		

	Q1	Q1	Growth	
In Million Pesos	2020	2019	YoY	%
EBIT	1,862	2,218	(356)	-16
Interest expense	152	198	(45)	-23
Interest coverage	12%	11%		

	Mar 31	Dec 31	Growth	
In Million Pesos	2020	2019	YoY	%
Current assets	57,665	63,845	(6,180)	-10
Current liabilities	21,487	28,445	(6,958)	-24
Total Assets	118,155	125,986	(7,831)	-6
Current ratio	2.68x	2.24x		
Return on assets	1.2% 1qtr	5.7% 1yr		

YoY, year-on-year.

Financial Soundness Indicators

Please see submitted schedule.

Other Required Disclosures

As at March 31, 2020, except for what has been noted, there were no other known items –such as trends, demands, commitments, events or uncertainties- affecting assets, liabilities, equity, sales, revenues, net profit or cash flows that were unusual because of their nature, size, or incidents, and that will result in or that are reasonably likely to result in the liquidity increasing or decreasing in any material way, or that would have a material favorable or unfavorable impact on net sales or revenues or income from continuing operations.

There were no other known material events subsequent to the end of the interim period that would have a material impact in the interim period.

There are no other known trends or demands, commitments, events or uncertainties that will result in or that are reasonably likely to result in the Group's liquidity increasing or decreasing in any material way.

The Group does not have nor anticipate having any cash flow or liquidity problems within the year.

The Group is not in default or breach of any note, lease or other indebtedness or financing arrangement requiring it to make payments.

There are no other known events that will trigger direct or contingent financial obligation that is currently considered material to the Group, including any default or acceleration of an obligation.

There are no other material off-balance sheet transactions, arrangements, obligations, and other relationships with unconsolidated entities or other persons created during the reporting period.

There are no other known trends, events or uncertainties that have had or that are reasonably expected to have a material favorable or unfavorable impact on net sales or revenues or income from continuing operations.

There are also no known events that will cause material change in the relationship between costs and revenues.

There are no other significant elements of income or loss that did not arise from continuing operations.

There were no other material issuances, repurchases or repayments of debt and equity securities.

The business has no seasonal aspects that had a material effect on the financial condition and results of operations of the Group.

EMPERADOR INC. AND SUBSIDIARIES
(A Subsidiary of Alliance Global Group, Inc.)
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
MARCH 31, 2020 AND DECEMBER 31, 2019
(Amounts in Philippine Pesos)

	Notes	Unaudited March 31, 2020	Audited December 31, 2019
A S S E T S			
CURRENT ASSETS			
Cash and cash equivalents	5	P 7,077,280,569	P 7,740,605,656
Trade and other receivables - net	6	15,778,388,751	23,720,325,333
Financial assets at fair value through profit or loss	24.2	1,809,750,319	-
Inventories - net	7	30,777,577,460	30,509,303,278
Prepayments and other current assets	10.1	2,221,822,651	1,874,557,688
Total Current Assets		57,664,819,750	63,844,791,955
NON-CURRENT ASSETS			
Investment in a joint venture	11	3,053,380,940	3,023,567,743
Property, plant and equipment - net	8	28,027,321,617	28,986,637,262
Intangible assets - net	9	27,534,466,123	28,895,152,627
Retirement benefit asset - net	20	473,423,512	219,527,693
Other non-current assets - net	10.2	1,401,695,802	1,016,320,033
Total Non-current Assets		60,490,287,994	62,141,205,358
TOTAL ASSETS		P 118,155,107,744	P 125,985,997,313
LIABILITIES AND EQUITY			
CURRENT LIABILITIES			
Interest-bearing loans	12	P 5,900,070,628	P 6,641,109,379
Trade and other payables	14	12,981,161,827	17,012,924,217
Lease liabilities	8	638,776,754	304,882,103
Financial liabilities at fair value through profit or loss	24.2	35,323,029	9,105,954
Income tax payable		1,931,546,831	1,861,560,078
Equity-linked debt securities	13	-	1,836,250,000
Dividends payable	20.2	-	779,231,315
Total Current Liabilities		21,486,879,069	28,445,063,046
NON-CURRENT LIABILITIES			
Interest-bearing loans	12	24,309,066,327	25,298,729,207
Equity-linked debt securities	13	3,443,750,000	3,443,750,000
Lease liabilities	8	1,306,436,497	1,717,050,012
Provisions		160,557,138	164,914,200
Deferred tax liabilities - net		2,153,338,392	2,199,733,328
Total Non-current Liabilities		31,373,148,354	32,824,176,747
Total Liabilities		52,860,027,423	61,269,239,793
EQUITY	20		
Equity attributable to owners of the parent company		64,769,429,667	63,817,525,550
Non-controlling interest		525,650,654	899,231,970
Total Equity		65,295,080,321	64,716,757,520
TOTAL LIABILITIES AND EQUITY		P 118,155,107,744	P 125,985,997,313

See Notes to Consolidated Financial Statements.

EMPERADOR INC. AND SUBSIDIARIES
(A Subsidiary of Alliance Global Group, Inc.)
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED MARCH 31, 2020 AND 2019
(Amounts in Philippine Pesos)
Unaudited

.	Notes	2020	2019
REVENUES	15	**P 10,657,587,933**	P 11,025,489,827
COSTS AND EXPENSES			
Costs of goods sold	16	**6,949,915,592**	7,083,155,559
Selling and distribution expenses	17	**1,262,717,932**	1,159,161,333
General and administrative expenses	6, 17	**469,173,064**	565,232,269
Interest expense	8, 12, 13	**152,218,826**	197,637,623
Other charges	8	**114,000,698**	-
		8,948,026,112	9,005,186,784
PROFIT BEFORE TAX		**1,709,561,821**	2,020,303,043
TAX EXPENSE	18	**288,827,842**	277,596,805
NET PROFIT		**1,420,733,979**	1,742,706,238
OTHER COMPREHENSIVE INCOME (LOSS)			
Item that will be reclassified subsequently to profit or loss			
Translation gain (loss)		**(2,071,580,083)**	587,053,716
Items that will not be reclassified subsequently to profit or loss			
Net actuarial gain (loss) on retirement benefit plan		**241,605,000**	197,916,400
Tax income (expense) on remeasurement of retirement benefit plan		**(45,904,950)**	(33,645,788)
		195,700,050	164,270,612
		(1,875,880,033)	751,324,328
TOTAL COMPREHENSIVE INCOME (LOSS)		**(P 455,146,054)**	P 2,494,030,566
Net profit (loss) attributable to:			
Owners of the parent company		**P 1,457,468,218**	P 1,737,729,141
Non-controlling interest		**(36,734,239)**	4,977,097
		P 1,420,733,979	P 1,742,706,238
Total comprehensive income (loss) attributable to:			
Owners of the parent company		**(P 81,564,738)**	P 2,614,609,020
Non-controlling interest		**(373,581,316)**	(120,578,454)
		(P 455,146,054)	P 2,494,030,566
Earnings Per Share for the Net Profit Attributable to Owners of the Parent Company - Basic and Diluted	24	**P 0.09**	P 0.11

See Notes to Consolidated Financial Statements.

EMPERADOR INC. AND SUBSIDIARIES
(A Subsidiary of Alliance Global Group, Inc.)
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED MARCH 31, 2020 AND 2019
(Amounts in Philippine Pesos)

		Attributable to Owners of the Parent Company													
										Retained Earnings					
		Capital Stock (see Note 23.1)	Additional Paid-in Capital (see Note 23.1)	Treasury Shares (see Note 23.2)	Conversion Options Outstanding (see Notes 3 and 14)	Share Options Outstanding (see Note 23.4)	Accumulated Translation Adjustments (see Note 2)	Revaluation Reserves (see Note 2)	Other Reserves (see Note 2)	Appropriated (see Note 23.5)	Unappropriated (see Note 23.5)	Total	Total	Non-controlling Interest (see Note 23.6)	Total Equity
Balance at January 1, 2020,		P 16,242,391,176	P 23,058,724,847	(P 3,487,839,412)	P 136,151,386	P 111,883,425	(P 3,707,343,087)	(P 73,475,415)	P 120,364,326	P 800,000,000	P 30,616,668,304	P 31,416,668,304	P 63,817,525,550	P 899,231,970	P 64,716,757,520
Additions during the year		-	47,652,985	-	(47,652,985)	-	-	-	(44,516,539)	-	-	-	(44,516,539)	-	(44,516,539)
Issuances during the year		-	-	1,836,250,000	-		-	-	-	-	-	-	1,836,250,000	-	1,836,250,000
Acquisition of treasury shares during the year	20.1	-	-	(758,264,606)	-	-	-	-	-	-	-	-	(758,264,606)	-	(758,264,606)
Total comprehensive income for the year		-	-	-	-	-	(1,734,733,006)	195,700,050	-	-	1,457,468,218	1,457,468,218	(81,564,738)	(373,581,316)	(455,146,054)
Balance at March 31, 2020		**P 16,242,391,176**	**P 23,106,377,832**	**(P 2,409,854,018)**	**P 88,498,401**	**P 111,883,425**	**(P 5,442,076,093)**	**P 122,224,635**	**P 75,847,787**	**P 800,000,000**	**P 32,074,136,522**	**P 32,874,136,522**	**P 64,769,429,667**	**P 525,650,654**	**P 65,295,080,321**
Balance at January 1, 2019		P 16,242,391,176	P 23,058,724,847	(PP 1,849,768,100)	P 136,151,386	P 84,925,255	(P 2,556,254,530)	(P 163,103,810)	P 15,792,199	P 600,000,000	P 24,902,413,431	P 25,502,413,431	P 60,471,271,854	P 892,674,486	P 61,363,946,340
Acquisition of treasury shares during the year		-	-	(12,947,324)	-	-	-	-	-	-	-	-	(12,947,324)	-	(12,947,324)
Total comprehensive income for the year		-	-	-	-	-	712,609,267	164,270,612	-	-	1,737,729,141	1,737,729,141	2,614,609,020	(120,578,454)	2,494,030,566
Balance at March 31, 2019		P 16,242,391,176	P 23,058,724,847	(P 1,862,715,424)	P 136,151,386	P 84,925,255	(P 1,843,645,263)	P 1,166,802	P 15,792,199	P 600,000,000	P 26,640,142,572	P 27,240,142,572	P 63,072,933,550	P 772,096,032	P 63,845,029,582

See Notes to Consolidated Financial Statements.

EMPERADOR INC. AND SUBSIDIARIES
(A Subsidiary of Alliance Global Group, Inc.)
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED MARCH 31, 2020 AND 2019
(Amounts in Philippine Pesos)
Unaudited

	Notes	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		P 1,709,561,821	P 2,020,303,043
Adjustments for:			
Depreciation and amortization	8, 16, 17	350,069,609	319,196,385
Interest expense	8,12,13,19	152,218,826	197,637,623
Interest income	5,10	(23,478,383)	(99,818,090)
Share in net profit of joint venture	11	(52,983,486)	(71,757,189)
Provisions		6,620,361	10,179,054
Amortization of trademarks	9	403,848	403,847
Loss (gain) on sale of property, plant and equipment	8	(350,000)	-
Fair value losses (gains) on financial instruments at fair value through profit or loss		(101,590,691)	(18,747,032)
Impairment losses on trade and other receivables	6	-	1,046,598
Operating profit before working capital changes		2,040,471,905	2,358,444,239
Decrease in trade and other receivables		7,769,988,062	3,030,809,819
Decrease (increase) in financial instruments at fair value through profit or loss		(1,716,640,588)	11,604,478
Increase in inventories		(623,648,553)	(1,551,464,077)
Increase in prepayments and other current assets		(352,022,609)	(667,136,822)
Increase in retirement benefit asset		(253,895,819)	
Increase in other non-current assets		(397,197,998)	(324,823,909)
Increase (decrease) in trade and other payables		(4,241,047,801)	641,975,975
Increase (decrease) in retirement benefit obligation		241,605,000	(34,111,698)
Cash generated from operations		2,467,611,599	3,465,298,005
Cash paid for income taxes		(202,729,629)	(183,027,733)
Net Cash From Operating Activities		2,264,881,970	3,282,270,272
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisitions of property, plant and equipment	8	(321,659,441)	(932,243,958)
Interest received	5, 7, 11	19,192,726	75,051,342
Proceeds from sale of property, plant and equipment	8	910,059	138,643,405
Net Cash Used in Investing Activities		(301,556,656)	(718,549,211)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayments of interest-bearing loans	12	(1,045,510,178)	(427,443,244)
Acquisition of treasury shares	20	(758,264,606)	(12,947,324)
Proceeds from interest-bearing loans	12	130,134,952	361,460,000
Interest paid		(173,779,254)	(99,675,900)
Dividends paid	20	(779,231,315)	-
Net Cash Used In Financing Activities		(2,626,650,401)	(178,606,468)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		(663,325,087)	2,385,114,593
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		7,740,605,656	6,228,229,892
CASH AND CASH EQUIVALENTS AT END OF YEAR		P 7,077,280,569	P 8,613,344,485

Supplemental Information on Non-cash Investing and Financing Activities:

1) Share option benefits expense were recognized in 2020 and 2019, with corresponding credits to Share Options.
2) The conversion of Tranche 1 of ELS into EMP shares from treasury in February 2020 was credited to Treasury Shares. In 2019, accretion of discount on ELS was charged to Interest Expense.

EMPERADOR INC. AND SUBSIDIARIES
SCHEDULE OF FINANCIAL SOUNDNESS INDICATORS
MARCH 31, 2020

	3/31/2020	12/31/2019
Current ratio	2.68	2.24
Quick ratio	1.15	1.11
Liabilities-to-equity ratio	0.81	0.95
Asset -to-equity ratio	1.81	1.95
Debt-to-equity ratio	0.52	0.58
	Q1 2020	**Q1 2019**
Net profit margin	0.13	0.16
Return on assets	0.01	0.01
Return on equity/investment	0.02	0.03
Solvency Ratio	0.07	0.07
Interest rate coverage ratio	12.23	11.22

LIQUIDITY RATIOS measure the business' ability to pay short-term debt.
Current ratio - computed as current assets divided by current liabilities
Quick ratio - computed a cash, marketable securities, accounts receivable divided by current liabilities.

SOLVENCY RATIOS measure the business' ability to pay all debts, particularly long-term debt.
Solvency ratio - computed as EBITDA divided by total liabilities.
Liabilities-to-equity ratio - computed as total liabilities divided by stockholders'equity.
Debt-to-equity ratio- computed as total debt divided by stockholders' equity.

ASSET-TO-EQUITY RATIOS measure financial leverage and long-term solvency. It shows how much of the assets are owned by the company. It is computed as total assets divided by stockholders'equity.

INTEREST RATE COVERAGE RATIOS measure the business' ability to meet its interest payments. It is computed as profit before income tax and interest expense ("EBIT") divided by interest.

PROFITABILITY RATIOS measure the business' ability to generate earnings.
Net profit margin - computed as net profit divided by revenues
Return on assets - net profit divided by average assets
Return on equity investment - net profit divided by total stockholders' equity

EMPERADOR INC. AND SUBSIDIARIES
AGING SCHEDULE OF TRADE AND OTHER RECEIVABLES
MARCH 31, 2020
(Amounts in Thousand Philippine Pesos)

Trade Receivables	
Current	7,063,603
1 to 30 days	1,109,042
31 to 60 days	477,458
Over 60 days	856,036
Total	9,506,139
Other receivables	6,272,250
Balance at 2020	**15,778,389**

EMPERADOR INC. AND SUBSIDIARIES
(A Subsidiary of Alliance Global Group, Inc.)
NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS
March 31, 2020
(With Comparative Figures for December 31, 2019 and March 31, 2019)
(Amounts in Philippine Pesos)

1. CORPORATE INFORMATION

Emperador Inc. ("EMP" or "the Parent Company") was incorporated in the Philippines and registered with the Securities and Exchange Commission ("SEC") on November 26, 2001. It presently operates as a holding company of a global conglomerate in the distilled spirits and other alcoholic beverages business.

EMP is a subsidiary of Alliance Global Group, Inc. ("AGI" or "the Ultimate Parent Company"), a publicly-listed domestic holding company with diversified investments in real estate property development, food and beverage, quick-service restaurants, and tourism-entertainment and gaming businesses.

The registered principal office of EMP is located at 7th Floor, 1880 Eastwood Avenue, Eastwood City CyberPark, 188 E. Rodriguez, Jr. Avenue, Bagumbayan, Quezon City, where the registered office of AGI is also presently located.

The common shares of EMP and AGI were first listed for trading in the Philippine Stock Exchange (PSE) on December 19, 2011 and April 19, 1999, respectively.

1.1 Subsidiaries

EMP holds beneficial equity ownership in entities operating in an integrated business of manufacturing, bottling and distributing distilled spirits and other alcoholic beverages from the Philippines and Europe (collectively referred to herein as "the Group"), as follows:

Names of Subsidiaries	Explanatory Notes	Percentage of Effective Ownership 2020	2019
EDI and subsidiaries (EDI Group)			
Emperador Distillers, Inc. ("EDI")		**100%**	100%
Anglo Watsons Glass, Inc. ("AWGI")		**100%**	100%
Alcazar De Bana Holdings Company, Inc. ("Alcazar De Bana")		**100%**	100%
Progreen Agricorp Inc. ("Progreen")		**100%**	100%
South Point Science Park Inc. ("SSPI")		**100%**	100%
The Bar Beverage, Inc.		**100%**	100%
Tradewind Estates, Inc. ("TEI")		**100%**	100%
Boozylife Inc. ("Boozylife")		**62%**	51%
Cocos Vodka Distillers Philippines, Inc.		**100%**	100%
Zabana Rum Company, Inc.		**100%**	100%

Names of Subsidiaries	Explanatory Notes	Percentage of Effective Ownership 2020	2019
EIL and offshore subsidiaries and joint venture:			
Emperador International Ltd. ("EIL")		**100%**	100%
Emperador Holdings (GB) Limited ("EGB")		**100%**	100%
Emperador UK Limited ("EUK")		**100%**	100%
Whyte and Mackay Group Limited ("WMG")		**100%**	100%
Whyte and Mackay Global Limited ("WMGL")		**100%**	100%
Whyte and Mackay Limited ("WML")		**100%**	100%
Whyte and Mackay Warehousing Limited ("WMWL")		**100%**	100%
Emperador Asia Pte. Ltd. ("EA")		**100%**	100%
Grupo Emperador Spain, S.A. ("GES")		**100%**	100%
Bodega San Bruno, S.L. ("BSB")		**100%**	100%
Bodegas Fundador, S.L.U. ("BFS")		**100%**	100%
Grupo Emperador Gestion S.L.("GEG")		**100%**	100%
Complejo Bodeguero San Patricio SLU ("CBSP")		**100%**	100%
Stillman Spirits, S.L. ("Stillman")		**100%**	100%
Domecq Bodega Las Copas, S.L. ("DBLC")		**50%**	50%
Bodegas Las Copas, S.L.("BLC")		**50%**	50%
Emperador Europe Sarl ("EES")		**100%**	100%

1.2 Approval of the Consolidated Financial Statements

The consolidated financial statements of the Group as of and for the period ended March 31, 2020 (including the comparative consolidated financial statements as of December 31, 2019 and for the interim period ended March 31, 2019) were authorized for issue by the Parent Company's Board of Directors through the Audit Committee on June 24, 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of Preparation of Consolidated Financial Statements

(a) Statement of Compliance with Philippine Financial Reporting Standards

These interim consolidated financial statements have been prepared in accordance with Philippine Accounting Standard (PAS) 34, *Interim Financial Reporting*. They do not include all of the information required in annual financial statements in accordance with PFRS, and should be read in conjunction with the Group's audited consolidated financial statements as of and for the year ended December 31, 2019.

The significant accounting policies and methods of computations used in the preparation of these interim consolidated financial statements are consistent with those applied in the most recent annual consolidated financial statements as of and for the year ended December 31, 2019, except for the application of adopted standards that became effective on January 1, 2020, as discussed in Note 2.2.

These interim consolidated financial statements are presented in Philippine pesos, the Group's functional and presentation currency, and all values represent absolute amounts except when otherwise indicated.

2.2 Adoption of Amended PFRS and Interpretation

(a) Effective in 2020 that are Relevant to the Group

The Group adopted for the first time the following standards, amendments, interpretations and annual improvements to PFRS, which are mandatorily effective for annual periods beginning on or after January 1, 2020. These do not have material impact on the Group's financial statements as these amendments merely clarify existing requirements.

(i) PAS 1 (Amendments), *Presentation of Financial Statements*, and PAS 8 (Amendments), *Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Material* (effective from January 1, 2020).

(ii) Revised Conceptual Framework for Financial Reporting (effective from January 1, 2020). The revised conceptual framework will be used in standard-setting decisions with immediate effect.

(iii) PFRS 10 (Amendments), *Consolidated Financial Statements*, and PAS 28 (Amendments), *Investments in Associates and Joint Ventures – Sale or Contribution of Assets Between an Investor and its Associates or Joint Venture* (effective date deferred indefinitely).

2.3 Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Group's strategic executive committee, its chief operating decision-maker. The strategic executive committee is responsible for allocating resources and assessing performance of the operating segments.

In identifying its operating segments, management generally follows the Group's product lines, which represent the main products provided by the Group. Each of these operating segments is managed separately as each of these product lines requires different processes and other resources as well as marketing approaches. All intersegment transfers are carried out at arm's length prices.

The measurement policies the Group use for segment reporting under PFRS 8, *Operating Segments,* are the same as those used in its consolidated financial statements.

There have been no changes from prior period in the measurement methods used to determine reported segment profit or loss.

3. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

The preparation of the Group's consolidated financial statements in accordance with PFRS requires management to make judgments and estimates that affect the amounts reported in the consolidated financial statements and related notes. Judgments and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results may ultimately differ from these estimates.

3.1 Critical Management Judgments in Applying Accounting Policies

In the process of applying the Group's accounting policies, management has made judgments, apart from those involving estimation, which are consistent with those applied in the last year-end.

3.2 Key Sources of Estimation Uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, are consistent with those of the preceding year-end

4. SEGMENT INFORMATION

4.1 Business Segments

The Group is organized into two business segments, the Brandy and Scotch Whisky, which represent the two major distilled spirits categories where the Group operates. Scotch Whisky pertains to the UK operations and the rest fall under Brandy. This is also the basis of the Group's executive committee for its strategic decision-making activities, including the financial performance evaluation of the operating segments or resource allocation decisions.

The Group disaggregates revenues recognized from contracts with customers into these two segments that depict how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors. The same disaggregation is used in earnings releases, annual reports and investor presentations.

4.2 Segment Assets and Liabilities

Segment assets and liabilities represent the assets and liabilities reported in the consolidated statements of financial position of the companies included in each segment.

4.3 Intersegment Transactions

Intersegment transactions, such as intercompany sales and purchases, and receivables and payables, are eliminated in consolidation.

4.4 Analysis of Segment Information

Segment information for the periods ended March 31, 2020 and 2019 and as of December 31, 2019 (in millions) are as follows:

	BRANDY		SCOTCH WHISKY		TOTAL	
	March 31,		March 31,		March 31,	
	2020	2019	**2020**	2019	**2020**	2019
REVENUES						
External Customers	**7,580**	7,690	**3,078**	3,336	**10,658**	11,026
Intersegment sales*	**47**	77	**13**	36	**-**	-
	7,627	7,767	**3,091**	3,372	**10,658**	11,026
COSTS AND EXPENSES						
Cost of goods sold	**5,012**	5,226	**1,938**	1,857	**6,950**	7,083
Intersegment COGS*	**13**	36	**47**	77	**-**	-
	5,025	5,262	**1,985**	1,934	**6,950**	7,083
Selling and distribution expenses	**811**	694	**452**	465	**1,263**	1,159
General and administrative expenses	**278**	325	**191**	241	**469**	566
Other charges	**177**	182	**89**	16	**266**	198
	6,291	6,463	**2,717**	2,656	**8,948**	9,006
SEGMENT PROFIT BEFORE TAX	**1,336**	1,304	**374**	716	**1,710**	2,020
TAX EXPENSE (INCOME)	**238**	218	**51**	59	**289**	277
SEGMENT NET PROFIT	**1,098**	1,086	**323**	657	**1,421**	1,743
Depreciation and Amortization	**274**	264	**77**	56	**351**	320
Interest expense	**96**	182	**56**	16	**152**	198
Share in NP of JV	**53**	72	**-**	-	**53**	72
	Mar 2020	Dec 2019	**Mar 2020**	Dec 2019	**Mar 2020**	Dec 2019
TOTAL ASSETS	**84,627**	88,453	**33,528**	37,533	**118,155**	125,986
TOTAL LIABILITIES	**41,950**	47,407	**10,910**	13,862	**52,860**	61,269

**Intersegment sales and cost of goods sold are eliminated in consolidation. Numbers may not add up due to rounding.*

Sales to any of the Group's major customers did not exceed 10% of the Group's revenues in all of the years presented.

5. CASH AND CASH EQUIVALENTS

This account includes the following components:

		March 31, 2020 (Unaudited)		December 31, 2019 (Audited)
Cash on hand and in banks	**P**	**4,397,054,428**	P	3,739,621,605
Short-term placements		**2,680,226,141**		4,000,984,051
	P	**7,077,280,569**	P	7,740,605,656

Cash in banks generally earn interest at rates based on daily bank deposit rates. Short-term placements have an average maturity of 30 to 53 days and earn effective annual interest rates ranging from 5.8% to 6.6% in the first three months of 2020. Interest earned amounted to P23.5 million and P99.8 million in 2020 and 2019 respectively, and is presented as part of Other revenues under the Revenues account in the consolidated statements of comprehensive income (see Note 15).

6. TRADE AND OTHER RECEIVABLES

Details of this account are as follows:

	Notes		March 31, 2020 (Unaudited)		December 31, 2019 (Audited)
Trade receivables	19.3	**P**	**9,590,212,083**	P	15,612,615,832
Advances to suppliers			**3,906,843,780**		6,005,315,403
Advances to related parties	19.5		**2,303,517,712**		2,095,371,956
Advances to officers and employees	19.4		**20,815,847**		33,518,316
Accrued interest receivable			**3,493,916**		513,731
Other receivables			**37,578,333**		61,676,921
			15,862,461,671		23,809,012,159
Allowance for impairment			**(84,072,920)**		(88,686,826)
		P	**15,778,388,751**	P	23,720,325,333

Advances to suppliers pertain to down payments made primarily for the purchase of goods from suppliers.

All of the Group's trade and other receivables have been assessed for indications of impairment using the ECL model and adequate amounts of allowance for impairment have been recognized in 2020 and 2019 for those receivables found to be impaired (see Note 23.2). A reconciliation of the allowance for impairment is shown below.

		March 31, 2020 (Unaudited)		December 31, 2019 (Audited)
Balance at beginning of year	**P**	**88,686,826**	P	133,008,227
Impairment losses		**-**		12,453,267
Recoveries		**(4,613,906)**		(56,774,668)
	P	**84,072,920**	P	88,686,826

Recoveries pertain to collection of certain receivables previously provided with allowance. There were no write-offs of receivables in March 31, 2020 and December 31, 2019.

The carrying amounts of these financial assets are a reasonable approximation of their fair values due to their short-term duration.

7. INVENTORIES

Inventories as of March 31, 2020 and December 31, 2019, except for certain finished goods and raw materials, are all stated at cost, which is lower than their net realizable values. The details of inventories are as shown below.

	Notes		March 31, 2020 (Unaudited)		December 31, 2019 (Audited)
Work-in-process		**P**	**20,175,638,960**	P	20,746,632,386
Raw materials	19.1		**3,916,690,890**		3,220,265,567
Finished goods	19.1		**5,805,218,923**		5,800,242,939
Packaging materials			**799,781,325**		689,278,349
Machinery spare parts, consumables,factory supplies			**276,695,537**		266,885,473
			30,974,025,635		30,723,304,714
Allowance for inventory write-down			**(196,448,175)**		(214,001,436)
		P	**30,777,577,460**	P	30,509,303,278

WML has a substantial inventory of aged stocks which mature over periods of up to 60 years. The maturing whisky stock inventory amounting to P16.3 billion and P16.7 billion as of March 31, 2020 and December 31, 2019, respectively, is presented as part of work-in-process inventories, and is stored in various locations across Scotland.

An analysis of the cost of inventories included in costs of goods sold for the periods ended March 31, 2020 and 2019 is presented in Note 16.

8. PROPERTY, PLANT AND EQUIPMENT

The carrying amount of this account is composed of the following:

	Notes		March 31, 2020 (Unaudited)		December 31, 2019 (Audited)
Property, plant and equipment	8.1	**P**	**26,520,451,805**	P	27,383,160,263
Right-of-use assets	8.2		**1,506,869,812**		1,603,476,999
		P	**28,027,321,617**	P	28,986,637,262

8.1 Carrying Values of Property, Plant and Equipment

The gross carrying amounts and accumulated depreciation and amortization of property, plant and equipment at the beginning and end of the reporting periods are shown below.

		March 31, 2020 (Unaudited)		December 31, 2019 (Audited)
Cost	**P**	**37,795,127,601**	P	38,622,574,866
Accumulated depreciation and amortization		**(11,274,675,796)**		(11,239,414,603)
Net carrying amount	**P**	**26,520,451,805**	P	27,383,160,263

Areconciliation of the carrying amounts of property, plant and equipment at the beginning and end of the reporting periods is shown below and in the succeeding page.

	Notes		March 31, 2020 (Unaudited)		December 31, 2019 (Audited)
Balance at beginning of period, net of accumulated depreciation and amortization		**P**	**27,383,160,263**	P	27,201,096,662
Additions during the period			**321,659,441**		2,525,654,233
Translation Adjustment			**(769,244,723)**		(366,968,633)
Disposals during the period			**(560,059)**		(362,122,882)
Depreciation/amortization charges for the period			**(414,563,117)**		(1,614,499,117)
Balance at the end of the period, net of accum. depreciation and amortization		**P**	**26,520,451,805**	P	27,383,160,263

In 2018 and 2016, the Group obtained a term loan from a local commercial bank to finance the construction of a distillery plant in Batangas, including purchase of related equipment.

The amount of depreciation and amortization is allocated as follows:

		For the Three Months Ended	
	Notes	**March 31, 2020 (Unaudited)**	March 31, 2019 (Unaudited)
Cost of goods sold	16	**P 265,053,153**	P 273,804,599
Selling and distribution Expenses	17	**18,312,733**	13,776,365
Administrative expenses	17	**46,430,461**	31,615,421
		329,796,347	319,196,385
Capitalized to inventory		**84,766,768**	80,833,997
		P 414,563,115	P 400,030,382

The capitalized amounts form part of the work-in-process inventory and represent depreciation expense on barrels and warehouse buildings wherein the maturing bulk stocks of whisky are held, which can reach periods of up to 60 years.

8.2 Right-of-use Assets

The Group has leases for certain manufacturing plant, warehouses, building space, commercial building, and vehicles, fittings and equipment. With the exception of short-term leases and leases of low-value underlying assets, each lease is reflected on the consolidated statement of financial position as Right-of-use assets under the Property, Plant and Equipment account and Lease Liabilities account.

Each lease generally imposes a restriction that, unless there is a contractual right for the Group to sublet the asset to another party, the right-of-use asset can only be used by the Group. Leases are either non-cancellable or may only be cancelled by incurring a substantive termination fee. Some leases contain an option to extend the lease for a further term. The Group is prohibited from selling or pledging the underlying leased assets as security. For certain leases, the Group must keep those properties in a good state of repair and return the properties in their original condition at the end of the lease. Further, the Group must insure the leased assets and incur maintenance fees on such items in accordance with the lease contracts.

The carrying amounts and the movements of the Group's right-of-use assets are shown below.

	March 31, 2020 (Unaudited)	December 31, 2019 (Audited)
Cost	**P 1,777,136,109**	P 1,853,470,035
Accumulated depreciation and amortization	**(270,266,297)**	(249,993,036)
Net carrying amount	**P 1,506,869,812**	P 1,603,476,999

A reconciliation of the carrying amounts of property, plant and equipment at the beginning and end of the reporting periods is shown in the succeeding page.

	Notes		March 31, 2020 (Unaudited)		December 31, 2019 (Audited)
Balance at beginning of period, net of accumulated amortization		**P**	**1,603,476,999**	P	1,063,266,884
Additions			**-**		790,203,151
Translation Adjustment			**(76,333,927)**		-
Amortization of ROUA			**(20,273,260)**		(249,993,036)
Balance at the end of period net of accumulated amortization		**P**	**1,506,869,812**	P	1,603,476,999

The amount of amortization in March 31, 2020 is allocated as follows:

Cost of goods sold	P	18,971,127
General and administrative expenses		1,302,133
	P	**20,273,260**

8.3 Lease Liabilities

Lease liabilities are presented in the consolidated statement of financial position as at March 31, 2020 as follows:

		March 31, 2020 (Unaudited)		December 31, 2019 (Audited)
Current	**P**	**638,776,754**	P	304,882,103
Non-current		**1,306,436,497**		1,717,050,012
Net carrying amount	**P**	**1,945,213,251**	P	2,021,932,115

The use of extension and termination options gives the Group added flexibility in the event it has identified more suitable premises in terms of cost and/or location or determined that it is advantageous to remain in a location beyond the original lease term. An option is only exercised when consistent with the Group's regional markets strategy and the economic benefits of exercising the option exceeds the expected overall cost.

The lease liabilities are secured by the related underlying assets and by a property mortgage. The undiscounted maturity analysis of lease liabilities at March 31, 2020 and December 31, 2019 is as follows:

		March 31, 2020 (Unaudited)		December 31, 2019 (Audited)
Lease liabilities	**P**	**2,021,932,115**	P	2,678,675,809
Translation Adjustments		**(60,929,860)**		
Finance charges		**(15,789,004)**		(656,743,694)
Net present values	**P**	**1,945,213,251**	P	2,021,932,115

9. INTANGIBLE ASSETS

This account is composed of the following:

		March 31, 2020 (Unaudited)		December 31, 2019 (Audited)
Indefinite useful lives:				
Trademarks	**P**	**18,590,790,349**	P	19,653,436,800
Goodwill		**8,938,694,984**		9,236,331,189
		27,529,485,333		28,889,767,989
Definite useful lives:				
Trademarks- net		**4,980,790**		5,384,638
	P	**27,534,466,123**	P	28,895,152,627

Certain trademarks were determined to have a finite useful life. The net carrying amounts of these trademarks are as follows:

	Note		March 31, 2020 (Unaudited)		December 31, 2019 (Audited)
Balance at beginning		**P**	**5,384,638**	P	7,000,029
Amortization	17		**(403,848)**		(1,615,391)
Balance at end of the period		**P**	**4,980,790**	P	5,384,638

Management believes that both the goodwill and trademarks are not impaired as of March 31, 2020 and December 31, 2019 as the Group's products that carry such brands and trademarks are performing very well in the market; hence, no impairment is necessary to be recognized in the periods presented.

10. OTHER ASSETS

10.1 Prepayments and Other Current Assets

This account is composed of the following:

		March 31, 2020 (Unaudited)		December 31, 2019 (Audited)
Prepaid expenses	**P**	**1,094,863,684**	P	877,379,918
Prepaid taxes		**954,755,399**		822,448,287
Deferred input VAT		**34,824,796**		54,202,344
Refundable security deposits		**19,941,320**		19,941,320
Other current assets		**117,437,452**		100,585,819
	P	**2,221,822,651**	P	1,874,557,688

Prepaid expenses include prepayments of advertising, rentals, insurance and general prepayments.

Prepaid taxes pertain to payments made by the Group for the withholding taxes and other government-related obligations. It also includes advance payment of excise tax for both the local production and importation of alcoholic beverage products.

10.2 Other Non-current Assets

This account is composed of the following:

	Notes		March 31, 2020 (Unaudited)		December 31, 2019 (Audited)
Property mortgage receivable		**P**	**607,128,039**	P	636,946,200
Advance to Suppliers	19.7		**687,150,756**		324,286,315
Deferred input VAT			**61,740,673**		26,996,323
Refundable security deposits	19.2		**36,190,696**		17,791,961
Others			**9,485,638**		10,299,234
		P	**1,401,695,802**	P	1,016,320,033

In 2016, the Group purchased from one of its property lessors an outstanding mortgage debt on one of the Group's leased properties. The purchased mortgage asset entitles the Group to full security over the leased property and to monthly interest payments from the property lessor. However, the Group remains as lessee over the property; hence, it is still required to make monthly lease payments to the property lessor until 2036.

Management assessed that the impact of discounting the value of the refundable security deposits is not significant, hence, was no longer recognized in the Group's consolidated financial statements.

11. INVESTMENT IN A JOINT VENTURE

The carrying amount of the investment in Bodegas Las Copas, a joint venture with Gonzales Byass SA, accounted for under the equity method in these consolidated financial statements, are as follows:

		March 31, 2020 (Unaudited)		December 31, 2019 (Audited)
Acquisition cost	**P**	**2,845,367,065**	P	2,845,367,065
Accumulated share in net profit:				
Balance at beginning of year		**178,200,678**		432,240,327
Share in net profit for the year		**52,983,486**		239,168,070
Reduction		**(23,170,289)**		(493,207,719)
Balance at end of year	**P**	**208,013,875**	P	178,200,678
	P	3,053,380,940	P	3,023,567,743

The share in net profit is recorded as part of Other revenues – net in the Revenues section in the interim consolidated statement of comprehensive income (see Note 15). Reductions pertain to dividend income received from the joint venture and the foreign currency translation adjustment on the investment.

12. INTEREST-BEARING LOANS

The composition of the Group's outstanding bank loans is shown below.

	March 31, 2020 (Unaudited)	December 31, 2019 (Audited)
Current:		
Foreign	P 4,893,403,961	P 5,634,442,713
Local	1,006,666,667	1,006,666,666
	5,900,070,628	6,641,109,379
Non-current:		
Foreign	24,139,066,327	24,877,062,540
Local	170,000,000	421,666,667
	24,309,066,327	25,298,729,207
	P 30,209,136,955	P 31,939,838,586

13. EQUITY-LINKED DEBT SECURITIES

The equity-linked debt securities instrument ("ELS") amounting to P5.3 billion were issued to Arran Investment Private Limited ("Arran" or "Investor") in 2014, as part of its investment in EMP. The ELS may be converted into a fixed number of common shares ("conversion shares") of EMP. On June 15, 2017, the parties agreed to amend the ELS instrument such that conversion shares be 728,275,862 new shares; fixed interest that has accrued up to 2017 was applied as consideration for the Investor's acquisition of 122,391,176 new common shares (accrued interest shares); and fixed interest rate is now 0%. On December 4, 2019 , EMP exercised the option to extend the Redemption Date to Extended Redemption Date which did not result to substantial modification of terms.

On December 23, 2019, the parties entered into an amendment (the "Second Amendment") which gave the Holder the right to request conversion of P1,836,250,000 into 253,275,862 shares which would come from the Parent Company's treasury shares ("Tranche 1 Conversion") and P3,443,750,000 into 475,000,000 shares ("Tranche 2 Conversion").

On January 31, 2020 the parties entered into another amendment (the "Third Amendment"), which removed the mandatory conversion of the ELS when the Share Market Price is reached; and on February 5, 2020 , the Holder exercised its Tranche 1 Conversion right in accordance with the Second Amendment.

Interest expense for the interim period ended March 31, 2019 amounted to P38.5 million while there was no more interest expensed for 2020, and this is presented as part of Interest Expense in the interim consolidated statements of comprehensive income. The interest expense in 2019 was the accretion of the discount on the revalued financial liability component.

There were no related collaterals on the ELS.

14. TRADE AND OTHER PAYABLES

The breakdown of this account is as follows:

	Notes		March 31, 2020 (Unaudited)		December 31, 2019 (Audited)
Trade payables	19.1, 19.2	**P**	**8,346,976,297**	P	11,762,232,956
Accrued expenses			**4,267,206,392**		4,582,707,784
Advances from related parties	19.5		**3,070,715**		3,070,715
Output VAT payable			**121,051,402**		397,978,309
Others			**242,857,021**		266,934,453
		P	**12,981,161,827**	P	17,012,924,217

15. REVENUES

The details of revenues are shown below.

			For the Three Months Ended		
	Notes		March 31, 2020 (Unaudited)		March 31, 2019 (Unaudited)
Sales	19.3	**P**	**10,359,513,665**	P	10,771,533,530
Others:					
Share in net profit of JV	11		**52,983,486**		71,757,189
Other income – net	5,6		**245,090,782**		182,199,108
			298,074,268		253,956,297
		P	**10,657,587,933**	P	11,025,489,827

16. COSTS OF GOODS SOLD

The details of costs of goods sold For the Three Months Ended March 31, 2020 and 2019 are shown below:

			For the Three Months Ended		
	Notes		March 31, 2020 (Unaudited)		March 31, 2019 (Unaudited)
Finished goods, beginning	7	**P**	**5,800,242,939**	P	4,928,444,192
Finished goods purchased	19.1		**1,239,998,819**		813,339,637
Costs of goods manufactured					
Raw and packaging materials, beginning	7		**3,909,543,916**		3,932,353,820
Net purchases	19.1		**4,852,047,807**		6,899,671,409
Raw and packaging materials, end	7		**-** **(4,716,472,215)**		(4,874,910,853)
Raw materials used			**4,045,119,508**		5,957,114,376
Work-in-process, beginning	7		**20,746,632,386**		19,310,965,391
Direct labor			**276,690,282**		297,101,202
Manufacturing overhead:					
Depreciation and amortization	8		**284,024,280**		273,804,599
Labor			**26,654,016**		25,409,550
Fuel and lubricants			**77,141,090**		78,818,766
Outside services	19.6		**64,346,672**		63,007,769
Rentals	19.2		**40,981,257**		47,630,644
Communication, light and water			**69,730,580**		90,004,574

Repairs and Maintenance		**57,443,052**	71,842,379
Consumables and Supplies		**16,895,576**	39,034,508
Taxes and licenses		**75,349,190**	68,926,591
Insurance		**13,283,431**	13,101,588
Waste Disposal		**20,959,242**	16,362,123
Commission		**27,392,951**	38,761,706
Transportation		**5,039,768**	6,037,568
Gasoline and oil		**3,506,533**	2,995,609
Meals		**8,834,487**	2,394,422
Miscellaneous		**30,507,416**	35,385,098
Work-in-process, end	7	**(20,175,638,960)**	(20,151,203,577)
		5,714,892,755	330,380,510
Finished goods, end	7	**(5,805,218,923)**	(4,946,123,156)
		P 6,949,915,592	P 7,083,155,559

17. OTHER OPERATING EXPENSES

		For the Three Months Ended	
	Notes	**March 31, 2020 (Unaudited)**	March 31, 2019 (Unaudited)
Salaries and employee benefits		**P 495,951,471**	482,619,649
Advertising		**573,016,628**	497,344,683
Freight out		**121,425,708**	135,151,137
Professional fees and outside services		**96,886,296**	35,460,771
Taxes and licenses		**50,918,533**	114,039,203
Travel and transportation		**77,383,859**	125,517,991
Depreciation & amortization	8	**66,045,327**	45,391,786
Rentals	19.2	**25,090,142**	32,891,289
Other Services		**54,148,966**	47,627,579
Amortization of trademarks	9	**403,848**	403,847
Fuel and oil		**21,431,707**	22,336,074
Meals		**8,433,046**	8,858,666
Representation		**42,080,181**	45,897,138
Repairs and maintenance		**25,478,528**	25,627,889
Insurance		**10,302,621**	14,404,238
Consumables and supplies		**12,019,651**	12,661,470
Utilities		**9,960,173**	11,185,506
Others		**40,914,311**	66,974,686
		P 1,731,890,996	P 1,724,393,602

Others include royalty fees, subscription and association dues, postal services and other incidental expenses under the ordinary course of business.

These expenses are classified in profit or loss in the interim consolidated statements of comprehensive income as follows:

	For the Three Months Ended	
	March 31, 2020 (Unaudited)	March 31, 2019 (Unaudited)
Selling and distribution expenses	**P 1,262,717,932**	P 1,159,161,333
General and administrative expenses	**469,173,064**	565,232,269
	P 1,731,890,996	P 1,724,393,602

18. TAXES

EMP and its Philippine subsidiaries are subject to the higher of regular corporate income tax ("RCIT") at 30% of net taxable income or minimum corporate income tax ("MCIT") at 2% of gross income, as defined under the Philippine tax regulations. They paid RCIT in the three months period of 2020 and 2019 as RCIT was higher in those years, except for EMP and TEI in which MCIT was higher than RCIT.

The Group opts to claim itemized deductions in computing its income tax due, except for EDI, Progreen and AWGI which opt to claim OSD during the same taxable years. Taxes also include the final tax withheld on interest income.

EMP's foreign subsidiaries are subject to income and other taxes based on the enacted tax laws of the countries and/or jurisdictions where they operate.

19. RELATED PARTY TRANSACTIONS

The Group's related parties include the ultimate parent company, stockholders, officers and employees, and other related parties under common ownership as described below.

The summary of the Group's transactions with its related parties in March 31, 2020 and 2019 and the related outstanding balances as of March 31, 2020 and December 31, 2019 are shown in the next page.

		Amount of Transaction For the Three Months Ended		**Outstanding Receivable (Payable) as of**	
	Notes	**March 31, 2020**	March 31, 2019	**March 31, 2020**	December 31, 2019
Ultimate Parent Company:					
Lease of properties	19.2(a)	**2,601,500**	2,420,000	**-**	
Advances granted	6	**208,145,756**	-	**2,303,517,712**	2,095,371,956
Dividends			-		(596,182,620)
Related Parties Under Common Ownership:					
Purchase of raw materials	19.1	**841,448,985**	1,134,397,474	**(1,019,713,848)**	(1,019,713,848)
Purchase of finished goods	19.1	**4,699,985**	4,914,703	**(75,871)**	(1,710,514)
Lease of properties	19.2(b)	**9,751,040**	8,964,752	**(1,656,281)**	-
Advances for land purchase	19.7	**271,247,467**	-	**581,576,038**	310,328,571
Sale of goods	19.3	**30,061,408**	49,775,048	**256,108,151**	251,683,560
Management Services	19.6	**15,000,000**	15,000,000	**(92,000,000)**	(77,000,000)
Refundable deposits		**-**	1,655	**3,907,691**	3,907,691
Stockholder -					
Advances paid (obtained)	19.5	**-**	-	**(3,070,715)**	(3,070,715)
Officers and Employees -					
Advances granted (payment)	19.4	**(12,702,469)**	(12,006,506)	**20,815,847**	33,518,316

The Group's outstanding receivables from and payables to related parties arising from the above transactions are unsecured, noninterest-bearing and payable on demand, unless otherwise stated. No impairment loss was recognized For the three months ended March 31, 2020 and 2019 for related party receivables.

19.1 Purchase of Goods

The Group imports raw materials such as alcohol, flavorings and other items, and finished goods through Andresons Global, Inc. ("AGL"), a related party under common ownership. These transactions are normally being paid within 30 days. The Group also imports raw materials from Alcoholera dela Mancha Vinicola, S.L., a wholly owned subsidiary of BLC, which is considered a related party under joint control (see Note 8).

The related unpaid purchases as of March 31, 2020 and December 31, 2019 are shown as part of Trade payables under the Trade and Other Payables account in the consolidated statements of financial position (see Note 14).

19.2 Lease Agreements

(a) AGI

AWGI leases the glass manufacturing plant located in Laguna from AGI. The amount of rental is mutually agreed upon by the parties at the start of each year, as provided in their lease contract.

Following the adoption of PFRS 16 in 2019, AWGI recognized right-of-use assets and lease liabilities from this lease agreement, which will be amortized and paid, respectively, over the lease term in lieu of the annual rent expense. Amortization of right-of-use assets and interest expense recognized from the lease liabilities are presented as part of Depreciation and amortization under the Cost of Goods Sold account and as part of Finance and Other Charges account in the consolidated statement of comprehensive income, respectively. The Group paid P2.6 million and P2.4 million in rentals for the three months ended March 31, 2020 and 2019 , respectively and there were no outstanding balances nor refundable security deposits arising from this lease agreement as of December 31, 2020 and 2019.

Rentals in the first quarter of 2019 was charged to operations as part of Rentals under the Costs of Goods Sold account in the consolidated statements of comprehensive income (see Note 16).

(b) Megaworld

The Group also entered into lease contracts with Megaworld, a related party under common ownership, for the head office space of the Group.

Following the adoption of PFRS 16 in 2019, EDI, PAI and AWGI recognized right-of-use assets and lease liabilities from lease agreements with Megaworld. Amortization of right-of-use assets are presented as part of Depreciation and amortization under the Cost of Goods Sold account and under the General and Administrative Expenses account, respectively, in the consolidated statement of comprehensive income (see Notes 16 and 17). Interest expense from the lease liabilities Interest Expense account in the consolidated statement of comprehensive income.

Rentals in the first quarter of 2019 was charged to operations as part of Rentals under the Cost of Goods Sold account, Selling and Distribution Expenses, and General and Administrative Expenses in the consolidated statements of comprehensive income (see Notes 16 and 17).

The refundable security deposits paid to the lessors are shown as part of Other Non-current Assets account in the consolidated statements of financial position (see Note 10.2).

The outstanding right-of-use assets and lease liabilities from these lease agreements with AGI and Megaworld as of December 31, 2019 are presented as part of Property, Plant, and Equipment – net account and Lease Liabilities account in the 2019 consolidated statement of financial position (see Note 8).

19.3 Sale of Goods

The Group sold finished goods to some of its related parties. Goods are sold on the basis of the price lists in force and terms that would be available to non-related parties. The outstanding receivables from these transactions are generally noninterest-bearing, unsecured and settled through cash within nine to six months. These receivables are presented as part of Trade receivables under the Trade and Other Receivables account in the interim consolidated statements of financial position (see Note 6).

19.4 Advances to Officers and Employees

In the normal course of business, the Group grants noninterest-bearing, unsecured, and payable on demand cash advances to certain officers and employees. The outstanding balance arising from these transactions is presented as Advances to officers and employees under the Trade and Other Receivables account in the interim consolidated statements of financial position (see Note 6).

The movements in the balance of Advances to Officers and Employees are as follows:

		March 31, 2020 (Unaudited)		December 31, 2019 (Audited)
Balance at the beginning	P	33,518,316	P	40,762,383
Additions		-		41,045,994
Payments		(12,702,469)		(48,290,061)
Balance at the end	P	20,815,847	P	33,518,316

19.5 Advances to (from) Related Parties

Certain entities within the AGI Group and other related parties grant cash advances to (from) the Group for its working capital, investment and inventory purchases requirements. These advances are unsecured, noninterest-bearing and repayable upon demand in cash. These are presented as Advances from related parties under the Trade and Other Payables account (see Note 14).

There are no movements in the balance of Advances from related parties.

19.6 Management Services

Progreen has a management agreement with Condis for consultancy and advisory services in relation to the operation, management, development and maintenance of its distillery plant.

Total management fees incurred are presented as part of Outside services under the Cost of Goods Sold account in the consolidated statements of comprehensive income. The outstanding liability is presented as part of Trade payables under the Trade and Other Payables account in the consolidated statements of financial position. The related liabilities are unsecured, noninterest-bearing and payable upon demand.

19.7 Purchase of Land

In 2016, the Group entered into a contract to purchase certain parcels of land located in Iloilo and Cebu from Megaworld Corporation, a related party under common ownership. The Group already made partial cash payments. The legal title and the risks and rewards of ownership over the parcels of land have not yet been transferred to the Group as of March 31, 2020; hence, the land was not yet recorded as an asset by the Group. The total cash payments made by the Group are presented as part of Advances to suppliers under the Other Non-current Assets account in the consolidated statements of financial position (see Note 10.2).

In 2014, the Group made payments to certain related party under common ownership for the acquisition of certain parcels of land. However, the planned acquisition was subsequently cancelled by both parties.

In 2019, the Group also purchased a parcel of land located in Legazpi City from a certain related party amounting to P37.0 million. The acquired land was paid in full during the year and capitalized as part of Land under the Property, Plant, and Equipment – net account of the 2019 consolidated statement of financial position (see Note 8.1). The portion of the payment amounting to P13.4 million was offset from the Advances to suppliers, which was presented under the Other Non-current Assets account in the 2019 consolidated statement of financial position (see Note 10.2).

20. EQUITY

20.1 Treasury Shares

On May 12, 2017, the Parent Company's BOD authorized the buy-back of EMP's common shares of up to P5.0 billion for a term of 2 years commencing on May 16, 2017 and ending on May 16, 2019. On May 7, 2019, the buy-back program of the Parent Company's common shares of up to P3.0 billion was extended for another 12 months ending May 16, 2020. On May 16, 2020 the BOD approved the extension of the present buy-back program for another 12 months, ending on May 16, 2021 under the same terms and conditions.

As of March 31, 2020, EMP has repurchased 316,101,238 shares for P2,409,854,018.33 pursuant to its ongoing two-year repurchase program, which was announced last May 15, 2017. The Board of Directors ("BOD") approved up to P5 billion for this program.

Under the Revised Corporation Code, a stock corporation can purchase or acquire its own shares provided that it has unrestricted retained earnings to cover the shares to be purchased or acquired.

20.2 Declaration of Dividends

The details of the Parent Company's latest cash dividend declarations as of March 31, 2020:

Date of Declaration	Date of Record	No. of Shares Outstanding	Dividend per share	Total
December 17, 2019	January 7, 2020	15,759,165,376	P 0.0500	P 787,958,269

The Parent Company's ongoing buy-back program restricts its retained earnings for distribution as dividends.

The Dividends Payable as of December 31, 2019 had been fully paid on January 20, 2020.

20.3 Subsidiaries with Non-controlling Interest

The composition of NCI account is as follows:

	March 31, 2020 (Unaudited)	December 31, 2019 (Audited)
DBLC	P 538,510,785	P 907,699,530
Boozylife	(12,860,131)	(8,467,560)
	P 525,650,654	P 899,231,970

21. EARNINGS PER SHARE

Earnings per share were computed as follows:

	For the Three Months Ended March 31, 2020 (Unaudited)	March 31, 2019 (Unaudited)
Consolidated net profit attributable to owners of parent company	P 1,457,468,219	P 1,737,729,141
Divided by weighted average number of outstanding common shares	15,919,123,588	15,984,573,614
Basic and diluted earnings per share	P 0.09	P 0.11

The basic and diluted earnings per share are the same because the dilutive effects of the potential common shares from the employee share options have no significant impact as they were only issued in November 2015. On the other hand, the potential common shares from the convertible ELS are considered to be antidilutive since their conversion to ordinary shares would increase earnings per share. Thus, number of issued and outstanding common shares presented above does not include the effect of the potential common shares from the employee share options and convertible ELS.

The Treasury shares under the ongoing repurchase program (see Note 20.1) do not form part of outstanding shares.

22. RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group is exposed to certain financial risks which result from its operating activities. The main types of risks are market risk, credit risk, liquidity risk and price risk. There have been no significant changes in the Group's financial risk management objectives and policies during the period.

The Group's risk management is coordinated with AGI, in close cooperation with the BOD appointed by AGI, and focuses on actively securing the Group's short-to-medium term cash flows by minimizing the exposure to financial markets.

The Group does not engage in the trading of financial assets for speculative purposes nor does it write options. The most significant financial risks to which the Group is exposed to are described below and in the succeeding paragraph.

22.1 Market Risk

The Group is exposed to market risk through its use of financial instruments and specifically to foreign currency risk, interest rate risk and certain other price risk which result from both its operating, investing and financing activities.

(a) Foreign Currency Risk

Most of the Group's transactions are carried out in Philippine pesos, US dollars, Euros, and UK pounds, which are the entities' functional currencies. Exposures to currency exchange rates arise from the Group's foreign currency-denominated transactions at each entity level. The Group has no significant exposure to other foreign currency exchange rates at each entity level, except for US dollars of EDI and foreign subsidiaries, since these other foreign currencies are not significant to the Group's consolidated financial statements. EDI has cash and cash equivalents in US dollars as of March 31, 2020 and December 31, 2019 while the foreign subsidiaries have cash and cash equivalents, receivables and payables in US dollars. To mitigate the Group's exposure to foreign currency risk, non-functional currency cash flows are being monitored.

Foreign currency-denominated financial assets and financial liabilities with exposure to foreign currency risk, translated into Philippine pesos at the closing rate, are as follows:

	March 31, 2020 (Unaudited)	December 31, 2019 (Audited)
Financial assets	**P 304,402,029**	P 419,366,573
Financial liabilities	**(2,448,604,028)**	(2,523,016,704)
Net assets (liabilities)	**P(2,144,201,999)**	P(2,103,650,131)

The following table illustrates the sensitivity of the Group's profit before tax with respect to changes in Philippine pesos against U.S. dollar exchange rates. The percentage changes in rates have been determined based on the average market volatility in exchange rates, using standard deviation, in the previous 12 months at a 68% confidence level.

	Reasonably possible change in rate	Effect in profit before tax	Effect in equity before tax
March 31, 2020	**4.32%**	**(P 92,629,526)**	**(P 64,840,668)**
December 31, 2019	5.97%	(P 125,587,913)	(P 87,911,539)

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

(b) Interest Rate Risk

As at March 31, 2020 and December 31, 2019, the Group is exposed to changes in market rates through its cash in banks and short-term placements which are generally subject to 30-day re-pricing intervals (see Note 5). Due to the short duration of short-term placements, management believes that interest rate sensitivity and its effect on the net results and equity are not significant. The Group's interest-bearing loans and borrowings are subject to fixed interest rates and are therefore not subject to interest rate risk, except for certain loans that are based on Euro Interbank Offered Rate (EURIBOR) and London Inter-bank Offered Rate ("LIBOR"). The EURIBOR, however, is currently at a negative rate or zero rate, and the Group does not see a material interest rate risk here in the short-term.

(c) Other Price Risk

The Group was exposed to other price risk in respect of its financial instruments at FVTPL, which pertain to derivative assets and liabilities arising from foreign exchange margins trading spot and forward contracts. These financial instruments will continue to be measured at fair value based on the index reference provided by certain foreign financial institution and through reference to quoted bid prices, respectively

22.2 Credit Risk

Credit risk is the risk that a counterparty may fail to discharge an obligation to the Group. The Group is exposed to this risk for various financial instruments arising from granting advances and selling goods to customers including related parties and placing deposits with banks.

The Group continuously monitors defaults of customers and other counterparties, identified either individually or by group, and incorporate this information into its credit risk controls. The Group's policy is to deal only with creditworthy counterparties.

Generally, the maximum credit risk exposure of financial assets is the total carrying amount of the financial assets as shown in the interim consolidated statements of financial position or in the detailed analysis provided in the notes to the consolidated financial statements, as summarized in the following table.

	Notes		**March 31, 2020 (Unaudited)**		December 31, 2019 (Audited)
Cash and cash equivalents	5	**P**	**7,077,280,569**	P	7,740,605,656
Trade and other receivables – net	6		**11,850,729,124**		17,681,491,614
Refundable security deposits	10		**56,132,016**		37,733,281
Property mortgage receivable	10		**607,128,039**		636,946,200
		P	**19,591,269,748**	P	26,096,776,751

The Group's management considers that all the above financial assets that are not impaired as at the end of reporting period under review are of good credit quality.

(a) Cash and Cash Equivalents

The credit risk for cash and cash equivalents is considered negligible since the counterparties are reputable banks with high quality external credit ratings. Cash and cash equivalents include cash in banks and short-term placements in the Philippines which are insured by the Philippine Deposit Insurance Corporation up to a maximum coverage of P0.5 million for every depositor per banking institution.

(b) Trade and Other Receivables, Property Mortgage Receivable, and Refundable Security Deposits

The Group applies the simplified approach in measuring ECL which uses a lifetime expected loss allowance for all trade receivables and other receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due (age buckets).

Based on application of ECL methodology on the trade receivables, the allowance for impairment is deemed to be adequate; hence, no further credit losses were recognized.

On December 31, 2019, the Group identified certain trade receivables amounting to P12.5 million respectively, to be fully impaired and for which additional allowance for impairment losses was recognized (see Note 6). Management believes that any additional expected credit losses from the application of the ECL methodology would not be material to the Group's financial statements.

For the advances to the parent company and refundable security deposits, the lifetime ECL rate is assessed at 0%, as there was no historical credit loss experience from the counterparties. The counterparties have low credit risk and strong financial position and sufficient liquidity to settle its obligations to the Group once they become due. With respect to property mortgage receivable, management assessed that these financial assets have low probability of default since the Company is also a lessee over the same property and can apply such receivable against future lease payments.

23.2 Liquidity Risk

The Group manages its liquidity needs by carefully monitoring cash out flows due in day-to-day business. Liquidity needs are monitored in various time bands, on a day-to-day and week-to-week basis, as well as on the basis of a rolling 60-day projection. Long-term liquidity needs for a six-month and one-year period are identified monthly.

The contractual maturities of Trade and Other Payables (except for output VAT payable, and withholding tax payables and advances from suppliers under others) and Interest-bearing Loans reflect the gross cash flows, which approximate the carrying values of the liabilities at the end of each reporting period.

The maturity profile of the Group's financial liabilities as at March 31, 2020 and December 31, 2019 based on contractual undiscounted payments is as follows:

	March 31, 2020 (Unaudited)			
	CURRENT		NON CURRENT	
	Within 6 months	6 to 12 months	1 to 5 years	More than 5 years
Interest-bearing loans and borrowings	737,055,746	5,491,506,300	25,709,350,459	
Trade and other payables	12,838,880,172			
Equity-linked debt securities	-	62,000,000	3,505,750,000	
Lease liabilities	210,713,176	465,418,549	1,175,199,207	774,860,609
Dividends payable	-	-	-	-
	13,786,649,094	6,018,924,849	30,390,299,666	774,860,609

	December 31, 2019 (Audited)			
	CURRENT		NON CURRENT	
	Within 6 months	6 to 12 months	1 to 5 years	More than 5 years
Interest-bearing loans and borrowings	P 1,501,718,673	P 5,628,076,178	P 26,606,131,225	P -
Trade and other payables	16,468,100,821			
Equity-linked debt securities	1,836,250,000	66,892,742	3,510,642,742	
Lease liabilities	209,937,077	213,041,471	1,222,549,783	1,033,147,478
Dividends payable	779,231,315	-	-	-
	P 20,795,237,886	P 5,908,010,391	P 31,339,323,750	P 1,033,147,478

The Group maintains cash to meet its liquidity requirements for up to seven-day periods. Excess cash funds are invested in short-term placements.

23. CATEGORIES AND OFFSETTING OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

23.1 Carrying Amounts and Fair Values of Financial Assets and Financial Liabilities

The carrying amounts and fair values of the categories of financial assets and financial liabilities presented in the interim consolidated statements of financial position are shown below.

	Notes	**March 31, 2020 (Unaudited)**		December 31, 2019 (Audited)	
		Carrying Values	**Fair Values**	Carrying Values	Fair Values
Financial Assets					
Financial assets at amortized cost:					
Cash and cash equivalents	5	**P 7,077,280,569**	**P 7,077,280,569**	P 7,740,605,656	P 7,740,605,656
Trade and other receivables	6	**11,850,729,124**	**11,850,729,124**	17,681,491,614	17,681,491,614
Refundable security deposits	10	**56,132,016**	**56,132,016**	37,733,281	37,733,281
Property mortgage receivable	10	**607,128,039**	**607,128,039**	636,946,200	636,946,200
		P 19,591,269,748	**P 19,591,269,748**	P 26,096,776,751	P 26,096,776,751
Financial assets at FVTPL		**P 1,809,750,319**	**P 1,809,750,319**	P -	P -
Financial Liabilities					
Financial liabilities at amortized cost:					
Interest -bearing loans	12	**P 30,209,136,955**	**P 30,209,136,955**	P 31,939,838,586	P 31,939,838,586
Trade and other payables	14	**12,838,880,172**	**12,838,880,172**	16,468,100,821	16,468,100,821
Equity-linked debt securities	13	**3,443,750,000**	**3,443,750,000**	5,280,000,000	5,280,000,000
Lease liabilities		**1,945,213,251**	**1,945,213,251**	2,021,932,115	2,021,932,115
Dividends payable				779,231,315	779,231,315
		P 48,436,980,378	**P 48,436,980,378**	P 56,489,102,837	P 56,489,102,837
Financial liabilities at FVTPL		**P 35,323,029**	**P 35,323,029**	P 9,105,954	P 9,105,954

A description of the Group's risk management objectives and policies for financial instruments is provided in Note 22.

23.2 Offsetting of Financial Assets and Financial Liabilities

Currently, the Group's other financial assets and financial liabilities are settled on a gross basis because there is no relevant offsetting arrangement on them as of March 31, 2020 and December 31, 2019. In subsequent reporting periods, each party to the financial instruments (particularly those involving related parties) may decide to enter into an offsetting arrangement in the event of default of the other party.

24. FAIR VALUE MEASUREMENT AND DISCLOSURES

24.1 Fair Value Hierarchy

In accordance with PFRS 13, *Fair Value Measurement,* the fair value of financial assets and liabilities and non-financial assets which are measured at fair value on a recurring or non-recurring basis and those assets and liabilities not measured at fair value but for which fair value is disclosed in accordance with other relevant PFRS, are categorized into nine levels based on the significance of inputs used to measure the fair value. The fair value hierarchy has the following levels:

a) Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that an entity can access at the measurement date;

b) Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and,

c) Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The level within which the asset or liability is classified is determined based on the lowest level of significant input to the fair value measurement.

For purposes of determining the market value at Level 1, a market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

24.2 Financial Instruments Measured at Fair Value

The Group's financial instruments measured at fair value pertains only to the Group's financial assets at FVTPL amounting to P1.8 billion as of March 31, 2020 and financial liabilities at FVTPL amounting P35.3 million and P9.1 million as of March 31, 2020 and December 31, 2019. The fair values of derivative financial instruments that are not quoted in an active market are determined through valuation techniques using the net present value computation.

24.3 Financial Instruments Measured at Amortized Cost for which Fair Value is Disclosed

The table that follows summarizes the fair value hierarchy of the Group's financial assets and financial liabilities which are not measured at fair value in the interim consolidated statement of financial position but for which fair value is disclosed.

	Level 1	Level 2	Level 3	Total
Financial assets:				
Cash and cash equivalents	P 7,077,280,569	P -	P -	P 7,077,280,569
Trade and other receivables	-	-	11,850,729,124	11,850,729,124
Property mortgage receivable			607,128,039	607,128,039
Refundable security deposits	-	-	56,132,016	56,132,016
	P 7,077,280,569	P -	P 12,513,989,179	P 19,591,269,748

	Level 1	Level 2	Level 3	Total
Financial liabilities:				
Interest-bearing loans	P -	P -	30,209,136,955	P 30,209,136,955
Trade and other payables	-	-	12,838,880,172	12,838,880,172
Lease Liabilities	-	-	1,945,213,251	1,945,213,251
ELS	-	-	3,443,750,000	3,443,750,000
	P -	P -	P 48,436,980,378	P 48,436,980,378

For financial assets with fair values included in Level 1, management considers that the carrying amounts of those short-term financial instruments approximate their fair values.

25. CAPITAL MANAGEMENT OBJECTIVES, POLICIES AND PROCEDURES

The Group's capital management objectives are to ensure the Group's ability to continue as a going concern and to provide an adequate return to shareholders by pricing products and services commensurately with the level of risk.

The Group monitors capital on the basis of the carrying amount of equity as presented in the face of the interim consolidated statements of financial position. Capital at the end of each reporting period is summarized as follows:

	March 31, 2020 (Unaudited)	December 31, 2019 (Audited)
Total liabilities	**P 52,860,027,423**	P 61,269,239,793
Total equity	**65,295,080,321**	64,716,757,520
Liabilities-to-equity ratio	**P 0.81 : 1.00**	P 0.95 : 1.00

The Group sets the amount of capital in proportion to its overall financing structure, i.e., equity and financial liabilities. The Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, issue new shares or sell assets to reduce debt.

26. COVID-19 PANDEMIC UPDATE

The COVID-19 pandemic which put the Philippines in a state of calamity is still continuing as of date of this report. Subsequent to end of first quarter, there were varying stages of community quarantine put in place depending on the level of risk assessment. Emperador resumed local business operations starting mid-May, as allowed by the local government units where it has business operations, following the restrictions set by the government. The ultimate impact of the pandemic is highly uncertain and subject to change. Accordingly, management cannot reliably estimate the quantitative impact of the outbreak on the Group's consolidated financial position and results of operations for future periods.

SIGNATURES

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

Issuer: **EMPERADOR INC.**

By:

DINA D.R. INTING
Chief Financial Officer,
Corporate Information Officer
& Duly Authorized Officer
(Principal Financial/Accounting Officer)
June 24, 2020