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
   Jun 30, 2019
2. SEC 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. Province, country or other jurisdiction of incorporation or organization
   Philippines
6. Industry Classification Code(SEC Use Only)

7. Address of principal office
   7th Floor, 1880 Eastwood Avenue, Eastwood City CyberPark, 188 E. Rodriguez Jr. Avenue, Bagumbayan, Quezon City
   Postal Code
   1110
8. Issuer's telephone number, including area code
   (632)-709-2038 to 41
9. Former name or former address, and former fiscal year, if changed since last report
   N/A
10. Securities registered pursuant to Sections 8 and 12 of the SRC or Sections 4 and 8 of the RSA

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
Common	15,936,803,576
Treasury	305,587,600

11. Are any or all of registrant's securities listed on a Stock Exchange?
    (●) Yes ( ) No
    If yes, state the name of such stock exchange and the classes of securities listed therein:
    Philippine Stock Exchange; Common Shares
12. Indicate by check mark whether the registrant:

(a) has filed all reports required to be filed by Section 17 of the SRC 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 that 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

EMPERADOR INC.

Emperador Inc.
EMP

PSE Disclosure Form 17-2 - Quarterly Report
References: SRC Rule 17 and
Sections 17.2 and 17.8 of the Revised Disclosure Rules

For the period ended	Jun 30, 2019
Currency (indicate units, if applicable)	Philippine Peso

Balance Sheet

	Period Ended	Fiscal Year Ended (Audited)
	Jun 30, 2019	Dec 31, 2018
Current Assets	56,223,674,132	56,000,020,273
Total Assets	117,332,185,071	117,818,371,682
Current Liabilities	19,231,254,544	20,217,389,290
Total Liabilities	53,959,159,087	56,454,425,342
Retained Earnings/(Deficit)	28,752,652,803	25,502,413,431
Stockholders' Equity	63,373,025,984	61,363,946,340
Stockholders' Equity - Parent	62,610,392,173	60,471,271,854
Book Value per Share	3.96	3.84

Income Statement

	Current Year (3 Months)	Previous Year (3 Months)	Current Year-To-Date	Previous Year-To-Date
Gross Revenue	10,294,015,903	9,832,777,211	21,065,549,433	19,150,716,126
Gross Expense	8,509,770,776	7,828,532,077	17,317,319,937	15,342,704,816
Non-Operating Income	131,121,134	-72,945,632	384,732,029	353,085,012
Non-Operating Expense	218,365,327	47,487,943	415,657,548	385,565,091
Income/(Loss) Before Tax	1,697,000,934	1,883,811,559	3,717,303,977	3,775,531,231

Income Tax Expense	173,721,476	282,264,144	451,318,281	512,521,916
Net Income/(Loss) After Tax	1,523,279,458	1,601,547,415	3,265,985,696	3,263,009,315
Net Income Attributable to Parent Equity Holder	1,512,210,231	1,605,345,456	3,250,239,372	3,190,217,895
Earnings/(Loss) Per Share (Basic)	0.1	0.1	0.2	0.2
Earnings/(Loss) Per Share (Diluted)	0.1	0.1	0.2	0.2

	Current Year (Trailing 12 months)	Previous Year (Trailing 12 months)
Earnings/(Loss) Per Share (Basic)	0.43	0.43
Earnings/(Loss) Per Share (Diluted)	0.42	0.42

Other Relevant Information

Attached is the SEC Form 17-Q of Emperador Inc. for the period ended 30 June 2019.

Filed on behalf by:

Name	Rollence Elloyd Chiusinco
Designation	Corporate Secretary

A	2	0	0	1	1	7	5	9	5

S.E.C. Registration Number

EMPERADOR INC.

(Company's Full Name)

7/F 1880 EASTWOOD AVENUE, EASTWOOD CITY CYBERPARK, BAGUMBAYAN, QUEZON CITY

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

DINA D.R. INTING

Contact Person

709-2038 to 41

Company Telephone Number

1 2	3 1	17-Q	0 5	3rd Monday
Month	Day	FORM TYPE	Month	Day
Fiscal Year		(**QUARTERLY REPORT FOR JUNE 30, 2019)**	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............**June 30, 2019**

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……**632-70920-38 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
COMMON	**15,936,803,576 (net of 305,587,600 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

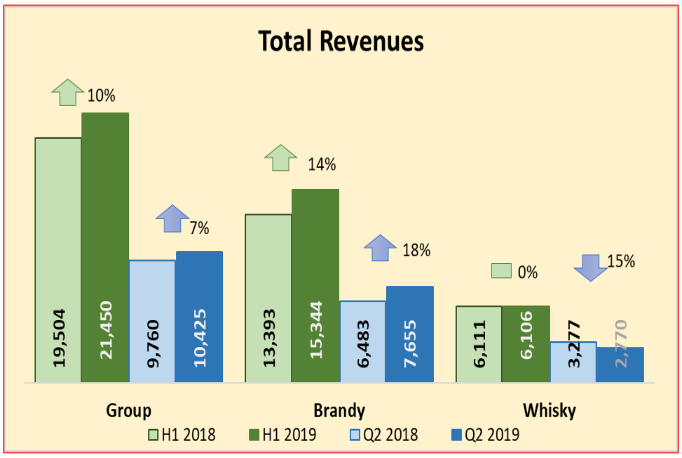
The following interim financial statements, notes and schedules are submitted as part of this report:

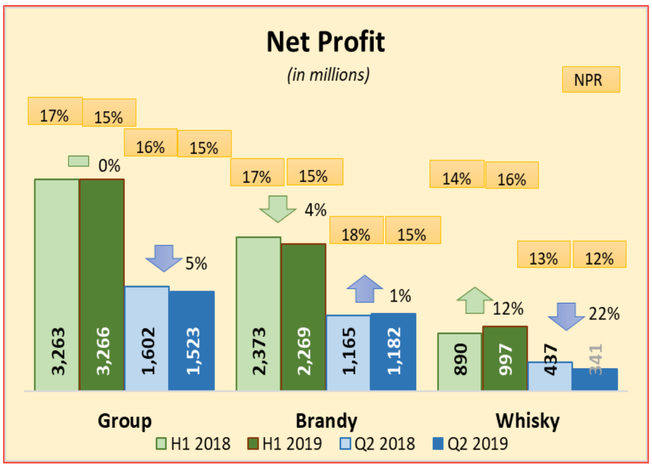
- Consolidated Statements of Financial Position
- Consolidated Statements of Comprehensive Income
- Consolidated Statements of Changes in Equity
- Consolidated Statements of Cash Flows
- Notes to Interim Consolidated Financial Statements
- Schedule of Financial Soundness Indicators
- Aging of Trade and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

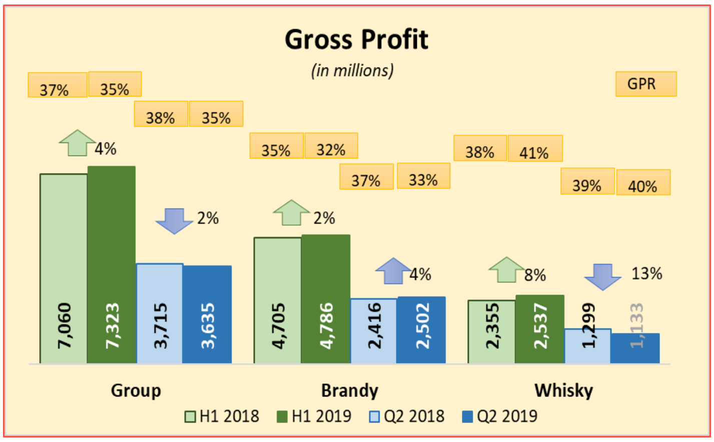
The interim consolidated financial statements ("ICFS") have been prepared in accordance with PFRSs and Philippine Accounting Standard 34, *Interim Financial Reporting*. As such, they do not include all of the information and disclosures required for full annual consolidated financial statements, and thus should be read in conjunction with the audited consolidated financial statements of the Group as at and for the year ended December 31, 2018 ("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, 2018, and so there were reclassifications made in 2018 profit or loss to conform to the year-end presentation. The ICFS have been prepared using the measurement bases specified by PFRS for each type of asset, liability, income and expenses.

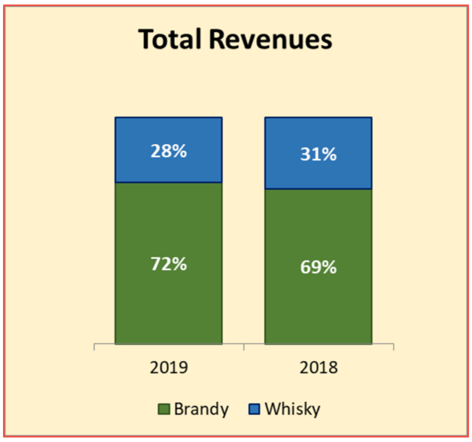
2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Results of Operations – First Half









The Group hit P3.25 billion net profit attributable to owners for the first half of the year, showing a 2% increase from P3.19 billion a year ago, on the back of revenues rising 10% to P21.45 billion from P19.50 billion a year ago. Including non-controlling interest, net profit reached P3.26 billion, for both periods. Gross profit and net profit rates were recorded at 35% and 15%, respectively, as compared to 37% and 17% from a year ago.

Revenues from the external customers of the Brandy business, which accounted for 72% of the group's revenues, grew 15% year-on-year to P15.34 billion from P13.39 billion. Emperador, Fundador and Presidente remained to be the group's top-selling Philippine, Spanish and Mexican brandy brands, respectively. Spain's Terry and Mexico's Don Pedro came in second. The biggest market for the offshore brands was Mexico, followed by Philippines, Spain, UK, USA and Guinea. Fundador and Tres Cepas have been growing in the Philippines. Smirnoff Mule and The Bar (launched in the fourth quarter last year) lifted up local sales in the first half of the year. Costs of sales expanded at a faster pace due to product mix, resulting in gross profit rate for the current six-month period of 32% as compared to 35% a year ago, further ending the period with net profit attributable to owners of P2.25 billion, at attributable net profit rate of 15% as compared to 17% of the same period last year.

Revenues from the external customers of the Scotch Whisky business for the first half remained at P6.11 billion for both comparable periods, with net profit jumping 12% to P997 million from P890 million a year ago due to higher gross profit margin of 41% as compared to 38% a year ago, propelled by the single malts led by The Dalmore, followed by Jura and the blended Whyte&Mackay and Tamnavulin. Single malts Fettercairn and Tamnavulin showed the fast growth during the period. Net profit rate was 16% as compared to 14% a year ago. Top markets for the brands were Asia, Travel Retail, UK, USA and Greater Europe. Business also expanded in the Pacific, France, Germany and Canada. .

Other operating expenses went up 10% to P3.57 billion from P3.25 billion a year ago. The group had increased spending in salaries and employee benefits and travel and transportation (due to international sales expansion), and advertising and promotions (as brand support).

Other income grew 9% or P32 million to P385 million from P353 million a year ago, from the higher interest income and share in net profit in BLC in the current interim. Finance and other charges also grew 8% or P30 million to P416 million from P386 million a year ago, mainly from higher interest expense recorded in current period.

Tax expense decelerated 12% or P61 million due to lower taxable income in the current interim period.

EBITDA, which is computed as profit before interest expense, tax, depreciation and amortization, improved 2% to P4.73 billion this year from P4.63 billion a year ago, representing 22% and 24% margins in the respective periods.

Financial Condition

Total assets amounted to P117.33 billion at June 30, 2019, which is P486 million lower than P117.82 billion at December 31, 2018. The Group is strongly liquid with current assets exceeding current liabilities 2.9 times by the end of the current interim period.

Trade and other receivables decreased by 14% or P2.69 billion, primarily due to collections from customers (-P5.0 billion), who at year-end had larger balances due to purchases in the lead up to the Christmas period, partly reduced by increase in advances to related parties (+P1.2 billion) and advances to suppliers (+P1.1 billion).

Financial assets at fair value through profit or loss of P1.21 billion at year-end were disposed of in the second quarter.

Inventories expanded 11% or P3.04 billion, from continued fillings of Scotch whisky and Spanish brandy, stocks related to the new products, and for the newly-operating grain distillery (recommenced production in late February this year). The Group also began to hold more Scotch whisky products as contingency for the anticipated Brexit in October.

Prepayments and other current assets spiked 73% or P945 million mainly due to timing of prepayments and subsequent charging to profit or loss in general.

Retirement benefit obligations reversed 509% or P563 million, from actuarial gains booked in the interim period by UK resulting in retirement benefit assets of P452 million at end-June from liability of P110.7 million at last year-end.

Other non-current assets went down 19% or P199 million with the application of advance payments on contracts.

Financial liabilities at fair value through profit or loss went down P16 million from marked-to-market valuation.

Income tax payable shrank 35% or P430 million due to timing of payments during the current year.

Current Interest-bearing loans increased P17 million while non-current interest bearing loans decreased P1.5 billion, for a combined decrease of 4% or P1.4 billion, from net repayment of bank loans.

Provisions decreased 8% or P43 million primarily due to the partial release of onerous provision in UK.

Accumulated translation adjustments refer to the difference resulting in the translation of the foreign subsidiaries' financial statements to Philippine pesos. Peso exchange rate vis-à-vis the foreign currencies resulted in P1.05 billion adjustment over the last year-end balance.

Revaluation reserves were up by P302 million primarily due to the actuarial gain on retirement benefit obligation.

The increase in treasury shares of P361 million or 20% represent the cost of acquisitions made during the interim period.

Non-controlling interest pertains primarily to the minority interest in DBLC, a subsidiary consolidated by end-2017. The decrease of P130 million pertains to translation adjustment offset by share 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.

	H1 2019	H1 2018	**Q2 2019**	Q2 2018	Q1 2019	Q1 2018
Revenues	**21,450**	19,504	**10,425**	9,760	11,025	9,744
Net profit	**3,266**	3,263	**1,523**	1,602	1,743	1,661
Net profit to owners	**3,250**	3,190	**1,512**	1,605	1,738	1,585
Revenue growth	**10.0%**	7.8%	**6.8%**	7.1%	13.2%	8.5%
Net profit growth	**0.1%**	21.0%	**-4.9%**	33.5%	4.9%	10.9%
Net profit growth to owners	**1.9%**	18.3%	**-5.8%**	33.8%	9.6%	5.8%
Net profit rate	**15.2%**	16.7%	**14.6%**	16.4%	15.8%	17.0%
Net profit rate to owners	**15.2%**	16.4%	**14.5%**	16.4%	15.8%	16.3%
Return on assets	**2.8%**	2.8%	**1.3%**	1.4%	1.4%	1.4%
	Jun30, 2019	Jun30, 2018			Mar31, 2019	Dec31, 2018
Total assets	**117,332**	115,364			120,478	117,818
Total current assets	**56,224**	52,300			57,901	56,000
Total current liabilities	**19,231**	17,364			21,214	20,217
Current ratio	**2.9x**	3.0x			2.7x	2.8x
Quick ratio	**1.2x**	1.3x			1.2x	1.3x

Financial Soundness Indicators

Please see submitted schedule.

Other Required Disclosures

As at June 30, 2019, 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
JUNE 30, 2019 AND DECEMBER 31, 2018
(Amounts in Philippine Pesos)

	Notes	JUNE 30, 2019 (UNAUDITED)	December 31, 2018 (AUDITED)
A S S E T S			
CURRENT ASSETS			
Cash and cash equivalents	5	**P 6,362,152,341**	P 6,228,229,892
Trade and other receivables - net	6	**16,188,823,353**	18,875,783,362
Financial assets at fair value through profit or loss		**-**	1,208,707,500
Inventories - net	7	**31,436,565,669**	28,395,973,338
Prepayments and other current assets	10.1	**2,236,132,769**	1,291,326,181
Total Current Assets		**56,223,674,132**	56,000,020,273
NON-CURRENT ASSETS			
Investment in a joint venture	11	**3,293,602,209**	3,277,607,392
Property, plant and equipment - net	8	**27,208,298,081**	27,247,873,634
Intangible assets - net	9	**29,290,661,619**	30,229,975,679
Retirement benefit asset		**452,493,521**	-
Other non-current assets - net	10.2	**863,455,509**	1,062,894,704
Total Non-current Assets		**61,108,510,939**	61,818,351,409
TOTAL ASSETS		**P 117,332,185,071**	P 117,818,371,682
LIABILITIES AND EQUITY			
CURRENT LIABILITIES			
Interest-bearing loans	12	**P 5,717,435,350**	P 5,700,075,335
Trade and other payables	14	**12,645,594,980**	13,235,235,723
Financial liabilities at fair value through profit or loss		**59,247,890**	43,492,447
Income tax payable		**808,976,324**	1,238,585,785
Total Current Liabilities		**19,231,254,544**	20,217,389,290
NON-CURRENT LIABILITIES			
Interest-bearing loans	12	**26,850,359,959**	28,314,724,893
Equity-linked debt securities	13	**5,336,228,391**	5,258,801,592
Provisions		**482,246,050**	524,974,547
Deferred tax liabilities - net		**2,059,070,143**	2,027,842,787
Retirement benefit obligation		**-**	110,692,233
Total Non-current Liabilities		**34,727,904,543**	36,237,036,052
Total Liabilities	26	**53,959,159,087**	56,454,425,342
EQUITY			
Equity attributable to owners of the parent company		**62,610,392,173**	60,471,271,854
Non-controlling interest	20.2	**762,633,811**	892,674,486
Total Equity	26	**63,373,025,984**	61,363,946,340
TOTAL LIABILITIES AND EQUITY		**P 117,332,185,071**	P 117,818,371,682

See Notes to Consolidated Financial Statements.

EMPERADOR INC. AND SUBSIDIARIES
(A Subsidiary of Alliance Global Group, Inc.)
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE PERIODS ENDED JUNE 30, 2019 AND 2018
(Amounts in Philippine Pesos)

	Notes	Six Months 2019	Six Months 2018	Quarter 2019	Quarter 2018
REVENUES	15	**P 21,450,281,462**	P 19,503,801,138	**P 10,425,137,037**	P 9,759,831,579
COSTS AND EXPENSES					
Costs of goods sold	16	**13,742,526,573**	12,090,962,083	**6,659,371,014**	6,118,192,174
Selling and distribution expenses	17	**2,550,512,310**	2,374,437,936	**1,391,350,977**	1,230,502,614
General and administrative expenses	17	**1,024,281,054**	877,304,797	**459,048,785**	479,837,289
Other charges	12,13,14	**415,657,548**	385,565,091	**218,365,327**	47,487,943
		17,732,977,485	15,728,269,907	**8,728,136,103**	7,876,020,020
PROFIT BEFORE TAX		**3,717,303,977**	3,775,531,231	**1,697,000,934**	1,883,811,559
TAX EXPENSE	18	**451,318,281**	512,521,916	**173,721,476**	282,264,144
NET PROFIT		**3,265,985,696**	3,263,009,315	**1,523,279,458**	1,601,547,415
OTHER COMPREHENSIVE INCOME (LOSS)					
Item that will be reclassified subsequently to profit or loss					
Translation gain (loss)		**(1,197,717,954)**	1,934,372,177	**(1,784,771,670)**	(212,027,469)
Items that will not be reclassified subsequently to profit or loss					
Net actuarial gain (loss) on retirement benefit obligation		**364,195,000**	653,910,000	**166,278,600**	580,398,000
Tax income (expense) on remeasurement of retirement benefit obligation		**(61,913,150)**	(111,164,700)	**(28,267,362)**	(98,667,660)
		302,281,850	542,745,300	**138,011,238**	481,730,340
		(895,436,104)	2,477,117,477	**(1,646,760,432)**	269,702,871
TOTAL COMPREHENSIVE INCOME		**P 2,370,549,592**	P 5,740,126,792	**(P 123,480,974)**	P 1,871,250,286
Net profit attributable to:					
Owners of the parent company		**P 3,250,239,372**	P 3,190,217,895	**P 1,512,510,231**	P 1,605,345,456
Non-controlling interest		**15,746,324**	72,791,420	**10,769,227**	(3,798,041)
		P 3,265,985,696	P 3,263,009,315	**P 1,523,279,458**	P 1,601,547,415
Total comprehensive income (loss) attributable to:					
Owners of the parent company		**P 2,500,590,267**	P 5,393,661,941	**(P 114,018,753)**	P 1,724,237,639
Non-controlling interest		**(130,040,675)**	346,464,851	**(9,462,221)**	147,012,647
		P 2,370,549,592	P 5,740,126,792	**(P 123,480,974)**	P 1,871,250,286
Earnings Per Share for the Net Profit Attributable to Owners of the Parent Company - Basic and Diluted	21	**P 0.20**	P 0.20		

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 PERIODS ENDED JUNE 30, 2019 AND 2018
(Amounts in Philippine Pesos)

		Attributable to Owners of the Parent Company														
											Retained Earnings					
	Notes	Capital Stock	Additional Paid-in Capital	Treasury Shares	Conversion Options Outstanding	Share Options Outstanding	Accumulated Translation Adjustments	Revaluation Reserves	Consolidation Reserves	Legal Reserves	Appropriated	Unappropriated	Total	Total	Non-controlling Interest	Total Equity
Balance at January 1, 2019		P 16,242,391,176	P 23,058,724,847	(P 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
Transaction between owners					P								-			
Addition from acquired subsidiary		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Acquisition of treasury shares during the year	20.1	-	-	(361,469,948)	-	-	-	-		-	-	-	-	(361,469,948)	-	(361,469,948)
Total comprehensive income for the period		-	-	-	-	-	(1,051,930,955)	302,281,850	-	-	-	3,250,239,372	3,250,239,372	2,500,590,267	(130,040,675)	2,370,549,592
Balance at June 30, 2019		**P 16,242,391,176**	**P 23,058,724,847**	**(P 2,211,238,048)**	**P 136,151,386**	**P 84,925,255**	**(P 3,608,185,485)**	**P 139,178,040**	**-**	**P 15,792,199**	**P 600,000,000**	**P 28,152,652,803**	**P 28,752,652,803**	**P 62,610,392,173**	**P 762,633,811**	**P 63,373,025,984**
Balance at January 1, 2018		P 16,242,391,176	P 23,058,724,847	(P 321,134,930)	P 136,151,386	P 57,967,086	(P 2,707,835,823)	(P 6,169,201)	-	P 9,689,175	P 600,000,000	P 20,649,112,979	P 21,249,112,979	P 57,718,896,695	P 634,656,950	P 58,353,553,645
Issuances during the year									(37,776,804)	33,968,896			-	(3,807,908)		(3,807,908)
Acquisition of treasury shares during the year	20.1			(P 707,701,399)	P								-	(707,701,399)		(707,701,399)
Total comprehensive income for the period							1,660,698,746	542,745,300				3,190,217,895	3,190,217,895	5,393,661,941	346,464,851	5,740,126,792
Redemption of preferred shares		-	-	-	-	-	-	-	-	-	-	-	-	-	(2,875,000)	(2,875,000)
Cash dividends declared during the year		-	-	-	-	-	-	-	-	-	-	(2,399,048,170)	(2,399,048,170)	(2,399,048,170)	-	(2,399,048,170)
Balance at June 30, 2018, 2018		P 16,242,391,176	P 23,058,724,847	(P 1,028,836,329)	P 136,151,386	P 57,967,086	(P 1,047,137,077)	P 536,576,099	(P 37,776,804)	P 43,658,071	P 600,000,000	P 21,440,282,704	P 22,040,282,704	P 60,002,001,159	P 978,246,801	P 60,980,247,960

EMPERADOR INC. AND SUBSIDIARIES
(A Subsidiary of Alliance Global Group, Inc.)
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE PERIODS ENDED JUNE 30, 2019 AND 2018
(Amounts in Philippine Pesos)

	Notes	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		P 3,717,303,977	P 3,775,531,231
Adjustments for:			
Depreciation and amortization	8, 16,17	591,510,949	462,113,609
Interest expense	13	421,511,469	387,456,475
Interest income		(162,893,692)	(94,867,186)
Share in net profit of joint venture	11	(119,267,429)	(101,484,708)
Fair value losses on financial instruments at fair value through profit or loss		-	-
Share option benefits expense	23	-	-
Impairment losses		-	6,110,156
Loss on sale of property, plant and equipment	8	-	-
Amortization of trademarks	9	807,695	1,432,695
Operating profit before working capital changes		4,448,972,969	4,436,292,272
Decrease in trade and other receivables		2,544,934,510	1,543,527,980
Decrease (increase) in financial instruments at fair value through profit or loss		1,224,462,943	(1,161,120,785)
Increase in inventories		(3,288,264,743)	(3,044,718,685)
Increase in prepayments and other current assets		(989,713,133)	(285,774,298)
Decrease (increase) in other non-current assets		186,264,656	(37,528,956)
Increase in trade and other payables		(727,099,903)	354,132,853
Decrease in retirement benefit obligation		(195,870,754)	(223,601,168)
Cash generated from operations		3,203,686,545	1,581,209,213
Cash paid for income taxes		(714,344,614)	(431,318,606)
Net Cash From Operating Activities		2,489,341,931	1,149,890,607
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisitions of property, plant and equipment	8	(1,367,397,057)	(923,884,030)
Interest received		106,433,695	71,830,599
Proceeds from sale of property, plant and equipment	8	138,887,304	20,064,017
Dividends received from a joint venture	11	-	97,492,512
Net Cash Used in Investing Activities		(1,122,076,058)	(734,496,902)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from interest-bearing loans	12	710,450,000	770,234,321
Dividends paid		-	(2,399,048,170)
Repayments of interest-bearing loans	12	(1,208,164,073)	(876,653,958)
Acquisition of treasury shares	20.1	(361,469,948)	(707,701,399)
Interest paid		(374,159,403)	(468,354,663)
Redemption of preferred shares		-	(2,875,000)
Net Cash Used In Financing Activities		(1,233,343,424)	(3,684,398,869)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		133,922,449	(3,269,005,164)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	5	6,228,229,892	10,162,413,848
CASH AND CASH EQUIVALENTS AT END OF YEAR	5	P 6,362,152,341	P 6,893,408,684

See Notes to Consolidated Financial Statements.

EMPERADOR INC. AND SUBSIDIARIES
SCHEDULE OF FINANCIAL SOUNDNESS INDICATORS
JUNE 30, 2019 AND 2018

	6/30/2019	12/31/2018
Current ratio	2.92 : 1	2.77 : 1
Quick ratio	1.17 : 1	1.30 : 1
Liabilities-to-equity ratio	0.85 : 1	0.92 : 1
Asset -to-equity ratio	1.85 : 1	1.92 : 1
		6/30/2018
Net profit margin	15.23%	16.73%
Return on assets	2.78%	2.83%
Return on equity/investment	5.15%	5.35%
Interest rate coverage ratio	9.82	10.74

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.
Liabilities-to-equity ratio - computed as total liabilities 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 margin - computed as net profit divided by revenues
Return on assets - net profit divided by total assets
Return on equity investment - net profit divided by total stockholders' equity

EMPERADOR INC. AND SUBSIDIARIES
AGING SCHEDULE OF TRADE AND OTHER RECEIVABLES
JUNE 30, 2019
(Amounts in Thousand Philippine Pesos)

Trade Receivables	
Current	7,340,172
1 to 30 days	1,014,684
31 to 60 days	187,326
Over 60 days	889,793
Total	9,431,975
Other receivables	6,756,848
Balance at June 30, 2019	**16,188,823**

EMPERADOR INC. AND SUBSIDIARIES
(A Subsidiary of Alliance Global Group, Inc.)
NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2019
(With Comparative Figures for December 31, 2018 and June 30, 2018)
(Amounts in Philippine Pesos)

1. CORPORATE INFORMATION

Emperador Inc. ("EMP" or "the Parent Company" or "the Company") is a holding company which operates an integrated business of manufacturing, bottling and distributing distilled spirits and other alcoholic beverages from the Philippines, United Kingdom, Spain and Mexico, through its wholly-owned subsidiaries. At present, the Group has a wide range of products in its portfolio - from value to super premium – and an international reach to at least 102 countries.

EMP has established its identity in the Philippine alcoholic beverages business as a producer of high quality liquor and innovative products - predominated by own brand 'Emperador Brandy' which makes **Emperador Distillers, Inc.** ("EDI"), the Philippines' largest liquor company and the world's largest brandy producer. This strong presence is further fortified by offshore acquisitions.

EMP has further enriched its heritage by acquiring century-old businesses in Jerez, Spain, known as the world capital of sherry wine and home of the Brandy de Jerez, and in Scotland, United Kingdom, home of the Scotch whisky.

Grupo Emperador Spain ("GES") has taken over age-old traditions to contemporary markets worldwide with its century-old businesses. Founded in 1730, Bodegas Fundador is the oldest brandy and sherry company in Spain whose 'Fundador Brandy' is the first ever Brandy de Jerez and 'Harveys' is the no. 1 selling sherry in the world and leader in UK where it holds the distinction of being the only sherry wine that can be served to the Queen in Buckingham Palace. It also produces 'Terry Centenario', Spain's top-selling brandy, and 'Tres Cepas', Equatorial Guinea's best-selling brandy. Founded in 1780, Bodegas Garvey is one of the ancient brandy and sherry companies in Spain which offers highly reputed wines, brandies and spirits such as 'Fino San Patricio', 'Esplendido', 'Calisay' or 'Ponche Garvey'. In a business collaboration in 2017, GES acquired the rights to the Domecq brand names and installations including Casa Pedro Domecq wine bodega in Baja California, Mexico. Its three Mexican brandies, 'Presidente', the first Mexican brandy; 'Don Pedro', which has been more than 50 years in the market; and 'Azteca de Oro' account for about half of the Mexican brandy market.

Whyte and Mackay Group Limited ("WMG" or "Whyte and Mackay") of United Kingdom, the smallest consolidating group under Emperador Holdings (GB) Limited, offers a rich heritage of a Scottish spirits company that traces its history way back in 1844. Whyte and Mackay is the fifth largest Scotch whisky manufacturer in the world, with products, which include the British luxury brand 'The Dalmore Single Highland Malt', 'Jura Premium Single Malt', and 'Whyte & Mackay Blended Scotch Whisky', being distributed in over 102 countries. It also distributes 'Harveys Sherry' and 'Fundador Brandy de Jerez' in UK.

EMP and its subsidiaries (collectively referred to as "the Group") belong under the umbrella of **Alliance Global Group, Inc.** ("AGI"), the ultimate parent company, which is a domestic holding company with diversified investments in real estate, food and beverage manufacturing, quick service restaurants and tourism-oriented businesses.

The common shares of the Parent Company and AGI were first listed in the Philippine Stock Exchange (PSE) on December 19, 2011 and April 19, 1999, respectively. Both companies hold office at the 7th Floor, 1880 Eastwood Avenue, Eastwood City CyberPark, 188 E. Rodriguez, Jr. Avenue, Bagumbayan, Quezon City in the Philippines.

The consolidated financial statements of the Group as of and for the period ended June 30, 2019 (including the comparative consolidated financial statements as of December 31, 2018 and for the interim period ended June 30, 2018) were authorized for issue by the Parent Company's Board of Directors through the Audit Committee on July 31, 2019.

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, 2018.

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, 2018, except for the application of adopted standards that became effective on January 1, 2019, as discussed in Note 2.2.

The Group reclassified certain expenses to Selling and Distribution Expenses from Cost of Goods Sold and General and Administrative Expenses in the first half 2018 consolidated statements of comprehensive income to conform to the current presentation, which did not result in any adjustment to the Group's total comprehensive income or earnings per share, as follows:

	First half 2018		
	As Previously Reported	Reclassification	As Restated
Cost of goods sold	P 12,284,547,772	(P 193,585,689)	P 12,090,962,083
Selling and distribution expenses	1,884,681,427	489,756,509	2,374,437,936
General and administrative expenses	1,173,475,617	(296,170,820)	877,304,797

The 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

Effective 2019 that are relevant to the Group

There are new PFRS, amendments and annual improvements to existing standards effective for annual periods subsequent to 2018 which are adopted by the FRSC. Management adopts the relevant pronouncements in accordance with their transitional provisions; and, none of these are expected to have significant impact on the Group's consolidated financial statements:

(i) PAS 19 (Amendments), *Employee Benefits – Plan Amendment, Curtailment or Settlement* (effective January 1, 2019)

(ii) PAS 28 (Amendments), *Investment in Associates – Long-term Interest in Associates and Joint Venture* (effective from January 1, 2019)

(iii) PFRS 9 (Amendments), *Financial Instruments – Prepayment Features with Negative Compensation* (effective from January 1, 2019)

(iv) PFRS 16, *Leases* (effective from January 1, 2019). Management has initially assessed that this new standard has no material financial impact on the Group's consolidated financial statements.

(v) IFRIC 23, *Uncertainty over Income Tax Treatments* (effective from January 1, 2019)
(vi) Annual Improvements to PFRS 2015-2017 Cycle (effective from January 1, 2019). Among the improvements, (a) PAS 12 (Amendments), *Income Taxes – Tax Consequences of Dividends,* (b) PAS 23 (Amendments), *Borrowing Costs – Eligibility for Capitalization* and PFRS 3 (Amendments), *Business Combinations*, and (c) PFRS 11 (Amendments), *Joint Arrangements – Remeasurement of Previously Held Interests in a Joint Operation* are relevant to the Group but had no material impact on the Group's financial statements as these amendments merely clarify existing requirements.

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. 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 inter-segment transfers are carried out at arm's length prices.

The measurement policies the Group uses for segment reporting under PFRS 8 are the same as those used in its 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

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.

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

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

Segment information for the periods ended June 30, 2019 and 2018 and as of December 31, 2018 (in millions) are as follows:

	BRANDY		SCOTCH WHISKY		TOTAL	
	June 30,		June 30,		June 30,	
	2019	2018	2019	2018	2019	2018
REVENUES						
External Customers	**15,344**	**13,393**	**6,106**	6,111	**21,450**	19,504
Intersegment sales*	**143**	**187**	**85**	70	**-**	-
	15,487	**13,580**	**6,191**	6,181	**21,450**	19,504
COSTS AND EXPENSES						
Cost of goods sold	**10,275**	**8,486**	**3,467**	3,605	**13,742**	12,091
Intersegment COGS*	**85**	**70**	**143**	187	**-**	-
	10,360	**8,556**	**3,610**	3,792	**13,742**	12,091
Selling and distribution expenses	**1,536**	**1,366**	**1,015**	1,008	**2,551**	2,374
General and administrative expenses	**629**	**447**	**395**	431	**1,024**	878
Other charges	**355**	**327**	**61**	59	**416**	386
	12,880	**10,696**	**5,081**	5,290	**17,733**	15,729
SEGMENT PROFIT BEFORE TAX	**2,607**	**2,884**	**1,110**	891	**3,717**	3,775
TAX EXPENSE (INCOME)	**338**	**511**	**113**	1	**451**	512
SEGMENT NET PROFIT	**2,269**	**2,373**	**997**	890	**3,266**	3,263
Depreciation and Amortization	**485**	**356**	**107**	108	**592**	464
Interest expense	**360**	329	**61**	59	**421**	388
Share in NP of JV	**119**	**101**	**-**	-	**119**	101
	June 2019	Dec 2018	**June 2019**	Dec 2018	**June 2019**	Dec 2018
TOTAL ASSETS	**71,462**	**71,415**	**45,870**	46,403	**117,332**	117,818
TOTAL LIABILITIES	**42,430**	**44,549**	**11,529**	11,905	**53,959**	56,454

**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:

		June 30, 2019 (Unaudited)		December 31, 2018 (Audited)
Cash on hand and in banks	**P**	**2,525,378,447**	P	4,133,707,424
Short-term placements		**3,836,773,894**		2,094,522,468
	P	**6,362,152,341**	P	6,228,229,892

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 half of 2019. Interest earned amounted to P162.9 million and P94.8 million in 2019 and 2018 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		June 30, 2019 (Unaudited)		December 31, 2018 (Audited)
Trade receivables	19.3	**P**	**9,505,035,409**	P	14,524,773,347
Advances to suppliers			**4,349,764,355**		3,204,397,152
Advances to related parties			**2,311,054,373**		1,142,912,243
Advances to officers and employees	19.4		**27,823,501**		40,762,383
Accrued interest receivable			**33,279**		17,665,846
Other receivables			**68,171,446**		78,280,618
			16,261,882,363		19,008,791,589
Allowance for impairment			**(73,059,010)**		(133,008,227)
		P	**16,188,823,353**	P	18,875,783,362

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 2019 and 2018 for those receivables found to be impaired (see Note 23.2). A reconciliation of the allowance for impairment is shown below.

		June 30, 2019 (Unaudited)		December 31, 2018 (Audited)
Balance at beginning of year	**P**	**133,008,227**	P	117,537,277
Impairment losses		**-**		22,029,978
Recoveries		**(59,949,217)**		(6,559,028)
	P	**73,059,010**	P	133,008,227

Impairment losses on trade and other receivables are included under Finance and Other Charges in the interim consolidated statements of comprehensive income.

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 June 30, 2019 and December 31, 2018, 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		June 30, 2019 (Unaudited)		December 31, 2018 (Audited)
Work-in-process		**P**	**19,758,386,023**	P	19,310,965,391
Raw materials	19.1		**5,004,195,754**		3,260,045,413
Finished goods	19.1		**5,779,379,095**		4,928,444,192
Packaging materials			**728,676,397**		672,306,578
Machinery spare parts, consumables,factory supplies			**350,038,430**		429,891,513
			31,620,675,699		28,601,653,087
Allowance for inventory write-down			**(184,110,030)**		(205,679,749)
		P	**31,436,565,669**	P	28,395,973,338

WML has a substantial inventory of aged stocks which mature over periods of up to 60 years. The maturing whisky stock inventory amounting to P15.8 billion and P15.4 billion as of June 30, 2019 and December 31, 2018, 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 June 30, 2019 and 2018 is presented in Note 16.

8. PROPERTY, PLANT AND EQUIPMENT

The gross carrying amounts and accumulated depreciation and amortization of property, plant and equipment as of June 30, 2019 and December 31, 2018 are shown below.

		June 30, 2019 (Unaudited)		December 31, 2018 (Audited)
Cost	**P**	**37,791,340,295**	P	37,255,519,022
Accumulated depreciation and amortization		**(10,583,042,214)**		(10,007,645,388)
Net	**P**	**27,208,298,081**	P	27,247,873,634

A reconciliation of the carrying amounts of property, plant and equipment is shown below.

		June 30, 2019 (Unaudited)		December 31, 2018 (Audited)
Balance at beginning of period, net of accumulated depreciation and amortization	**P**	**27,247,873,634**	P	26,340,856,254
Additions during the period		**1,367,397,057**		2,342,743,988
Reductions/Disposals during the period		**(655,053,920)**		(57,273,660)
Depreciation/amortization charges for the period		**(751,918,690)**		(1,378,452,948)
Balance at the end of the period, net of accum. depreciation and amortization	**P**	**27,208,298,081**	P	27,247,873,634

A second distillery plant in Balayan, Batangas began operations on July 1, 2018. In 2016 and 2018, the Group obtained term loans from a local commercial bank to finance the construction of the said distillery plant, including purchase of related equipment. The borrowing costs from the loans were being capitalized up to the plant completion. Construction works are also in progress offshore.

The amount of depreciation and amortization is allocated as follows:

			For the Six months Ended		
	Notes		June 30, 2019 (Unaudited)		June 30, 2018 (Unaudited)
Cost of goods sold	16	**P**	**498,573,886**	P	387,199,993
Selling and distribution expenses	17		**28,064,835**		25,113,921
Administrative expenses	17		**64,872,228**		49,799,695
			591,510,949		462,113,609
Capitalized to inventory			**160,407,741**		148,424,426
		P	**751,918,690**	P	610,538,035

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 Scotch whisky are held, which can reach periods of up to 60 years.

9. INTANGIBLE ASSETS

This account is composed of the following:

		June 30, 2019 (Unaudited)		December 31, 2018 (Audited)
Indefinite useful lives:				
Trademarks	P	20,062,658,041	P	20,734,188,972
Goodwill		9,221,811,244		9,488,786,678
		29,284,469,285		30,222,975,650
Definite useful lives:				
Trademarks- net		6,192,334		7,000,029
	P	29,290,661,619	P	30,229,975,679

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

	Note		June 30, 2019 (Unaudited)		December 31, 2018 (Audited)
Balance at beginning		P	7,000,029	P	9,240,420
Amortization	17		(807,695)		(2,240,391)
Balance at end of the period		P	6,192,334	P	7,000,029

Management believes that both the goodwill and trademarks are not impaired as of June 30, 2019 and December 31, 2018 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:

		June 30, 2019 (Unaudited)		December 31, 2018 (Audited)
Prepaid expenses	P	963,103,746	P	617,570,089
Prepaid taxes		1,151,792,377		545,721,769
Deferred input VAT		52,955,087		54,884,518
Other current assets		68,281,559		73,149,806
	P	2,236,132,769	P	1,291,326,181

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 purchase of labels and 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		June 30, 2019 (Unaudited)		December 31, 2018 (Audited)
Property mortgage receivable		**P**	**629,083,130**	P	650,178,519
Advance to contractors			**-**		277,416,071
Deferred input VAT			**36,820,955**		54,352,935
Refundable security deposits	19.2		**80,645,678**		54,143,623
Others			**116,905,746**		26,803,556
		P	**863,455,509**	P	1,062,894,704

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:

		June 30, 2019 (Unaudited)		December 31, 2018 (Audited)
Acquisition cost	**P**	**3,703,721,965**	P	3,703,721,965
Withdrawal		**(858,354,900)**		(858,354,900)
Accumulated equity in net profit		**432,240,327**		388,577,700
Share in net profit for the period		**119,267,429**		198,909,795
Addition (Reduction)		**(103,272,612)**		(155,247,168)
	P	**3,293,602,209**	P	3,277,607,392

The share in net profit for the period is recorded as part of Other income under the Revenues account 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.

		June 30, 2019 (Unaudited)		December 31, 2018 (Audited)
Current:				
Foreign	**P**	**4,710,768,684**	P	4,778,408,668
Local		**1,006,666,666**		921,666,667
		5,717,435,350		5,700,075,335

Non-current:		
Foreign	**25,925,359,959**	26,886,391,560
Local	**925,000,000**	1,428,333,333
	26,850,359,959	28,314,724,893
	P 32,567,795,309	P 34,014,800,228

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 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 in the amount of P832,260,000 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%.

Interest expense for the interim period ended June 30, 2019 and 2018 amounted to P77.4 million and P62.6 million, respectively, and is presented as part of Finance and Other Charges in the interim consolidated statements of comprehensive income. The interest expense is 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		June 30, 2019 (Unaudited)		December 31, 2018 (Audited)
Trade payables	19.1, 19.2	**P**	**8,111,690,044**	P	8,479,981,846
Accrued expenses			**4,086,982,215**		4,151,532,389
Advances from related parties	19.5		**3,070,715**		3,070,715
Output VAT payable			**97,602,974**		257,093,560
Others			**346,249,032**		343,557,213
		P	**12,645,594,980**	P	13,235,235,723

15. REVENUES

The details of revenues are shown below.

			For the Six months Ended		
	Notes		**June 30, 2019 (Unaudited)**		June 30, 2018 (Unaudited)
Sales	19.3	**P**	**21,065,549,433**	P	19,150,716,126
Others:					
Share in net profit of JV			**119,267,429**		101,484,708
Other income – net	5,6,11		**265,464,600**		251,600,304
			384,732,029		353,085,012
		P	**21,450,281,462**	P	19,503,801,138

16. COSTS OF GOODS SOLD

The details of costs of goods sold for the six months ended June 30, 2019 and 2018 are shown below:

	Notes	For the Six months Ended June 30, 2019 (Unaudited)	June 30, 2018 (Unaudited)
Finished goods, beginning	7	P 4,928,444,192	P 3,537,513,191
Finished goods purchased	19.1	1,983,570,442	1,518,709,034
Costs of goods manufactured			
Raw and packaging materials, beginning	7	3,932,353,820	3,782,075,935
Net purchases	19.1	12,571,395,501	12,607,051,443
Raw and packaging materials, end	7	- (5,732,872,151)	(4,830,843,132)
Raw materials used		10,770,877,170	11,558,284,246
Work-in-process, beginning	7	19,310,965,391	17,786,098,444
Direct labor		608,459,799	509,822,134
Manufacturing overhead:			
Depreciation and amortization	8	498,573,886	387,199,993
Labor		54,099,201	57,044,644
Fuel and lubricants		162,037,523	143,872,886
Outside services	19.6	131,078,957	205,246,934
Rentals	19.2	122,254,389	115,097,476
Communication, light and water		157,275,215	153,268,073
Repairs and Maintenance		140,302,901	130,019,836
Consumables and Supplies		78,631,953	54,069,084
Taxes and licenses		107,421,787	72,815,892
Insurance		23,669,376	16,789,856
Waste Disposal		32,185,325	44,188,287
Commission		71,327,894	68,713,161
Transportation		10,220,389	11,755,218
Gasoline and oil		5,147,554	3,760,668
Impairment losses		-	-
Meals		8,191,436	3,716,919
Miscellaneous		75,556,911	74,651,341
Work-in-process, end	7	(19,758,386,023)	(19,897,765,174)
		1,839,013,864	(59,634,328)
Finished goods, end	7	(5,779,379,095)	(4,463,910,060)
		P 13,742,526,573	P 12,090,962,083

17. OTHER OPERATING EXPENSES

	Notes		For the Six months Ended June 30, 2019 (Unaudited)		June 30, 2018 (Unaudited)
Salaries and employee benefits		**P**	**1,002,626,347**	P	974,880,645
Advertising			**1,153,825,593**		1,076,080,480
Freight out			**242,264,158**		232,337,886
Professional fees and outside services			**131,508,498**		147,062,105
Taxes and licenses			**133,683,355**		83,139,442
Travel and transportation			**235,035,449**		130,331,964
Depreciation & amortization	8		**92,937,063**		74,913,616
Rentals	19.2		**66,239,315**		61,176,243
Other Services			**118,037,291**		84,001,024
Amortization of trademarks	9		**807,696**		1,432,696
Fuel and oil			**47,409,472**		42,589,936
Meals			**19,402,841**		25,425,583
Representation			**157,135,731**		122,500,845
Repairs and maintenance			**51,986,991**		31,958,192
Insurance			**26,999,852**		13,114,324
Consumables and supplies			**24,414,311**		39,132,295
Utilities			**22,026,631**		15,648,885
Others			**48,452,770**		96,016,572
		P	**3,574,793,364**	P	3,251,742,733

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 Six months Ended June 30, 2019 (Unaudited)		June 30, 2018 (Unaudited)
Selling and distribution expenses	**P**	**2,550,512,310**	P	2,374,437,936
General and administrative expenses		**1,024,281,054**		877,304,797
	P	**3,574,793,364**	P	3,251,742,733

18. TAXES

EMP and its Philippine subsidiaries are subject to the higher of regular corporate income tax (RCIT) which is at 30% of net taxable income or minimum corporate income tax (MCIT) which is at 2% of gross income, as defined under the Philippine tax regulations. They paid RCIT in the first half of 2019 and 2018 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 and AWGI which opt to claim OSD during the same taxable years.

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 June 30, 2019 and 2018 and the related outstanding balances as of June 30, 2019 and December 31, 2018 are shown in the next page.

		Amount of Transaction For the Six months Ended		**Outstanding Receivable (Payable) as of**	
	Notes	**June 30, 2019**	June 30, 2018	**June 30, 2019**	December 31, 2018
Ultimate Parent Company:					
Lease of properties	19.2(a)	**4,840,000**	4,400,000	**-**	-
Advances granted	19.5	**1,168,142,130**	-	**2,311,054,373**	1,142,912,243
Related Parties Under Common Ownership:					
Purchase of raw materials	19.1	**2,296,946,539**	1,700,472,092	**(1,170,796,665)**	(941,949,372)
Purchase of finished goods	19.1	**10,642,521**	6,481,170	**(521,283)**	(459,844)
Lease of properties	19.2(b)	**17,974,993**	16,766,276	**(1,522,840)**	(3,514,488)
Advances for land purchase	19.7			**277,416,071**	277,416,071
Sale of goods	19.3	**116,844,639**	51,175,357	**231,227,512**	190,335,724
Management Services	19.6	**30,000,000**	30,000,000	**(82,500,000)**	(76,500,000)
Refundable deposits		**1,655**	-	**9,412,595**	9,410,940
Stockholder -					
Advances paid (obtained)	19.5	**-**	-	**(3,070,715)**	(3,070,715)
Officers and Employees -					
Advances granted (payment)	19.4	**(12,938,882)**	2,222,424	**27,823,501**	40,762,383

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 six months ended June 30, 2019 and 2018 for related party receivables.

19.1 Purchase of Goods

The Group imports finished goods and raw materials such as alcohol, flavorings and other items through Andresons Global, Inc. (AGL), a related party under common ownership. 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. These transactions are payable within 30 days. The outstanding balances as of June 30, 2019 and December 31, 2018 are shown as part of Trade Payables under the Trade and Other Payables account in the interim consolidated statements of financial position (see Note 14).

19.2 Lease Agreements

(a) AGI

The Group leases the glass manufacturing plant located in Laguna from AGI. The amount of rental is mutually agreed annually between AGI and AWGI. Rentals amounting to P4.8 and P4.4 million for the six months ended June 30, 2019 and 2018, respectively, were charged to operations under Cost of Goods Sold in the interim consolidated statements of comprehensive income (see Note 16). There was no outstanding liability from this transaction.

(b) Others

The Group also entered into lease contracts with Megaworld Corporation for the head office space of the Group. Total rental expense from this contract for the six months ended June 30, 2019 and 2018 are presented as part of Rentals under the Selling and Distribution Expenses, General and Administrative Expenses, and Cost of Goods Sold accounts in the interim consolidated statements of comprehensive income (see Note 16 & 17). The outstanding liability from this transaction is shown as Trade payables under the Trade and Other Payables account in the interim consolidated statements of financial position (see Note 14). 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).

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 three 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:

		June 30, 2019 (Unaudited)		December 31, 2018 (Audited)
Balance at the beginning	**P**	**40,762,383**	P	37,636,599
Additions		**-**		43,771,298
Payments		**(12,938,882)**		(40,645,514)
Balance at the end	**P**	**27,823,501**	P	40,762,383

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).

The movements in the balance of Advances from related parties are as follows:

		June 30, 2019 (Unaudited)		December 31, 2018 (Audited)
Balance at the beginning	**P**	**3,070,715**	P	328,070,715
Repayments, net of additions		**-**		(325,000,000)
Balance at the end	**P**	**3,070,715**	P	3,070,715

19.6 Management Services

Condis provides consultancy and advisory services in relation to the operation, management, development and maintenance of machineries in the distillery plants. Total management fees incurred are presented as part of Outside services under the Costs of Goods Sold account in the consolidated statements of comprehensive income (Note 16). The outstanding balance arising from these transactions is presented as part of Trade payables under the Trade and Other Payables account in the consolidated statements of financial position (see Note 14).

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, for a total consideration of P206.0 million. 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 June 30, 2019; 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 Trade and Other Receivables account in the June 30, 2019 interim consolidated statement of financial position (see Note 6).

20. EQUITY

20.1 Treasury Shares

As of June 30, 2019, EMP has repurchased 305,587,600 shares for P2,211,238,048 pursuant to its ongoing repurchase program, which was first announced last May 15, 2017. On May 7, 2019, the BOD approved the extension of the Group's buyback program for 12 months ending May 16, 2020. The Group shall be authorized to repurchase up to P3 billion during the said 12-month extension period, for a total of about P5 billion from the start of the program.

Under the Corporation Code of the Philippines, 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 Subsidiaries with Non-controlling Interest

The composition of NCI account is as follows:

	June 30, 2019 (Unaudited)	December 31, 2018 (Audited)
DBLC	**P 761,149,704**	P 885,142,178
Boozylife	**1,484,107**	7,532,308
	P 762,633,811	P 892,674,486

21. EARNINGS PER SHARE

Earnings per share were computed as follows:

	For the Six months Ended	
	June 30, 2019 (Unaudited)	June 30, 2018 (Unaudited)
Consolidated net profit attributable to owners of parent company	**P 3,250,239,372**	P 3,190,217,895
Divided by weighted average number of outstanding common shares	**15,984,573,614**	16,151,900,337
	P 0.20	P 0.20

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. COMMITMENTS AND CONTINGENCIES

The Group entered into non-cancellable leases covering certain manufacturing plant facilities, storage tanks and office spaces. The leases are for periods ranging from one to 50 years which are renewable thereafter upon mutual agreement of both parties. There are also several warehouse lease agreements with lease period ranging from one to three years, which are renewable thereafter upon mutual agreement between the parties. The future minimum rentals payable under these operating leases as of June 30, 2019 and December 31, 2018 are as follows:

		June 30, 2019 (Unaudited)		December 31, 2018 (Audited)
Within one year	**P**	**30,901,756**	P	30,874,380
After one year but not more than five years		**15,464,566**		30,929,131
	P	**46,366,322**	P	61,803,511

There are other commitments and contingent liabilities that arise in the normal course of the Group's operations which are not reflected in the consolidated financial statements. Management is of the opinion that losses, if any, from these commitments and contingencies will not have material effects on the Group's consolidated financial statements.

23. RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group is exposed to a variety of financial risks which result from its operating activities. 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.

There have been no significant changes in the Group's financial risk management objectives and policies during the period.

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 in the succeeding paragraphs.

23.1 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 June 30, 2019 and December 31, 2018 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:

	June 30, 2019 (Unaudited)	December 31, 2018 (Audited)
Financial assets	**P 256,348,129**	P 403,388,319
Financial liabilities	**(1,235,098,719)**	(1,259,179,985)
Net assets (liabilities)	**(P 978,750,590)**	(P 855,791,666)

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
June 30, 2019	**3.92%**	**(P 38,367,023)**	**(P 35,969,084)**
December 31, 2018	3.81%	(P 26,856,916)	(P 22,823,963)

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 June 30, 2019 and December 31, 2018, 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). 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.

23.2 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		June 30, 2019 (Unaudited)		December 31, 2018 (Audited)
Cash and cash equivalents	5	**P**	**6,362,152,341**	P	6,228,229,892
Trade and other receivables – net	6		**11,839,058,998**		15,671,386,210
Refundable security deposits	10		**80,645,678**		54,143,623
Property mortgage receivable			**629,083,130**		650,178,519
		P	**18,910,940,147**	P	22,603,938,244

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

The Group applies the PFRS 9 simplified approach in measuring ECL which uses a lifetime expected loss allowance for all trade receivables and other receivables. Based on application of ECL methodology on the trade receivables as at January 1, 2018 (upon adoption of PFRS 9), the allowance for impairment as of that date is deemed to be adequate; hence, no further credit losses were recognized.

On June 30, 2019 and on December 31, 2018, the Group identified certain trade receivables amounting to P1.0 million and P22.0 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.

23.3 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 June 30, 2019 and December 31, 2018 based on contractual undiscounted payments is as follows:

	June 30, 2019 (Unaudited)		
	Within 6 Months	6 to 12 Months	1 to 5 Years
Interest-bearing loans	**P 886,154,792**	**P 5,378,159,741**	**P 27,331,082,578**
Trade and other payables	**12,404,734,792**	**-**	**-**
Financial Liabilities at fair value	**59,247,890**		
ELS	**-**	**-**	**5,402,665,931**
	P 13,350,137,474	**P 5,378,159,741**	**P 32,733,748,509**

	December 31, 2018 (Audited)		
	Within 6 Months	6-12 Months	1-5 Years
Interest-bearing loans	P 803,943,284	P 5,442,212,646	P 29,077,281,127
Trade and other payables	12,834,686,243	-	-
FVTPL liability			
ELS	-	-	5,402,665,931
	P 13,638,629,527	P 5,442,212,646	P 34,479,947,058

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

24. CATEGORIES AND OFFSETTING OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

24.1 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	June 30, 2019 (Unaudited)		December 31, 2018 (Audited)	
		Carrying Values	**Fair Values**	Carrying Values	Fair Values
Financial Assets					
Financial assets at amortized cost:					
Cash and cash equivalents	5	**P 6,362,152,341**	**P 6,362,152,341**	P 6,228,229,892	P 6,228,229,892
Trade and other receivables	6	**11,839,058,998**	**11,839,058,998**	15,671,386,210	15,671,386,210
Refundable securitydeposits	10	**80,645,678**	**80,645,678**	54,143,623	54,143,623
Property mortgage receivab	10	**629,083,130**	**629,083,130**	650,178,519	650,178,519
		P 18,910,940,147	**P 18,910,940,147**	P 22,603,938,244	P 22,603,938,244
Financial assets at FVTPL		**P -**	**P -**	P 1,208,707,500	P 1,208,707,500
Financial Liabilities					
Financial liabilities at amortized cost:					
Interest -bearing loans	12	**32,567,795,309**	**32,567,795,309**	34,014,800,228	34,014,800,228
Trade and other payables	14	**12,404,734,792**	**12,404,734,792**	12,834,686,243	12,834,686,243
ELS	13	**5,336,228,391**	**5,336,228,391**	5,258,801,592	5,258,801,592
		P 50,308,758,492	**P 50,308,758,492**	P 52,108,288,063	P 52,108,288,063
Financial liabilities at FVTPL		**P 59,247,890**	**P 59,247,890**	P 43,492,447	P 43,492,447

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

24.2 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 June 30, 2019 and December 31, 2018. 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.

25. FAIR VALUE MEASUREMENT AND DISCLOSURES

25.1 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 three 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.

25.2 Financial Instruments Measured at Fair Value

The Group's financial instruments measured at fair value pertain only to the Group's financial assets at FVTPL amounting to P1.2 billion as of June 30, 2019 and December 31, 2018. Financial liabilities at FVTPL amounted to P24.7 million and P43.5 million as of June 30, 2019 and December 31, 2018. 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.

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

The table below 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 6,362,152,341	P -	P -	P 6,362,152,341
Trade and other receivables	-	-	11,839,058,998	11,839,058,998
Property mortgage receivable			629,083,130	629,083,130
Refundable security deposits	-	-	80,645,678	80,645,678
	P 6,362,152,341	P -	P 12,548,787,806	18,910,940,147

	Level 1	Level 2	Level 3	Total
Financial liabilities:				
Interest-bearing loans	P -	P -	32,567,795,309	32,567,795,309
Trade and other payables	-	-	12,404,734,792	12,404,734,792
ELS	-	-	5,336,228,391	5,336,228,391
	P -	P -	P 50,308,758,492	P 50,308,758,492

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.

26. 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:

	June 30, 2019 (Unaudited)	December 31, 2018 (Audited)
Total liabilities	**P 53,959,159,087**	P 56,454,425,342
Total equity	**63,373,025,984**	61,363,946,340
Liabilities-to-equity ratio	**P 0.85 : 1.00**	P 0.92 : 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.

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)
July 31, 2019