CR03221-2018

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

   Mar 31, 2018
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

   METRO MANILA, 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	16,125,333,876
Treasury	117,057,300

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	Mar 31, 2018
Currency (indicate units, if applicable)	Philippine Peso

Balance Sheet

	Period Ended	Fiscal Year Ended (Audited)
	Mar 31, 2018	Dec 31, 2017
Current Assets	53,916,937,463	51,248,101,988
Total Assets	117,382,237,105	111,535,781,989
Current Liabilities	17,903,036,128	16,837,376,359
Total Liabilities	55,688,323,918	53,182,228,344
Retained Earnings/(Deficit)	22,833,985,418	21,249,112,979
Stockholders' Equity	61,693,913,187	58,353,553,645
Stockholders' Equity - Parent	60,862,679,033	57,718,896,695
Book Value per Share	3.81	3.6

Income Statement

	Current Year (3 Months)	Previous Year (3 Months)	Current Year-To-Date	Previous Year-To-Date
Gross Revenue	9,317,938,915	8,968,622,631	9,317,938,915	8,968,622,631
Gross Expense	7,514,172,739	7,022,796,290	7,514,172,739	7,022,796,290
Non-Operating Income	426,030,644	10,150,854	426,030,644	10,150,854
Non-Operating Expense	338,077,148	168,110,251	338,077,148	168,110,251

Income/(Loss) Before Tax	1,891,719,672	1,787,866,944	1,891,719,672	1,787,866,944
Income Tax Expense	230,257,772	290,117,714	230,257,772	290,117,714
Net Income/(Loss) After Tax	1,661,461,900	1,497,749,230	1,661,461,900	1,497,749,230
Net Income Attributable to Parent Equity Holder	1,584,872,439	1,497,749,230	1,584,872,439	1,497,749,230
Earnings/(Loss) Per Share (Basic)	0.1	0.09	0.1	0.09
Earnings/(Loss) Per Share (Diluted)	0.1	0.09	0.1	0.09

	Current Year (Trailing 12 months)	Previous Year (Trailing 12 months)
Earnings/(Loss) Per Share (Basic)	0.4	0.48
Earnings/(Loss) Per Share (Diluted)	0.4	0.48

Other Relevant Information
Attached is the SEC Form 17-Q for the period ended 31 March 2018.

Filed on behalf by:

Name	Erika Marie Tugano
Designation	Authorized Representative

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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

709-2038 to 41

Company Telephone Number

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

1 7 - Q
FORM TYPE
(**QUARTERLY REPORT FOR MARCH 31, 2018)**

0 5 Month **3rd Monday** 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, 2018**

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	**16,125,333,876** **(net of 117,057,300 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

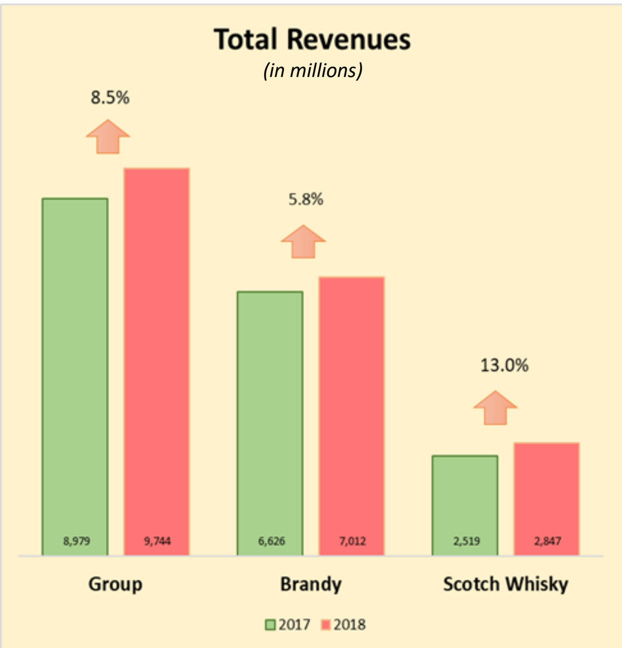
The following interim financial statements, notes and schedules are submitted as part of this report:

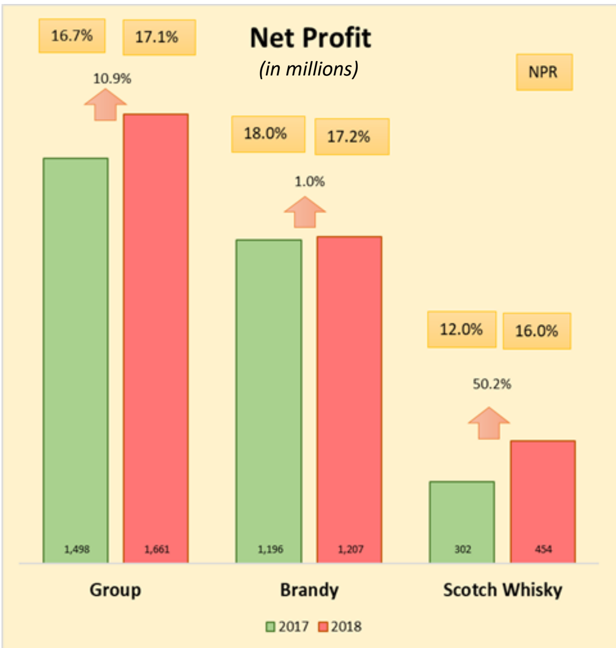
- Consolidated Statements of Financial Position
- Consolidated Statements of Comprehensive Income
- Consolidated Statements of Changes in Equity
- Consolidated Statements of Cash Flows
- Notes to Interim Consolidated Financial Statements
- Schedule of Financial Soundness Indicators
- Aging of Trade and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

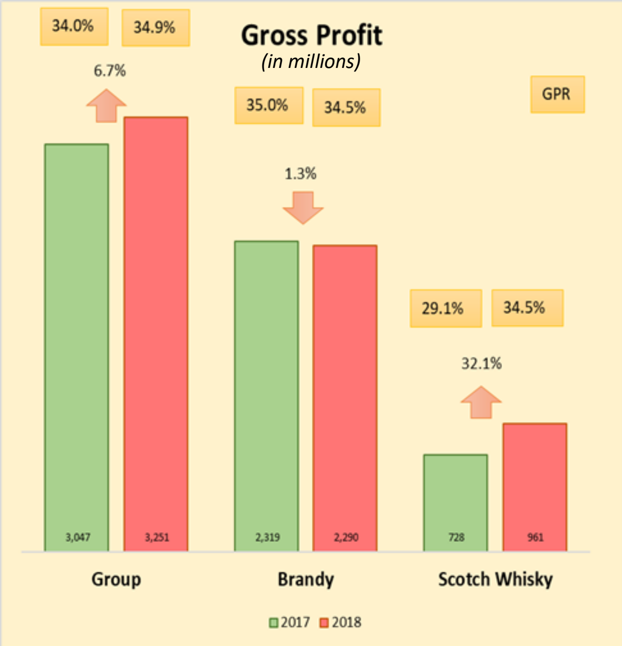
The interim consolidated financial statements ("ICFS") have been prepared in accordance with PFRSs and Philippine Accounting Standard 34, *Interim Financial Reporting*. As such, they do not include all of the information and disclosures required for full annual consolidated financial statements, and thus should be read in conjunction with the audited consolidated financial statements of the Group as at and for the year ended December 31, 2017 ("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, 2017. The ICFS have been prepared using the measurement bases specified by PFRS for each type of asset, liability, income and expenses.

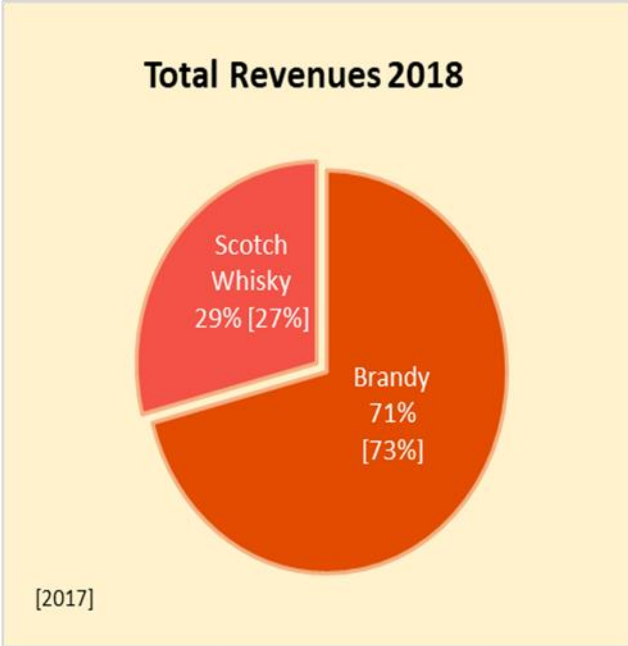
2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Results of Operations – First Quarter









The Group is on a good start with net profit for the first quarter jumping 11% to P1.7billion from P1.5 billion a year ago, on the back of an 8% rise in revenues to P9.7 billion from P9.0 billion last year. Both the Scotch Whisky and Brandy segments showed commendable results, with good growth coming from international operations. Gross profit margins were relatively stable at about 35% range.

Revenues from the Scotch Whisky business for the first three-month period escalated 13% to P2.8 billion from P2.5 billion a year ago, ending the quarter with net profit shooting up 50% to P454 million, because cost of sales did not expand as fast as the sales. The single malt continued to enjoy greater demand, more particularly from Asia, UK and Africa. 'The Dalmore' remains as the standout Scotch whisky performer, followed by 'Jura' and 'Whyte & Mackay'. 'Harvey's' also sold better than a year ago.

Revenues from the brandy business, which combined Philippines' Emperador and Spain's Grupo Emperador brands, on the other hand, grew 6% to P7.0 billion from P6.6 billion a year ago, to end the first quarter with P1.2 billion which was slightly up from a year ago. The Grupo Emperador Spain brandy business continued to expand its reach geographically while the brands continued to sell in Spain, UK, Philippines, USA and Guinea plus Mexico, in particular. Higher selling and distribution expenses pinched the Brandy net profit year-on-year.

Other operating expenses rose 31% to P1.4 billion from P1.1 billion a year ago. Advertising and promotions, salaries and employee benefits, and freight and handling were reported higher this quarter than a year ago.

Other income increased to P426 million because of higher interest income and timing of take-up of share in net profit of BLC (there was no share reported in first quarter last year). Other charges doubled up to P338 million from higher interest costs this interim period.

Tax expense was down 21% or P60 million because of tax benefits in UK. UK's statutory income tax rate also fell to 17%.

EBITDA, which is computed as profit before interest expense, tax, depreciation and amortization, amounted to P2.4 billion and P2.1 billion in 2018 and 2017, respectively, representing 25% and 24% margins in the respective periods.

Financial Condition

Total assets amounted to P117.4 billion at March 31, 2018 which increased P5.8 billion from P111.5 billion at December 31, 2017. The Group is strongly liquid with current assets exceeding current liabilities 3.0 times at the end of March 2018 and December 2017.

Cash and cash equivalents went up by 5% or P555 million over the three-month period mainly from operations, particularly the collection of receivables.

Trade and other receivables fell by 14% or P2.0 billion, primarily due to collections from customers who at yearend had larger balances due to purchases in the lead up to the Christmas period. The fall was slowed down by advances to suppliers.

Financial assets at fair value through profit or loss surged by P1.6 billion from end-2017 mainly due to additional instruments acquired during the quarter and gains on market valuation of financial instruments.

Inventories piled up 9% or P2.3 billion, primarily due to inventories at Fundador and higher fillings of Scotch whisky. There were also new packaging materials purchased for aged Scotch whisky and for brandy products, plus stock-up for the new Jura expressions.

Prepayments and other current assets went up 27% or P256 million mainly due to timing of prepayments and subsequent charging to profit or loss, in general.

Investment in a joint venture, which pertains to Investment in BLC, increased by 6% or P188 million primarily from the share in net profit recorded in the first quarter of 2018.

Intangible assets rose 6% or P1.7 billion from the currency translation of the offshore intangible assets at the end-quarter rate.

Other non-current assets stepped up 6% or P54 million mainly due to the increase in property mortgage funds.

Current Interest-bearing loans cut back 6% or P247 million while Non-current Interest-bearing loans marked up 5% or P1.4 billion, for a combined increase of 3.5% or P1.2 billion from translation of foreign-currency denominated loans to current end-quarter rate as reduced by repayment of maturing loan drawn in UK.

Trade and other payables increased 7% or P796 million rooted from purchase of materials from contractual suppliers.

Income tax payable ballooned 86% or P516 million primarily due to timing of payment of 2017 annual domestic taxes which were due and payable in April 2018.

Deferred tax liabilities which are attributed to the UK group increased by 7% or P132 million, net of deferred tax assets of EDI and AWGI.

Retirement benefit obligations decelerated 99% or P115 million from actuarial gains booked this interim period.

Treasury shares refer to the acquisition cost of shares that have been bought back from the market under the Company's buyback program. In the first quarter, P526 million or 71,885,800 shares were repurchased from the market. In total, treasury shares at end-quarter totaled 117,057,300 shares at P847 million cost.

Accumulated translation adjustments refer to the difference resulting in the translation of the foreign subsidiaries' financial statements to Philippine pesos. Appreciation in peso exchange rate vis-à-vis the foreign currencies resulted in gains of P2.0 billion over last year-end.

Revaluation reserves were up by P61 million primarily due to the actuarial gain on retirement benefit obligation.

Legal reserves represent the statutory requirements in Luxembourg which comprise of net wealth tax reserve and capital reserve.

The equity attributable to owners of EMP increased 5% or P3.1 billion primarily from net profit share for the interim period.

Non-controlling interest pertains to the minority interest in DBLC, a newly-incorporated subsidiary consolidated by end-2017. The increase of P196 million pertains to share in net profit of non-controlling shareholders and translation adjustment.

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.

In Million Pesos	Q1 2018	Q1 2017
Revenues	9,744	8,979
Net profit	1,661	1,498
Revenue growth	8.52%	0.13%
Net profit growth	10.9%	6.6%
Net profit rate	17.1%	16.7%
Return on assets	1.4%	1.5%
	Mar31, 2018	Dec31, 2017
Total assets	117,382	111,536
Total current assets	53,917	51,248
Total current liabilities	17,903	16,837
Current ratio	3.01x	3.04x
Quick ratio	1.41x	1.49x

Numbers may not add up due to rounding.

Financial Soundness Indicators

Please see submitted schedule.

Other Required Disclosures

As at March 31, 2018, 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
SCHEDULE OF FINANCIAL SOUNDNESS INDICATORS
MARCH 31,2018 AND 2017

	3/31/2018	12/31/2017
Current ratio	3.04 : 1	3.04 : 1
Quick ratio	1.44 : 1	1.49 : 1
Liabilities-to-equity ratio	0.90 : 1	0.91 : 1
Asset -to-equity ratio	1.90 : 1	1.91 : 1
		3/31/2017
Net profit margin	17.05%	16.68%
Return on assets	1.41%	1.55%
Return on equity/investment	2.67%	2.95%
Interest rate coverage ratio	7.48	11.64

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
MARCH 31, 2018
(Amounts in Thousand Philippine Pesos)

Trade Receivables	
Current	8,544,721
1 to 30 days	1,331,853
31 to 60 days	280,842
Over 60 days	562,920
Total	10,720,336
Other receivables	2,167,506
Balance at March 31, 2018	**12,887,842**

EMPERADOR INC. AND SUBSIDIARIES
(A Subsidiary of Alliance Global Group, Inc.)
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
MARCH 31, 2018 AND DECEMBER 31, 2017
(Amounts in Philippine Pesos)

	Notes		MARCH 31, 2018 (UNAUDITED)		December 31, 2017 (AUDITED)
A S S E T S					
CURRENT ASSETS					
Cash and cash equivalents	5	P	10,717,036,439	P	10,162,413,848
Trade and other receivables - net	6		12,887,841,359		14,925,799,512
Financial assets at fair value through profit or loss			1,610,446,392		19,572,259
Inventories - net	7		27,492,474,698		25,186,966,124
Prepayments and other current assets			1,209,138,575		953,350,245
Total Current Assets			53,916,937,463		51,248,101,988
NON-CURRENT ASSETS					
Investment in a joint venture	11		3,421,941,293		3,233,944,765
Property, plant and equipment - net	8		27,545,497,669		26,340,856,254
Intangible assets - net	9		31,625,068,866		29,893,991,852
Other non-current assets - net	10		872,791,814		818,887,130
Total Non-current Assets			63,465,299,642		60,287,680,001
TOTAL ASSETS		P	117,382,237,105	P	111,535,781,989
LIABILITIES AND EQUITY					
CURRENT LIABILITIES					
Interest-bearing loans	12	P	3,914,359,754	P	4,161,326,840
Trade and other payables	14		12,872,941,461		12,076,373,731
Income tax payable			1,115,734,913		599,675,788
Total Current Liabilities			17,903,036,128		16,837,376,359
NON-CURRENT LIABILITIES					
Interest-bearing loans	12		30,158,311,286		28,761,094,050
Equity-linked debt securities	13		5,265,382,051		5,227,114,518
Provisions			430,711,992		443,245,445
Deferred tax liabilities - net			1,929,604,927		1,797,284,641
Retirement benefit obligation			1,277,534		116,113,331
Total Non-current Liabilities			37,785,287,790		36,344,851,985
Total Liabilities			55,688,323,918		53,182,228,344
EQUITY					
Equity attributable to owners of the parent company					
Capital stock			16,242,391,176		16,242,391,176
Additional paid-in capital			23,058,724,847		23,058,724,847
Treasury Shares	20.1	(	846,776,894)	(	321,134,930)
Conversion options			136,151,386		136,151,386
Share options			57,967,086		57,967,086
Accumulated translation adjustments		(	684,298,920)	(	2,707,835,823)
Revaluation reserves			54,845,759	(	6,169,201)
Legal reserves			9,689,175		9,689,175
Retained earnings			22,833,985,418		21,249,112,979
Total equity attributable to owners of the parent company			60,862,679,033		57,718,896,695
Non-controlling interest	20.2		831,234,154		634,656,950
Total Equity			61,693,913,187		58,353,553,645
TOTAL LIABILITIES AND EQUITY		P	117,382,237,105	P	111,535,781,989

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 MARCH 31, 2018 AND 2017
(Amounts in Philippine Pesos)

	Notes	2018	2017
REVENUES	15	**P 9,743,969,559**	P 8,978,773,485
COSTS AND EXPENSES			
Costs of goods sold	16	**6,066,742,365**	5,921,145,169
Selling and distribution expenses	17	**897,405,810**	650,569,207
General and administrative expenses	17	**550,024,564**	451,081,914
Other charges	6,13	**338,077,148**	168,110,251
		7,852,249,887	7,190,906,541
PROFIT BEFORE TAX		**1,891,719,672**	1,787,866,944
TAX EXPENSE	18	**230,257,772**	290,117,714
NET PROFIT		**1,661,461,900**	1,497,749,230
OTHER COMPREHENSIVE INCOME (LOSS)			
Item that will be reclassified subsequently to profit or loss -			
Translation loss	2	**2,146,399,646**	(37,507,921)
Item that will not be reclassified subsequently to profit or loss -			
Net actuarial gain (loss) on retirement benefit obligation		**73,512,000**	81,821,400
Tax income (expense) on remeasurement of retirement benefit obligation		**(12,497,040)**	-
		61,014,960	81,821,400
		2,207,414,606	44,313,479
TOTAL COMPREHENSIVE INCOME		**P 3,868,876,506**	P 1,542,062,709
Net profit (loss) attributable to:			
Equity holders of the parent company		**P 1,584,872,439**	P 1,497,749,230
Noncontrolling interest		**76,589,461.00**	-
		P 1,661,461,900	P 1,497,749,230
Total comprehensive income (loss) attributable to:			
Equity holders of the parent company		**P 3,669,424,302**	**P 1,542,062,709**
Noncontrolling interest		**199,452,204**	-
		P 3,868,876,506	P 1,542,062,709
Earnings per share - Basic and diluted	21	**P 0.10**	P 0.09

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 MARCH 31, 2018 AND 2017
(Amounts in Philippine Pesos)

		Attributable to Owners of the Parent Company														
	Notes	Capital Stock	Additional Paid-in Capital	Treasury Shares	Conversion Options Outstanding	Share Options Outstanding	Accumulated Translation Adjustments	Revaluation Reserves	Equity Reserves	Legal Reserves	Retained Earnings: Appropriated	Retained Earnings: Unappropriated	Retained Earnings: Total	Total	Non-controlling Interest	Total Equity
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 -	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
Transaction between owners													-			
Additions		-	-	-	-	-	-	-	-	-	-	-	-	-		-
Acquisition of treasury shares during the year	20.1	-	-	(525,641,964)	-	-	-	-		-	-	-	-	(525,641,964)	-	(525,641,964)
Total comprehensive income for the period		-	-	-	-	-	2,023,536,903	61,014,960	-	-	-	1,584,872,439	1,584,872,439	3,669,424,302	199,452,204	3,868,876,506
Addition from acquired subsidiary		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Reversal of appropriation		-	-	-	-	-	-	-		-		-	-	-	-	-
Appropriation during the year		-	-	-	-	-	-	-		-		-	-	-	-	-
Redemption of preferred shares	20.2	-	-	-	-	-	-	-		-	-	-	-	-	(2,875,000)	(2,875,000)
Cash dividends declared during the year		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Balance at March 31, 2018		**P 16,242,391,176**	**P 23,058,724,847**	**(P 846,776,894)**	**P 136,151,386**	**P 57,967,086**	**(P 684,298,920)**	**P 54,845,759**	**P -**	**P 9,689,175**	**P 600,000,000**	**P 22,233,985,418**	**P 22,833,985,418**	**P 60,862,679,033**	**P 831,234,154**	**P 61,693,913,187**
Balance at January 1, 2017		P 16,120,000,000	P 22,348,856,023	P -	P -	P 31,008,917	(P 3,593,766,760)	(P 630,758,672)	P -	P -	P 550,000,000	P 17,393,398,209	P 17,943,398,209	P 52,218,737,717	P 5,750,000	P 52,224,487,717
Issuances during the year		-	-	-	-	26,958,169	-	-	-	-	-	-	-	26,958,169	-	26,958,169
Total comprehensive income for the period		-	-	-	-	-	(2,189,511,224)	(668,216,537)	-	-	-	7,693,367,233	7,693,367,233	4,835,639,472	-	4,835,639,472
Addition from acquired subsidiary		-	-	-	-	-	-	(2,704,958)	-	-	-	-	-	(2,704,958)	-	(2,704,958)
Cash dividends declared during the year		-	-	-	-	-	-	-	-	-	-	(2,721,056,000)	(2,721,056,000)	(2,721,056,000)	-	(2,721,056,000)
Balance at March 31, 2017		P 16,120,000,000	P 22,348,856,023	P -	P -	P 57,967,086	(P 5,783,277,984)	(P 1,301,680,167)	-	P -	P 550,000,000	P 22,365,709,442	P 22,915,709,442	P 54,357,574,400	P 5,750,000	P 54,363,324,400

EMPERADOR INC. AND SUBSIDIARIES
(A Subsidiary of Alliance Global Group, Inc.)
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE PERIODS ENDED MARCH 31, 2018 AND 2017
(Amounts in Philippine Pesos)

	Notes	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		**P 1,891,719,672**	P 1,787,866,944
Adjustments for:			
Interest expense		**292,065,798**	168,110,251
Interest income		**(281,277,905)**	(57,329,274)
Depreciation and amortization	8	**229,978,357**	183,485,132
Share in net income of joint venture	11	**(101,484,767)**	-
Impairment losses		**5,344,924**	-
Amortization of trademarks	9	**716,347**	9,050,894
Operating profit before working capital changes		**2,037,062,426**	2,091,183,947
Decrease in trade and other receivables		**2,312,474,295**	1,893,982,491
Increase in financial instruments at fair value through profit or loss		**(1,548,090,000)**	(6,169,240)
Increase in inventories		**(1,337,206,793)**	(564,271,772)
Increase in prepayments and other current assets		**(255,788,330)**	(144,052,520)
Decrease (increase) in other non-current assets		**(53,904,684)**	460,831,324
Increase (decrease) in trade and other payables		**1,142,725,425**	(348,760,327)
Decrease in retirement benefit obligation		**(42,763,797)**	(32,606,649)
Cash generated from operations		**2,254,508,542**	3,350,137,254
Cash paid for income taxes		**(19,141,514)**	(18,852,766)
Net Cash From Operating Activities		**2,235,367,028**	3,331,284,488
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisitions of property, plant and equipment	8	**(484,023,343)**	(2,478,681,366)
Interest received		**245,266,409**	57,329,274
Proceeds from sale of property, plant and equipment	8	**9,654,429**	874,525
Dividends received from a joint venture		**-**	(86,952,720)
Net Cash Used in Investing Activities		**(229,102,505)**	(2,507,430,287)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from interest-bearing loans	12	**-**	648,925,938
Repayments of interest-bearing loans		**(719,987,112)**	-
Interest paid		**(203,137,856)**	(1,835,942)
Acquisition of treasury shares	20.1	**(525,641,964)**	-
Redemption of preferred shares	20.2	**(2,875,000)**	-
Net Cash From Financing Activities		**(1,451,641,932)**	647,089,996
NET INCREASE IN CASH AND CASH EQUIVALENTS		**554,622,591**	1,470,944,197
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	5	**10,162,413,848**	10,173,907,748
CASH AND CASH EQUIVALENTS AT END OF YEAR	5	**P 10,717,036,439**	P 11,644,851,945

See Notes to Consolidated Financial Statements.

EMPERADOR INC. AND SUBSIDIARIES

(A Subsidiary of Alliance Global Group, Inc.)

NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2018

(With Comparative Figures for December 31, 2017 and March 31, 2017)

(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 March 31, 2018 (including the comparative consolidated financial statements as of December 31, 2017 and for the interim period ended March 31, 2017) were authorized for issue by the Parent Company's Board of Directors through the Audit Committee on May 10, 2018.

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, 2017.

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, 2017, except for the application of adopted standards that became effective on January 1, 2018, 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

Effective 2018 that are relevant to the Group

There are new PFRS, amendments and annual improvements to existing standards effective for annual periods subsequent to 2017 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 40 (Amendment), *Investment Property – Reclassification to and from Investment Property* (effective from January 1, 2018)
(ii) PFRS 2 (Amendments), *Classification and Measurement of Share-based Payment Transactions* (effective from January 1, 2018)
(iii) PFRS 9 (2014), *Financial Instruments* (effective from January 1, 2018)
(iv) PFRS 15, *Revenue from Contract with Customers* (effective from January 1, 2018)
(v) IFRIC 22, *Foreign Currency Transactions and Advance Consideration – Interpretation on Foreign Currency Transactions and Advance Consideration* (effective from January 1, 2018)
(vi) Annual Improvements to PFRS 2014-2016 Cycle. Among the improvements, PAS 28 (Amendment), *Investment in Associates – Clarification on Fair Value through Profit or Loss Classification* (effective from January 1, 2018) is relevant to the Group.
(vii) Annual Improvements to PFRS 2015-2017 Cycle

2.3 Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Group's executive committee; its chief operating decision-maker. 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. 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 March 31, 2018 and 2017 and as of December 31, 2017 (in millions) are as follows:

	BRANDY		SCOTCH WHISKY		TOTAL	
	March 31,		March 31,		March 31,	
	2018	2017	2018	2017	2018	2017
REVENUES						
External Customers	6,910	6,532	2,834	2,447	9,744	8,979
Intersegment sales*	102	94	13	72	-	-
	7,012	6,626	2,847	2,519	9,744	8,979
COSTS AND EXPENSES						
Cost of goods sold	4,341	4,239	1,726	1,683	6,067	5,921
Intersegment COGS*	13	72	102	94	-	-
	4,354	4,311	1,828	1,777	6,067	5,921
Selling and distribution expenses	697	501	200	149	897	651
General and administrative expenses	209	155	342	296	551	451
Other charges	302	163	36	5	338	168
	5,562	5,130	2,406	2,227	7,853	7,191
SEGMENT PROFIT BEFORE TAX	1,450	1,496	441	292	1,891	1,788
TAX EXPENSE (INCOME)	243	301	(13)	(10)	230	290
SEGMENT NET PROFIT	1,207	1,196	454	302	1,661	1,498
	Mar 2018	Dec 2017	Mar 2018	Dec 2017	Mar 2018	Dec 2017
TOTAL ASSETS	57,405	54,017	59,977	57,519	117,382	111,536
TOTAL LIABILITIES	39,330	36,634	16,358	16,548	55,688	53,182

**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, 2018 (Unaudited)		December 31, 2017 (Audited)
Cash on hand and in banks	**P**	**3,474,810,332**	P	3,388,408,933
Short-term placements		**7,242,226,107**		6,774,004,915
	P	**10,717,036,439**	P	10,162,413,848

Cash in banks generally earn interest at rates based on daily bank deposit rates. Short-term placements have an average maturity of 30 to 45 days and earn effective annual interest rates ranging from 2.0% to 2.25% in the first quarter of 2018. Interest earned amounted to P281.3 million and P57.3 million in 2018 and 2017 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:

			March 31, 2018 (Unaudited)		December 31, 2017 (Audited)
Trade receivables	19.3	**P**	**10,841,274,891**	P	13,019,338,813
Advances to suppliers			**2,053,975,365**		1,869,080,035
Advances to officers and employees	19.4		**41,356,663**		37,636,599
Accrued interest receivable			**271,627**		5,621,251
Other receivables			**71,901,910**		111,660,091
			13,008,780,456		15,043,336,789
Allowance for impairment			**(120,939,097)**		(117,537,277)
		P	**12,887,841,359**	P	14,925,799,512

Trade receivables are usually due within 30 days and do not bear any interest. All trade receivables are subject to credit risk exposure (see Note 23.2).

Advances to suppliers pertain to down payments made primarily for the purchase of goods from suppliers and of parcels of land from related parties.

All of the Group's trade and other receivables have been reviewed for indications of impairment. Adequate amounts of allowance for impairment have been recognized in 2018 and 2017 for those receivables found to be impaired.

A reconciliation of the allowance for impairment is shown below.

		March 31, 2018 (Unaudited)		December 31, 2017 (Audited)
Balance at beginning of year	**P**	**117,537,277**	P	76,744,683
Impairment losses		**5,344,924**		48,204,136
Recoveries		**(1,943,104)**		(7,411,542)
	P	**120,939,097**	P	117,537,277

The Group collected certain receivables previously provided with allowance for impairment amounting to P1.9 as of March 31, 2018 and P7.4 million as of December 31, 2017. Consequently, this reduced the allowance for impairment by the same amount.

Recoveries during the year is presented as part of Other revenues- net in the Revenues section of the consolidated statement of comprehensive income (see Note 15), while impairment losses on trade and other receivables are presented as part of 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 March 31, 2018 and December 31, 2017, 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, 2018 (Unaudited)		December 31, 2017 (Audited)
Work-in-process		**P**	**18,607,852,898**	P	17,786,098,444
Raw materials	19.1		**4,252,171,998**		3,245,184,408
Finished goods	19.1		**3,720,395,335**		3,537,513,191
Packaging materials			**728,088,512**		536,891,527
Machinery spare parts, consumables and factory supplies			**342,077,307**		232,247,878
			27,650,586,050		25,337,935,448
Allowance for inventory write-down			**(158,111,352)**		(150,969,324)
		P	**27,492,474,698**	P	25,186,966,124

WML has a substantial inventory of aged stocks which mature over periods of up to 60 years. The maturing whisky stock inventory amounting to P14.6 billion and P13.5 billion as of March 31, 2018 and December 31, 2017, 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 period ended March 31, 2018 and 2017 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 March 31, 2018 and December 31, 2017 are shown below.

		March 31, 2018 (Unaudited)		December 31, 2017 Audited
Cost	**P**	**36,940,478,993**	P	34,541,630,713
Accumulated depreciation and amortization		**(9,394,981,324)**		(8,200,774,459)
Net carrying amount	**P**	**27,545,497,669**	P	26,340,856,254

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

	Notes		March 31, 2018 (Unaudited)		December 31, 2017 Audited
Balance at beginning of period, net of accumulated depreciation and amortization		P	26,340,856,254	P	20,949,282,168
Additions through asset acquisitions			-		1,735,071,626
Additions during the period			1,519,033,112		4,870,334,396
Disposals during the period			(9,654,429)		(145,154,069)
Depreciation/amortization charges for the period			(304,737,268)		(1,068,677,867)
Balance at the end of the period, net of accum. depreciation and amortization		P	27,545,497,669	P	26,340,856,254

A second distillery plant in Balayan, Batangas began operations on March 15, 2018. In 2016, the Group obtained a term loan from a local commercial bank to finance the construction of the said distillery plant, including purchase of related equipment. The borrowing costs from the loan 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 Three Months Ended		
	Notes		March 31, 2018 (Unaudited)		March 31, 2017 (Unaudited)
Cost of goods sold	16	P	195,317,796	P	164,195,632
Selling and distribution Expenses	17		9,560,149		9,828,270
Administrative expenses	17		25,100,412		9,461,230
			229,978,357		183,485,132
Capitalized to inventory			74,758,911		19,099,977
		P	304,737,268	P	202,585,109

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.

9. INTANGIBLE ASSETS

This account is composed of the following:

	March 31, 2018 (Unaudited)	December 31, 2017 (Audited)
Infinite useful lives:		
Trademarks	P 21,645,706,696	P 20,507,380,260
Goodwill	9,970,838,097	9,377,371,172
	31,616,544,793	29,884,751,432
Finite useful lives-		
Trademarks- net	8,524,073	9,240,420
	P 31,625,068,866	P 29,893,991,852

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

	Note	March 31, 2018 (Unaudited)	December 31, 2017 (Audited)
Balance at beginning		P 9,240,420	P 20,440,358
Amortization	17	(716,347)	(11,199,938)
Balance at end of year		P 8,524,073	P 9,240,420

Management believes that the trademarks are not impaired as of March 31, 2018 and December 31, 2017 as the Group's products that carry such brands and trademarks are still performing very well in the market; hence, no impairment is necessary to be recognized in the periods presented.

10. OTHER NON-CURRENT ASSETS

This account is composed of the following:

	Notes	March 31, 2018 (Unaudited)	December 31, 2017 (Audited)
Property mortgage receivable		P 701,345,664	P 654,595,116
Deferred input VAT		89,591,412	104,516,552
Refundable security deposits	19.2	46,888,139	46,467,016
Others		34,966,599	13,308,446
		P 872,791,814	P 818,887,130

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.

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, 2018 (Unaudited)	December 31, 2017 Audited
Acquisition cost	**P 3,703,721,965**	P 3,703,721,965
Withdrawal	**(858,354,900)**	(858,354,900)
Accumulated equity in net earnings	**388,577,700**	295,428,091
Equity share in net profit for the period	**101,484,767**	154,101,850
Addition (Reduction)	**86,511,761**	(60,952,241)
	P 3,421,941,293	P 3,233,944,765

The equity share in net income for the period is recorded as part of Other revenues under the Revenues account in the interim consolidated statement of comprehensive income (see Note 15).

12. INTEREST-BEARING LOANS

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

	March 31, 2018 (Unaudited)	December 31, 2017 (Audited)
Current:		
Foreign	**P 3,414,359,754**	P 3,661,326,840
Local	**500,000,000**	500,000,000
	3,914,359,754	4,161,326,840
Non-current:		
Foreign	**28,658,311,286**	27,261,094,050
Local	**1,500,000,000**	1,500,000,000
	30,158,311,286	28,761,094,050
	P 34,072,671,040	P 32,922,420,890

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 March 31, 2018 and 2017 amounted to P38.3 million and P76.8 million, respectively, and are presented as part of Other Charges in the interim consolidated statements of comprehensive income. There is no fixed interest payable recorded as of March 31, 2018 as a result of the amendment to the ELS; the interest expense recorded in 2018 is the amortization of the revalued financial liability component.

The documentary stamp taxes (DST) paid for the issuance of shares in 2014 amounted to P26.1 million were fully amortized as of end-2017. The amortization amounting to P1.4 million in the first quarter of 2017 was presented as part of Other Charges account in the consolidated statements of comprehensive income.

There were no related collaterals on the ELS.

14. TRADE AND OTHER PAYABLES

The breakdown of this account is as follows:

	Notes		March 31, 2018 (Unaudited)		December 31, 2017 (Audited)
Trade payables	19.1, 19.2	**P**	**7,908,806,107**	P	6,644,999,637
Accrued expenses			**3,983,321,696**		4,121,324,604
Advances from related parties	19.5		**478,070,715**		328,070,715
Output VAT payable			**191,937,249**		616,174,653
Others			**310,805,694**		365,804,122
		P	**12,872,941,461**	P	12,076,373,731

15. REVENUES

The details of revenues are shown below.

			For the Three Months Ended		
			March 31, 2018 (Unaudited)		March 31, 2017 (Unaudited)
Sale of goods	19.3	**P**	**9,317,938,915**	P	8,968,622,631
Other revenues – net	5,6,11		**426,030,644**		10,150,854
		P	**9,743,969,559**	P	8,978,773,485

16. COSTS OF GOODS SOLD

The details of costs of goods sold for the three months ended March 31, 2018 and 2017 are shown below:

		For the Three Months Ended	
		March 31, 2018 (Unaudited)	March 31, 2017 (Unaudited)
Finished goods, beginning	7	**P 3,537,513,191**	P 3,182,542,312
Finished goods purchased	19.1	**775,200,354**	404,406,438
Costs of goods manufactured			
Raw and packaging materials, beginning	7	**3,782,075,935**	3,654,636,927
Addition due to acquired business unit		**-**	-
Net purchases	19.1	**6,374,890,559**	5,527,997,593
Raw and packaging materials, end	7	**(4,980,260,510)**	(3,896,479,358)
Raw materials used		**5,176,705,984**	5,286,155,162
Work-in-process, beginning	7	**17,786,098,444**	13,532,427,366
Direct labor		**230,195,368**	186,020,748
Manufacturing overhead:			
Depreciation and amortization	8	**195,317,796**	164,195,632
Labor		**118,768,948**	106,688,843
Fuel and lubricants		**65,412,236**	52,816,029
Outside services	19.6	**103,854,767**	56,507,975
Rentals	19.2	**57,600,917**	90,314,244
Communication, light and water		**99,750,731**	51,849,675
Repairs and Maintenance		**63,776,201**	49,530,695
Consumables and Supplies		**34,494,334**	26,394,620
Taxes and licenses		**44,922,146**	39,108,615
Insurance		**10,325,436**	8,427,894
Commission		**36,278,496**	10,341,104
Transportation		**5,030,960**	4,778,377
Gasoline and oil		**1,642,488**	1,661,555
Impairment losses		**7,142,028**	
Meals		**2,002,671**	772,626
Miscellaneous		**42,957,102**	33,005,574
Work-in-process, end	7	**(18,607,852,898)**	(14,566,111,468)
		297,718,171	(151,269,896)
Finished goods, end	7	**(3,720,395,335)**	(2,800,688,847)
		P 6,066,742,365	P 5,921,145,169

17. OTHER OPERATING EXPENSES

	Notes		For the Three Months Ended March 31, 2018 (Unaudited)		March 31, 2017 (Unaudited)
Salaries and employee benefits		**P**	**355,417,447**	P	240,858,617
Advertising			**468,477,114**		383,297,847
Freight out			**144,708,836**		51,516,642
Professional fees and outside services			**99,141,275**		127,657,335
Taxes and licenses			**59,841,503**		74,948,176
Travel and transportation			**61,919,884**		51,597,029
Depreciation & amortization	8		**34,660,561**		19,289,500
Rentals	19.2		**27,976,614**		19,344,668
Other Services			**30,868,051**		30,107,745
Amortization of trademarks	9		**716,348**		9,050,894
Fuel and oil			**17,573,691**		14,450,225
Meals			**10,039,966**		9,435,747
Representation			**68,568,924**		9,257,041
Repairs and maintenance			**13,762,932**		11,802,776
Insurance			**9,910,168**		1,563,063
Consumables and supplies			**16,334,434**		16,830,385
Utilities			**8,816,463**		11,037,467
Others			**18,696,163**		19,605,964
		P	**1,447,430,374**	P	1,101,651,121

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, 2018 (Unaudited)		March 31, 2017 (Unaudited)
Selling and distribution expenses	**P**	**897,405,810**	P	650,569,207
General and Administrative expenses		**550,024,564**		451,081,914
	P	**1,447,430,374**	P	1,101,651,121

18. TAXES

The Group is 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 tax regulations. The Group paid RCIT in the first quarter of 2018 and 2017 as RCIT was higher in those years.

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 March 31, 2018 and 2017 and the related outstanding balances as of March 31, 2018 and December 31, 2017 are shown in the next page.

		Amount of Transaction For the Three Months Ended		Outstanding Receivable (Payable) as of	
	Notes	**March 31, 2018**	March 31, 2017	**March 31, 2018**	December 31, 2017
Ultimate Parent Company:					
Lease of properties	19.2(a)	**2,200,000**	2,200,000	**-**	-
Advances paid (obtained)	19.5	**-**	-	**250,000,000**	250,000,000
Related Parties Under Common Ownership:					
Purchase of raw materials	19.1	**621,893,903**	555,591,001	**(825,844,926)**	(388,836,242)
Purchase of finished goods	19.1	**4,238,871**	2,072,186	**485,177**	(205,786)
Lease of properties	19.2(b)	**8,978,776**	7,104,307	**-**	(1,976,198)
Advances for land purchase	19.7			**231,066,071**	231,066,071
Advances paid (obtained)	19.5	-	-	**(225,000,000)**	(75,000,000)
Sale of goods	19.3	**23,691,846**	26,439,877	**139,887,991**	123,915,778
Management Services	19.6	**-**	-	**-**	(33,000,000)
Stockholder -					
Issuance of ELS	13			**(5,280,000,000)**	(5,280,000,000)
Advances paid (obtained)	19.5	**-**	-	**(3,070,715)**	(3,070,715)
Officers and Employees -					
Advances granted (payment)	19.4	**3,720,064**	10,973,644	**41,356,663**	37,636,599

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, 2018 and 2017 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 March 31, 2018 and December 31, 2017 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 P2.2 million for the three months ended March 31, 2018 and 2017 , respectively, were charged to operations under Cost of Goods Sold in the interim consolidated statements of comprehensive income (see Note 16).

(b) Others

The Group also entered into lease contracts with Megaworld Corporation for the head office space of the Group's sales and bottling division. Total rental expense from this contract for the three months ended March 31, 2018 and 2017 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).

In relation to the above lease agreements, the Group paid the lessors refundable security deposits shown as part of Other Non-current Assets in the consolidated statements of financial position with carrying amounts of P7.9 million and P6.5 million as of March 31, 2018 and December 31, 2017, respectively (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:

		March 31, 2018 (Unaudited)		December 31, 2017 (Audited)
Balance at the beginning	**P**	**37,636,599**	P	22,402,245
Additions		**3,720,064**		64,341,649
Payments		**-**		(49,107,295)
Balance at the end	**P**	**41,356,663**	P	37,636,599

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:

		March 31, 2018 (Unaudited)		December 31, 2017 (Audited)
Balance at the beginning	**P**	**328,070,715**	P	3,120,715
Repayments, net of additions		**150,000,000**		324,950,000
Balance at the end	**P**	**478,070,715**	P	328,070,715

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.

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 March 31, 2018; 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 March 31, 2018 interim consolidated statement of financial position (see Note 6).

20. EQUITY

20.1 Treasury Shares

As of March 31, 2018, EMP has repurchased 117,057,300 shares for P846,776,894 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.

20.2 Subsidiaries with Non-controlling Interest

The composition of NCI account is as follows:

	2018	2017
DBLC	**P 831,234,154**	P 631,781,950
AWGI	-	2,875,000
	P 831,234,154	P 634,656,950

In 2018, AWGI redeemed the remaining balance of its preferred shares.

21. EARNINGS PER SHARE

Earnings per share were computed as follows:

	For the Three Months Ended	
	March 31, 2018 (Unaudited)	March 31, 2017 (Unaudited)
Consolidated net profit attributable to owners of parent company	**P 1,584,872,439**	P 1,497,749,230
Divided by weighted average number of outstanding common shares	**16,188,433,634**	16,120,000,000
	P 0.10	P 0.09

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. Several warehouse lease agreements with different lessors were likewise executed 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 March 31, 2018 and December 31, 2017 are as follows:

	March 31, 2018 (Unaudited)	December 31, 2017 (Audited)
Within one year	**P 42,730,085**	P 49,267,606
After one year but not more than five years	**21,304,561**	49,486,609
	P 64,034,646	P 98,754,215

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 holds US dollar denominated cash and cash equivalents as of March 31, 2018 and December 31, 2017 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, 2018 (Unaudited)	December 31, 2017 (Audited)
Financial assets	**P 1,486,575,027**	P 767,293,283
Financial liabilities	**(578,404,497)**	(215,872,099)
Net assets (liabilities)	**P 908,170,530**	P 551,421,184

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, 2018	**3.95%**	**P 35,872,736**	**P 25,110,915**
December 31, 2017	4.09%	P 22,553,126	P 15,787,188

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, 2018 and December 31, 2017, the Group is exposed to changes in market rates through its cash in banks and short-term placements which are 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 a five-year loan that is 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		March 31, 2018 (Unaudited)		December 31, 2017 (Audited)
Cash and cash equivalents	5	**P**	**10,717,036,439**	P	10,162,413,848
Trade and other receivables – net	6		**10,833,865,994**		13,056,719,477
Financial assets at FVTPL			**1,610,446,392**		19,572,259
Refundable security deposits	10		**46,888,139**		46,467,016
Property mortgage receivable			**701,345,664**		654,595,116
		P	**23,909,582,628**	P	23,939,767,716

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.

(b) Trade and Other Receivables

In respect of trade and other receivables, the Group is not exposed to any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. In determining credit risk, trade and other receivables exclude advances to suppliers amounting to P2.0 billion and P1.9 billion as of March 31, 2018 and December 31, 2017, respectively (see Note 6).

The age of trade and other receivables that are past due but unimpaired is as follows:

		March 31, 2018 (Unaudited)		December 31, 2017 (Audited)
Not more than 3 months	**P**	**1,800,335,114**	P	1,017,195,466
More than 3 months but not more than six months		**375,279,715**		614,043,343
	P	**2,175,614,829**	P	1,631,238,809

The Group has no trade and other receivables that are past due for more than six months.

None of the financial assets are secured by collateral or other credit enhancements, except for cash, as described above.

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.

As at March 31, 2018 and December 31, 2017, the Group's financial liabilities are presented below.

	March 31, 2018 (Unaudited)		
	Within 6 Months	**6 to 12 Months**	**1 to 5 Years**
Interest-bearing loans	**P 476,565,307**	**P 3,618,354,629**	**P 28,487,984,142**
Trade and other payables	**12,258,496,832**	**-**	**-**
ELS	**-**	**-**	**5,525,331,862**
	P 12,735,062,139	**P 3,618,354,629**	**P 34,013,316,004**

	December 31, 2017 (Audited)		
	Within 6 Months	6-12 Months	1-5 Years
Interest-bearing loans	P 220,712,542	P 4,494,091,717	P 30,400,378,848
Trade and other payables	11,668,850,156	-	-
ELS	-	-	5,525,331,862
	P 11,889,562,698	P 4,494,091,717	P 35,925,710,710

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 in the succeeding page.

	Notes	March 31, 2018 (Unaudited) Carrying Values	Fair Values	December 31, 2017 (Audited) Carrying Values	Fair Values
Financial Assets					
Loans and receivables:					
Cash and cash equivalents	5	**P 10,717,036,439**	**P 10,717,036,439**	P 10,162,413,848	P 10,162,413,848
Trade and other receivables	6	**10,833,865,994**	**10,833,865,994**	13,056,719,477	13,056,719,477
Refundable security deposits	10	**46,888,139**	**46,888,139**	46,467,016	46,467,016
Property mortgage	10	**701,345,664**	**701,345,664**	654,595,116	654,595,116
		P 22,299,136,236	**P 22,299,136,236**	P 23,920,195,457	P 23,920,195,457
Financial assets at FVTPL		**P 1,610,446,392**	**P 1,610,446,392**	P 19,572,259	P 19,572,259
Financial Liabilities					
Financial liabilities at amortized cost:					
Interest -bearing loans	12	**34,072,671,040**	**34,072,671,040**	32,922,420,890	32,922,420,890
Trade and other payables	14	**12,258,496,832**	**12,258,496,832**	11,668,850,156	11,668,850,156
ELS	13	**5,265,382,051**	**5,265,382,051**	5,227,114,518	5,227,114,518
		P 51,596,549,923	**P 51,596,549,923**	P 49,818,385,564	P 49,818,385,564

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 March 31, 2018 and December 31, 2017. 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, 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 P1.6 billion and P19.6 million as of March 31, 2018 and December 31, 2017, respectively. These financial instruments are included in Level 2 as these comprise of foreign exchange spots and forward contracts classified as financial instruments at FVTPL. 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 10,717,036,439	P -	P -	P 10,717,036,439
Trade and other receivables	-	-	10,833,865,994	10,833,865,994
Property mortgage receivable			701,345,664	701,345,664
Refundable security deposits	-	-	46,888,139	46,888,139
	P 10,717,036,439	P -	P 11,582,099,797	P 22,299,136,236

	Level 1	Level 2	Level 3	Total
Financial liabilities:				
Interest-bearing loans	P -	P -	34,072,671,040	34,072,671,040
Trade and other payables	-	-	12,258,496,832	12,258,496,832
ELS	-	-	5,265,382,051	5,265,382,051
Accrued interest payable	-	-	-	-
	P -	P -	P 51,596,549,923	P 51,596,549,923

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:

	March 31, 2018 (Unaudited)	December 31, 2017 (Audited)
Total liabilities	**P 55,688,323,918**	P 53,182,228,344
Total equity	**61,693,913,187**	58,353,553,645
Debt-to-equity ratio	**P 0.90 : 1.00**	P 0.91 : 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.

27. SUBSEQUENT EVENT

On April 11, 2018, the BOD approved cash dividends to be paid to stockholders on record as of May 2, 2018 on May 22, 2018 at the rate of P0.14883413 per share out of the available unrestricted earnings of the Parent Company as of March 31, 2018.

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)
May 10, 2018