COVER SHEET

A 2 0 0 1 1 7 5 9 5

S.E.C. Registration Number

EMPERADOR INC.

(Company's Full Name)

7TH FLOOR, 1880 EASTWOOD AVENUE,
EASTWOOD CITY CYBERPARK
188 E. RODRIGUEZ JR. AVENUE,
BAGUMBAYAN, QUEZON CITY,
METRO MANILA

(Business Address: No. Street City/Town/Province)

DINA INTING	7092038
Contact Person	Company Telephone Number

12 31	SEC FORM IS	05 3rd Mon.
Month *Day*	FORM TYPE	*Month* *Day*
Fiscal Year	DEFINITIVE INFORMATION STATEMENT	Annual Meeting

Registration of securities

Secondary License Type, If Applicable

SEC	-
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

S T A M P S

Remarks = pls. use black ink for scanning purposes

EMPERADOR INC.

7th Floor, 1880 Eastwood Avenue, Eastwood City CyberPark, 188 E. Rodriguez Jr. Avenue
Bagumbayan, 1110 Quezon City
Tel. No. 709-2038 to 41 Fax No. 709-1966

NOTICE AND AGENDA OF THE ANNUAL MEETING OF STOCKHOLDERS

TO ALL STOCKHOLDERS:

NOTICE IS HEREBY GIVEN that the Annual Meeting of Stockholders of Emperador Inc. (the "Corporation") will be held on **18 MAY 2015** at **9:00 A.M.** at the Grand Ballroom, Eastwood Richmonde Hotel, 17 Orchard Road, Eastwood City, Bagumbayan, Quezon City, Philippines, with the following agenda:

1. Call to Order
2. Certification of Notice and Quorum
3. Approval of the Minutes of the Annual Meeting of Stockholders held on 23 June 2014 and of the Minutes of the Special Meeting of Stockholders held on 15 December 2014
4. Annual Report of Management
5. Amendment of Corporate Name in By-Laws
6. Ratification of Acts of the Board of Directors, Board Committees, and Management
7. Appointment of External Auditors
8. Election of Directors
9. Other matters
10. Adjournment

Stockholders of record as of 10 April 2015 will be entitled to notice of, and to vote at, the Annual Meeting.

Makati City, Metro Manila, Philippines, 22 April 2015

DOMINIC V. ISBERTO
Corporate Secretary

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 20-IS

INFORMATION STATEMENT PURSUANT TO SECTION 20
OF THE SECURITIES REGULATION CODE

1. Check the appropriate box:

   [ ] Preliminary Information Statement

   [√] Definitive Information Statement

2. Name of Registrant as specified in its charter **EMPERADOR INC.**

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

4. SEC Identification Number **A200117595**

5. BIR Tax Identification Code **214-815-715-000**

6. **7th Floor, 1880 Eastwood Avenue, Eastwood City CyberPark**
   188 E. Rodriguez Jr. Avenue, Bagumbayan, Quezon City **1110**
   Address of principal office Postal Code

7. Registrant's telephone number, including area code **(632) 7092038 to 40**

8. **May 18, 2015, 9:00 AM, Grand Ballroom, Eastwood Richmonde Hotel,**
   17 Orchard Road, Eastwood City, Bagumbayan, Quezon City, Metro Manila, Philippines
   Date, time and place of the meeting of security holders

9. Approximate date on which the Information Statement is first to be sent or given to security holders **24 April 2015**

10. Securities registered pursuant to Sections 8 and 12 of the Code or Sections 4 and 8 of the RSA (information on number of shares and amount of debt is applicable only to corporate registrants):

Title of Each Class	Number of Shares of Common Stock Outstanding or Amount of Debt Outstanding
Common	16,120,000,000

11. Are any or all of registrant's securities listed in a Stock Exchange?

    Yes ___√____ No _______

    If yes, disclose the name of such Stock Exchange and the class of securities listed therein:

    Philippine Stock Exchange Common Shares

WE ARE NOT ASKING YOU FOR A PROXY AND YOU ARE NOT REQUESTED TO SEND US A PROXY

SAMPLE ONLY
PROXY

The undersigned shareholder(s) of **EMPERADOR INC.** (the "Corporation) hereby appoint/s ____ or in his absence, the Chairman of the Annual Shareholders' Meeting, as proxy of the undersigned shareholder(s) at the Annual Meeting of Shareholders scheduled on 18 May 2015 at 9:00 in the morning at the Grand Ballroom, Eastwood Richmonde Hotel, Orchard Road, Eastwood City, Bagumbayan, Quezon City and/or at any postponement or adjournment thereof, and/or any annual shareholders' meeting of the Company, which appointment shall not exceed five (5) years from date hereof.

The undersigned shareholder(s) hereby direct/s the said proxy to vote all shares on the agenda items set forth below as expressly indicated by marking the same with [√] or [X]:

ITEM NO.	SUBJECT	ACTION		
		FOR	AGAINST	ABSTAIN
3	Approval of the Minutes of the Annual Meeting of Stockholders held on 23 June 2014 and of the Minutes of the Special Meeting of Stockholders held on 15 December 2014			
5	Amendment of Corporate Name in By-Laws			
6	Ratification of Acts of the Board of Directors, Board Committees, and Management			
7	Appointment of External Auditors			
8	Election of Directors			
	Andrew L. Tan			
	Winston S. Co			
	Katherine L. Tan			
	Kendrick Andrew L. Tan			
	Kingson U. Sian			
	Alejo L. Villanueva, Jr.			
	Miguel B. Varela			

PRINTED NAME OF SHAREHOLDER	SIGNATURE OF SHAREHOLDER/ AUTHORIZED SIGNATORY	NUMBER OF SHARES TO BE REPRESENTED	DATE

This proxy should be received by the Corporate Secretary not later than end of business hours on **13 May 2015**.

This proxy when properly executed will be voted in the manner as directed herein by the shareholder. If no direction is made, the proxy will be voted for the election of all nominees and for the approval of all matters stated above and for such other matters as may properly come before the meeting in the manner described in the information statement.

A shareholder giving a proxy has the power to revoke it at any time before the right granted is exercised. A proxy is also considered revoked if the shareholder attends the meeting in person and expressed his intention to vote in person.

This proxy does not need to be notarized. (Partnerships, Corporations and Associations must attach certified resolutions thereof designating Proxy/Representative and Authorized Signatories.)

PART I.

INFORMATION REQUIRED IN INFORMATION STATEMENT

A. GENERAL INFORMATION

Item 1. **Date, time and place of meeting of security holders.**

Date & time: 18 May 2015, 9:00 AM

Place: Grand Ballroom, Eastwood Richmonde Hotel, 17 Orchard Road, Eastwood City, Bagumbayan, Quezon City, Philippines

Principal office: 7th Floor, 1880 Eastwood Avenue, Eastwood City CyberPark, 188 E. Rodriguez Jr. Avenue, Bagumbayan, Quezon City

Approximate date on which the Information Statement is first to be sent or given: 24 April 2015

The Company is not soliciting proxies. We are not asking for a proxy. Neither are you required to send us a proxy.

Item 2. **Dissenters' Right of Appraisal**

There are no matters to be acted upon or proposed corporate action in the agenda for the annual meeting of stockholders that may give rise to possible exercise by a dissenting stockholder of its appraisal rights under Title X of the Corporation Code of the Philippines.

Any stockholder of the Company shall have the right to dissent and demand payment of the fair value of his shares in the following instances: (1) in case any amendment to the articles of incorporation has the effect of changing or restricting the rights of any stockholders or class of shares, or of authorizing preferences in any respect superior to those of outstanding shares of any class, or of extending or shortening the term of corporate existence; (2) in case the Company decides to invest funds in another corporation or business or for any purpose outside of the primary purpose for which it was organized; (3) in case of sale, lease, exchange, transfer, mortgage, pledge or other disposition of all or substantially all of the corporate property and assets; and (4) in case of merger or consolidation.

The appraisal right may be exercised by any stockholder who shall have voted against the proposed corporate action by making a written demand on the Company within thirty (30) days after the date on which the vote was taken for payment of the fair value of his shares. A stockholder must have voted against the proposed corporate action in order to avail himself of the appraisal right. Failure to make the demand within the 30-day period shall be deemed a waiver of the appraisal right. From the time of the demand until either the abandonment of the corporate action in question or the purchase of the dissenting shares by the Company, all rights accruing to the dissenting shares shall be suspended, except the stockholder’s right to receive payment of the fair value thereof. If the proposed corporate action is implemented or effected, the Company shall pay to such stockholder, upon surrender of the stock certificate(s) representing his shares, the fair value thereof as of the day prior to the date on which the vote was taken, excluding any appreciation or depreciation in anticipation of such corporate action.

If the fair value is not determined within sixty (60) days from the date the corporate action was approved by the stockholders, it will be determined by three (3) disinterested persons (one chosen by the Company, another chosen by the dissenting stockholder and the third to be chosen jointly by the Company and the stockholder). The findings of the majority of the appraisers shall be final, and their award shall be paid by the Company within thirty (30) days after such award is made. Upon payment by the Company of the awarded price, the dissenting stockholder shall forthwith transfer his shares to the Company.

No payment shall be made to any dissenting stockholder unless the Company has unrestricted retained earnings.

Item 3. **Interest of Certain Persons in or Opposition to Matters to be Acted Upon**

(a) No officer or director at any time since the beginning of the fiscal year, or nominee for election as director, or associate of any of these persons, has any substantial interest, direct or indirect, by security holdings or otherwise, in any matter to be acted upon, other than election to office.

(b) No director has informed the Company in writing of his/her intention to oppose any matter to be acted upon at the Annual Stockholders' Meeting (the "Meeting").

B. CONTROL AND COMPENSATION INFORMATION

Item 4. **Voting Securities and Principal Holders Thereof**

(a) Each of the 16,120,000,000 common shares outstanding as of 10 April 2015 shall be entitled to one vote with respect to all matters to be taken up during the Meeting.

(b) All stockholders of record as of 10 April 2015 are entitled to notice and to vote at the Meeting.

(c) All stockholders have cumulative voting rights in the election of the members of the board of directors of the Company. Cumulative voting entitles each stockholder to cumulate his shares and give one nominee as many votes as the number of directors to be elected multiplied by the number of his shares shall equal, or distribute them on the same principle among as many nominees as he shall see fit; provided that the total number of votes cast by him shall not exceed the number of shares owned by him multiplied by the number of directors to be elected.

(d) Security ownership of certain record and beneficial owners and management

(1) Security Ownership of Owners Holding More than Five Percent (5%) of Voting Securities as of 31 March 2015:

TITLE OF CLASS	NAME, ADDRESS OF RECORD OWNER AND RELATIONSHIP WITH ISSUER	NAME OF BENEFICIAL OWNER AND RELATIONSHIP WITH RECORD OWNER	CITIZENSHIP	NO. OF SHARES HELD	PERCENT
Common	Alliance Global Group, Inc. 7/F, 1880 Eastwood Avenue, Eastwood City CyberPark 188 E. Rodriguez, Jr. Avenue, Bagumbayan Quezon City	Alliance Global Group, Inc.[1]	Filipino	11,700,000,000	72.58%
	Parent of the Issuer	Alliance Global Group, Inc., ultimate parent[2]		1,431,764,995	8.88%
Common	PCD Nominee Corporation (Non-Filipino)	Participants of the PCD composed of custodian banks and brokers[3]	Non-Filipino	1,368,679,261	9.12%
Common	Arran Investment Private Limited	GIC	Non-Filipino	1,120,000,000	6.95%

[1]Includes shares owned by AGI lodged with PCD Nominee Corporation

[2]AGI beneficially owns shares held by foreign subsidiaries totaling 1,431,764,995 shares representing about 8.88%. The Board of Directors of AGI has voting and investment power over shares of stock held by AGI in Company. AGI authorized the Chairman of the Board of the Company, or in his absence, the Chairman of the Meeting, to vote shares of stock held by AGI in the Company.

[3]Other than the persons identified above, there are no other beneficial owners of more than 5% of the Company's outstanding capital stock that are known to the Company.

(2) Security ownership of management as of 31 March 2015

Title of Class	Name of Beneficial Owner	Amount and Nature of Beneficial Ownership	Citizenship	Percent of Class
Directors				
Common	Andrew L. Tan	1 (indirect)	Filipino	Nil
Common	Winston S. Co	1 (indirect)	Filipino	Nil
Common	Katherine L. Tan	1 (indirect)	Filipino	Nil
Common	Kingson U. Sian	1 (indirect)	Filipino	Nil
Common	Kendrick Andrew L. Tan	1 (indirect)	Filipino	Nil
Common	Miguel B. Varela	1 (indirect)	Filipino	Nil
Common	Alejo L. Villanueva, Jr.	1 (indirect)	Filipino	Nil
Other Executive Officers				
Common	Winston S. Co	Same as above		
Common	Katherine L. Tan	Same as above		
Common	Dina D.R. Inting	0	Filipino	N/A
Common	Dominic V. Isberto	0	Filipino	N/A
Common	Rolando D. Siatela	0	Filipino	N/A

(3) Voting trust holders of 5% or more - The Company is not aware of the existence of persons holding more than five percent (5%) of its common shares under a voting trust or similar agreement.

(4) Changes in control - The Company is not privy to any arrangements which may result in a change in control of the Company.

Item 5. **Directors and Executive Officers**

Incumbent

The following are the incumbent directors and executive officers of the Company:

Name	Age	Citizenship	Position
Andrew L. Tan	65	Filipino	Chairman
Winston S. Co	57	Filipino	Director
Katherine L. Tan	63	Filipino	Director
Kingson U. Sian	53	Filipino	Director
Kendrick Andrew L. Tan	34	Filipino	Director
Miguel B. Varela	75	Filipino	Independent Director
Alejo L. Villanueva, Jr.	73	Filipino	Independent Director
Dina D.R. Inting	55	Filipino	Chief Finance Officer, Compliance Officer and Corporate Information Officer
Dominic V. Isberto	40	Filipino	Corporate Secretary
Rolando D. Siatela	53	Filipino	Assistant Corporate Secretary

There are seven (7) members of the Company's Board of Directors, two (2) of whom are independent directors. All incumbent directors were elected during the Annual Meeting of the Board of Directors held on 23 June 2014 and will hold office for one (1) year and/or until their successors are elected and qualified.

Brief Background of the Directors and Officers

The overall management and supervision of the Company is undertaken by the Board of Directors ("Board"). Currently, the Board consists of seven members, of which two are independent directors. All of the directors were elected at the Company's special stockholders meeting on August 28, 2013 and re-elected at the annual stockholders meeting on June 23, 2014 and will hold office until their successors have been duly elected and qualified.

The table below sets forth each member of the Company's Board as of March 31, 2015:

Name	Age	Gender	Citizenship	Type/Position	Date First Elected
Andrew L. Tan	65	Male	Filipino	Non-exec/ Chairman	Aug 28, 2013
Winston S. Co	57	Male	Filipino	Executive Director	Aug 28, 2013
Katherine L. Tan	63	Female	Filipino	Executive Director	Aug 28, 2013
Kingson U. Sian	53	Male	Filipino	Non-exec Director	Aug 28, 2013
Kendrick Andrew L. Tan	34	Male	Filipino	Executive Director	Aug 28, 2013
Miguel B. Varela	75	Male	Filipino	Independent Director	Aug 28, 2013
Alejo L. Villanueva, Jr.	73	Male	Filipino	Independent Director	Aug 28, 2013

The table below sets forth the Company's executive officers as of March 31, 2015:

Name	Age	Gender	Citizenship	Position
Winston S. Co	57	Male	Filipino	President
Katherine L. Tan	63	Female	Filipino	Treasurer
Kendrick Andrew L. Tan	34	Male	Filipino	Executive Director
Dina D.R. Inting	55	Female	Filipino	Compliance Officer and Corporate Information Officer
Dominic V. Isberto	40	Male	Filipino	Corporate Secretary
Rolando D. Siatela	53	Male	Filipino	Assistant Corporate Secretary

Andrew L. Tan
Chairman of the Board

Mr. Tan was first elected as Director and Chairman of the Board on August 28, 2013. He holds position in the following other listed companies:

Listed Company	Position	Date First Elected	Date Last Elected	No. of Term/ Years
Alliance Global Group, Inc. (the parent company)	-Chairman of Board and Chief Executive Officer -Vice-Chairman of Board	Sep 2006 Aug 2003	Sept 2014 Sept 2006	9 3
Megaworld Corporation	Chairman & President	Aug 1989	June 2014	25
Travellers International Hotel Group, Inc.	Director	July 2008	June 2014	6
Global-Estate Resorts, Inc. (subsidiary of Megaworld)	Chairman	Jan 2011	June 2014	3
Empire East Land Holdings, Inc. (subsidiary of Megaworld)	Chairman	July 1994	June 2014	20

He is also the Chairman of Emperador Distillers, Inc. since its incorporation in 2003. He pioneered the live-work-play-learn model in the real estate development through the Megaworld Corporation's integrated township communities, fueling the growth of the business process outsourcing ("BPO") industry, food and beverage, and quick service restaurants industries. Mr. Tan is concurrently the Chairman of the Board and President of Megaworld Land,Inc., Megaworld Globus Asia, Inc., Megaworld Newport Property Holdings, Inc., Mactan Oceanview Properties and Holdings, Inc., Richmonde Hotel Group International Limited, The Bar Beverage, Inc. and Yorkshire Holdings, Inc. He is also the Chairman of Alliance Global Group Cayman Islands, Inc., Alliance Global Brands, Inc., Suntrust Properties, Inc., Adams Properties, Inc., Consolidated Distillers of the Far East, Inc., and Townsquare Development, Inc. He sits in the boards of Eastwood Cyber One Corporation, Megaworld Cayman Islands, Inc., Forbes Town Properties & Holdings, Inc., Gilmore Property Marketing Associates, Inc., Megaworld Central Properties, Inc., Raffles & Company, Inc., The Andresons Group, Inc. He is also the Vice-Chairman and Treasurer of Golden Arches Development Corporation and Golden Arches Realty Corporation and a Director and Treasurer of Andresons Global, Inc. Mr. Tan graduated Magna Cum Laude from the University of the East with a degree of Bachelor of Science in Business Administration.

Winston S. Co
Director and President

Mr. Co was first elected as Director and President on 28 August 2013. He holds position in the following listed company:

Listed Company	Position	Date First Elected	Date Last Elected	No. of Term/ Years
Alliance Global Group, Inc. (the parent company)	Director	June 1998	Sept 2014	15
	Vice Chairman	Nov 1999	Aug 2003	3
	Chairman	June 1998	Oct 1999	3

He is also a Director and President of Emperador Distillers, Inc. since 2003. His field of expertise is in finance and marketing of consumer products. He is concurrently Chairman and President of New Town Land Partners, Inc.; Chairman of Anglo Watsons Glass, Inc.; a Director of Alliance Global Brands, Inc., Forbes Town Properties & Holdings, Inc., McKesterPik-Nik International Limited, Raffles & Company, Incorporated, and The Bar Beverage, Inc.; and Senior Vice President of The Andresons Group, Inc. Mr. Co is a Magna Cum Laude graduate of Jose Rizal College with a Bachelor of Science in Commerce.

Katherine L. Tan
Director and Treasurer

Ms. Tan was first elected as Director and Treasurer on 28 August 2013. She holds position in the following other listed companies:

Listed Company	Position	Date First Elected	Date Last Elected	No. of Term/Years
Alliance Global Group, Inc.	Director and Treasurer	Feb 2007	Sept 2014	6
Megaworld Corporation	Director	Aug 1989	June 2014	25
	Treasurer	Aug 1989	June 1995	6
Empire East Land Holdings, Inc.	Director	June 2009	June 2014	5

She is a Director and Treasurer of Emperador Distillers, Inc. since 2003, and of Alliance Global Brands, Inc., Yorkshire Holdings, Inc., and New Town Land Partners, Inc. She is concurrently Chairman and President of Andresons Global, Inc. and Choice Gourmet Banquet, Inc.; Director and President of The Andresons Group, Inc., Consolidated Distillers of the Far East, Inc., and Raffles & Company, Inc. Ms. Tan graduated from St. Scholastica's College with a degree in Nutrition.

Kingson U. Sian
Director

Mr. Sian was first elected as Director on 28 August 2013. He holds position in the following other listed companies:

Listed Company	Position	Date First Elected	Date Last Elected	No. of Terms/ Years
Alliance Global Group, Inc.	President and Chief Operating Officer	Feb 2007	Sept 2014	7

Megaworld Corporation	Director/Executive Director	Apr 2007	June 2014	7
Travellers International Hotel Group, Inc.	Director and President	June 2008	June 2014	5
	Chief Executive Officer	Oct 2014	Oct 2014	

He is concurrently President and Director of Forbestown Properties Holdings, Inc., and Eastwood Cyber One Corporation and a Director of Alliance Global Group Cayman Islands, Inc. He is also Chairman and President of Prestige Hotels & Resorts, Inc. and is the Chief Operating Officer of Megaworld Land, Inc. Mr. Sian was formerly a Vice President of FBP Asia Ltd/First Pacific Bank in Hongkong from 1990 to 1995 and, prior to that, was connected with Citicorp Real Estate, Inc. in the United States from 1988 to 1990. He graduated from the University of the Philippines with the degree of Bachelor of Science in Business Economics. He obtained his Masteral Degree in Business Administration for Finance and Business Policy from the University of Chicago.

Kendrick Andrew L. Tan
Director

Mr. Tan was first elected as Director on 28 August 2013. He has served as Corporate Secretary and Executive Director of Emperador Distillers, Inc. since 2007. He is also the Head of Research & Development of Emperador Distillers, Inc. He is concurrently Director of Anglo Watsons Glass, Inc., Consolidated Distillers of the Far East, Inc., Emperador Brandy, Inc., The Bar Beverage, Inc., The Andresons Group, Inc., and Yorkshire Holdings, Inc. Mr. Tan graduated from Southern New Hampshire University with a degree in Bachelor of Science in Accountancy.

Miguel B. Varela
Independent Director

Mr. Varela, Filipino, was first elected as Independent Director on 28 August 2013. He holds position in the following other listed companies:

Listed Company	Position	Date First Elected	Date Last Elected	No. of Terms/ Years
Global-Estate Resorts, Inc.	Independent Director	Sept 2012	June 2014	2
Megaworld Corporation	Independent Director	June 2006	June 2014	8

He is presently the President of the Philippine Chamber of Commerce and Industry (PCCI) was formerly President and now presently Director of Manila Bulletin Publishing Corporation, Director of AusphilTollways Corporation, Director, NPC Alliance Corporation, Vice Chairman Richmonde Hotel, among others. Chairman of the Employers' Confederation of the Philippines (ECOP), Board of Trustee of Philippines Trade Foundation, Inc. Chairman of Pribadong Institusyon Laban sa Kahirapan (PILAK). Chairman of the Philippine Association of Voluntary Arbitration Foundation (PAVAF), and Vice Chairman of Philippine Dispute Resolution Center, Inc. (PDRCI). He is also the Vice President of the International Labor Organization, Inc., and Vice Chairman and Trustee, Foundation for Crime Prevention. He is an accredited international arbitrator of the Paris-based International Court of Arbitration. A member of the Philippine Bar, he pursued his Bachelor of Laws in the Ateneo de Manila Law School and his Associate in Liberal Arts from the San Beda College. He attended a Top Management and Productivity Program from the Asian Institute of Management (AIM) as well as special courses sponsored by ILO, Geneva, Switzerland, Asian Productivity Organization (APO), and the Nikkeren, Japan, covering areas of Managerial Management and Organizational Development, Productivity, Legal Management, Labor and Industrial Relations, Development of SME's among others. He is a member of the Philippine Bar Association, a Commissioner of the Consultative Commission on Constitutional Reform and a Lifetime Member of the Philippine Constitution Association (PHILCONSA). He is the recipient of various awards and citations such as San Beda College's Outstanding Alumni Award for Business Leadership, and San Beda Hall of Fame Awardee. Presidential Medal of Merit for Outstanding Service to the Republic of the Philippines, Tamaraw Leadership Award, Katipunan Leadership Award and Leadership Award from ECOP, PCCI and ASEAN Productivity Organization and Confederation of Asia-Pacific Chamber of Commerce and Industry (CACCI) Medallion for Distinguished Service Award. He was also conferred by the Central

Luzon State University with the degree of Doctor of Humanities (honoriscausa), and by the Eulogio "Amang" Rodriguez University of Science and Technology with a Doctorate in Business Technology (honoris causa).

Alejo L. Villanueva, Jr.
Independent Director

Mr. Villanueva was first elected as Independent Director on 28 August 2013. He holds position in the following other listed companies:

Listed Company	Position	Date First Elected	Date Last Elected	No. of Terms/ Years
Alliance Global Group, Inc.	Independent Director	Aug 2001	Sept 2014	13
Empire East Land Holdings, Inc.	Independent Director	June 2007	June 2014	7
Suntrust Home Developers, Inc.	Independent Director	Oct 2012	Oct 2014	2

He is a Director of First Capital Condominium Corporation, a non-stock non-profit corporation. He is also the Chairman of Ruru Courier Systems, Inc. and Vice Chairman of Public Relations Counselors Foundations of the Philippines, Inc. He is a professional consultant who has more than twenty years of experience in the fields of training and development, public relations, community relations, institutional communication, and policy advocacy, among others. He has done consulting work with the Office of the Vice President, the Office of the Senate President, the Commission on Appointments, the Securities and Exchange Commission, the Home Development Mutual Fund, the Home Insurance Guaranty Corporation, Department of Agriculture, Philippine National Railways, International Rice Research Institute, Rustan's Supermarkets, Louis Berger International (USAID-funded projects on Mindanao growth), World Bank (Subic Conversion Program), Ernst & Young (an agricultural productivity project), Chemonics (an agribusiness project ofUSAID), Price Waterhouse (BOT program, a USAID project), Andersen Consulting (Mindanao 2000, a USAID project), Renardet S.A. (a project on the Privatization of MWSS, with World Bank funding support), Western Mining Corporation, Phelps Dodge Exploration, and Marubeni Corporation. Mr. Villanueva obtained his bachelor's degree in Philosophy from San Beda College, summa cum laude. He has a master's degree in Philosophy from the University of Hawaii under an East-West Center Fellowship. He also took up special studies in the Humanities at Harvard University. He studied Organizational Behavior at INSEAD in Fontainebleau, France. He taught at the Ateneo Graduate School of Business, the UST Graduate School, and the Asian Institute of Journalism.

Dina D.R. Inting
Chief Finance Officer, Corporate Information Officer
and Compliance Officer

Ms. Inting was first elected as Compliance Officer and Corporate Information Officer on 28 August 2013. She holds position in the following other listed company:

Listed Company	Position	Date First Appointed/ Elected	Date Last Appoint/Elected	No. of Terms/ Years
Alliance Global Group, Inc.	First Vice President for Finance			27
	Compliance Officer	August 2005	September 2014	7
	Corporate Information Officer	August 2002	September 2014	12

She is currently director of Progreen Agricorp, Inc. She gained an extensive experience in the fields of audit, comptrollership, treasury, finance, branch operations and personnel management from her previous employments. She is a Cum Laude graduate of Bachelor of Science in Commerce major in Accounting, Honors Program, at the Philippine College of Commerce (Polytechnic University of the Philippines), holds a certificate in Organizational Development from the Ateneo de Manila University, and is a Certified Public Accountant.

Dominic V. Isberto
Corporate Secretary

Mr. Isberto was first elected as Corporate Secretary on 28 August 2013. He holds position in the following other listed companies:

Listed Company	Position	Date First Elected	Date Last Elected	No. of Terms/ Years
Global-Estate Resorts, Inc.	Corporate Secretary and Assistant Corporate Information Officer	Jan 2011	June 2014	3
Alliance Global Group, Inc.	Corporate Secretary	Sept 2007	Sept 2014	7

He is also the Corporate Secretary of Twin Lakes Corporation, Eastwood City Estates Association, Inc., Suntrust Properties, Inc. and Fil-Estate Properties, Inc. He is currently a Senior Assistant Vice President for Corporate Management of Megaworld Corporation where he is responsible for negotiation, preparation and review of lease agreements for office and retail tenants, joint venture and sale and purchase agreements for the acquisition of property, loan agreements, and other corporate contracts and agreements. He also handles legal cases involving office and retail tenants. Mr. Isberto has experience in litigation and banking and corporate law. He has a degree in Management Engineering from the Ateneo de Manila University and obtained his Bachelor of Laws degree from the University of the Philippines.

Rolando D. Siatela
Assistant Corporate Secretary

Mr. Siatela was first elected as Assistant Corporate Secretary on 28 August 2013. He holds position on the following other listed companies:

Listed Company	Position	Date First Elected	Date Last Elected	No. of Terms/ Years
Suntrust Home Developers, Inc.	Corporate Secretary and Corporate Information Officer	May 2006	Nov 2014	8
Megaworld Corporation	Assistant Corporate Secretary	Oct 2006	June 2014	8
Global-Estate Resorts, Inc.	Assistant Corporate Secretary	Jan 2011	June 2014	3
Alliance Global Group, Inc.	Assistant Corporate Secretary	Aug 2002	Sept 2014	12

He is a member of the board of Asia Finest Cuisine, Inc. and also serves as Corporate Secretary of Oceanic Realty Group International, Inc., ERA Real Estate, Inc. and ERA Real Estate Exchange, Inc., and as Documentation Officer of Megaworld Foundation, Inc. He is at present an Assistant Vice President for Corporate Management in Megaworld Corporation. He was employed as Administrative and Personnel Officer with Batarasa Consolidated, Inc. and served as Assistant Corporate Secretary and Chief Administrative Officer of The Andresons Group, Inc.

The Nomination Committee and Independent Directors

SRC Rule 38 provides that the nomination and election of independent directors shall be conducted in accordance with the following rules:

1. Nomination of independent directors shall be conducted by the Nomination Committee prior to a stockholders' meeting. All recommendations shall be signed by nominating stockholders and shall bear the conformity of the nominees.

2. The Nomination Committee shall pre-screen the nominees and prepare a final list of candidates.
3. The final list of candidates shall contain the business and/or professional experience of the nominees for independent directors, which list shall be made available to the Commission and to all stockholders through the filing and distribution of the Information Statement, in accordance with SRC Rule 20, or in such other reports the Company is required to submit to the Commission. The name of the person or group of persons who recommended the nominees for independent directors shall be identified in such report including any relationship to the nominees.
4. Only nominees whose names appear in the final list of candidates shall be eligible for election as independent directors. No other nominations shall be entertained after the final list of candidates shall have been prepared. No further nominations shall be entertained or allowed on the floor during the actual annual stockholders' meeting.
5. The conduct of the election of independent directors shall be made in accordance with the standard election procedures of the Company in its By-laws, subject to pertinent laws, rules and regulations of the Commission.
6. It shall be the responsibility of the Chairman of the Meeting to inform all stockholders in attendance of the mandatory requirement of electing independent directors. He shall ensure those independent directors are elected during the stockholders' meeting.
7. In case of failure of election for independent directors, the Chairman of the Meeting shall call a separate election during the same meeting to fill up the vacancy.

The Company is required to have at least two (2) independent directors in its Board of Directors, who are each independent of management and free from any business or other relationship which could, or could reasonably be perceived to, materially interfere with his exercise of independent judgment in carrying out his responsibilities as a director in the Company. An independent director should have at least one (1) share of the Company's common stock, a college graduate or has been engaged or exposed to the business for at least five (5) years, and possesses integrity/probity and assiduousness. Pursuant to SEC Memorandum Circular 9-2011, an Independent Director can serve for five (5) consecutive years to be counted from January 2012, provided that service for a period of at least six (6) months shall be equivalent to one (1) year, regardless of the manner by which his position was relinquished or terminated. After completion of the 5-year service period, an Independent Director shall be ineligible for election as such in the same company unless he has undergone a "cooling off" period of 2 years after which he can be re-elected in the same company and serve for another 5 consecutive years. A person who has served as Independent Director for 10 years in the same company shall be perpetually barred from being elected as an Independent Director in the same company, without prejudice to being elected in other companies outside of the business conglomerate. There shall be no limit in the number of covered companies that a person may be elected as Independent Director, except in business conglomerates where he can be elected to only five (5) companies of the conglomerate, i.e., parent company, subsidiary or affiliate.

Nominees
Directors are elected annually by the stockholders at the annual stockholders' meeting to serve until the election and qualification of their successors. The Nomination Committee composed of Miguel B. Varela as Chairman and Winston S. Co and Kendrick Andrew L. Tan as members accept nominees to the Board of Directors, including nominees for independent directors. The Committee is responsible for screening and qualifying the list of nominees. The following is the complete and final list of nominees for members of the Board of Directors:

1. Andrew L. Tan
2. Winston S. Co
3. Katherine L. Tan
4. Kingson U. Sian
5. Kendrick Andrew L. Tan
6. Miguel B. Varela – Independent Director
7. Alejo L. Villanueva, Jr. - Independent Director

Mr. Kingson U. Sian nominated incumbent independent director Mr. Miguel B. Varela for another term, while Mr. Winston S. Co nominated the other incumbent independent director, Mr. Alejo L. Villanueva, Jr. for another term. Messrs. Sian, Co, Varela, and Villanueva are not related by consanguinity or affinity up to the fourth civil degree.

The above disclosures on the business experience of the named directors, officers, and nominees, all cover the past five (5) years.

Disagreements with the Company
No director has resigned or declined to stand for re-election to the Board of Directors since the date of the last annual stockholders' meeting because of a disagreement with the Company on any matter relating to the Company's operations, policies or practices.

Significant Employees
While the Company values its workforce, the business of the Company is not highly dependent on the services of personnel outside of Senior Management.

Family Relationships
Chairman Andrew L. Tan is married to Director and Treasurer Katherine L. Tan while their son, Kendrick Andrew L. Tan, is also a Director. Kendrick is currently serving as director of Anglo Watsons Glass, Inc. and Corporate Secretary of Emperador Distillers, Inc.

Involvement in Legal Proceedings
The Company is not aware of the occurrence during the past five (5) years up to the date hereof of any of the following events that are material to an evaluation of the ability or integrity of any director, any nominee for election as director, or executive officer:

1. Any bankruptcy petition filed by or against any business of a director, nominee for election as director, or executive officer who was a general partner or executive officer either at the time of the bankruptcy or within two years prior to that time;

2. Any conviction by final judgment in a criminal proceeding, domestic or foreign, or a pending criminal proceeding, domestic or foreign, excluding traffic violations and other minor offenses;

3. Any order, judgment, or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction, domestic or foreign, permanently or temporarily enjoining, barring, suspending or otherwise limiting his involvement in any type of business, securities, commodities or banking activities; and

4. Being found by a domestic or foreign court of competent jurisdiction (in a civil action), the Commission or comparable foreign body, or domestic or foreign exchange or other organized trading market or self-regulatory organization, to have violated a securities or commodities law of regulation, and the judgment has not been reversed, suspended, or vacated.

Certain Relationships and Related Transactions

Except for the material related party transactions described in the notes to the consolidated financial statements of the Company for the year 2013 (*please see as filed elsewhere in here*), there has been no material transaction during the last two years, nor is there any material transaction currently proposed, to which the Company was or is to be a party, in which any director or executive officer, any nominee for election as director, stockholder of more than ten percent (10%) of the Company's voting shares, and any member of the immediate family (including spouse, parents, children, siblings, and in-laws) of any such director or officer or stockholder of more than ten percent (10%) of the Company's voting shares had or is to have a direct or indirect material interest

The following table identifies the Company's Chief Executive Officer and the four most highly compensated executive officers and summarize their aggregate annual compensation in 2013 and 2014 and the estimated aggregate compensation for 2015. Such compensation is received from EDI and none from the Company.

	Name and principal position	Year	Salary (P) '000	Bonus (P)	Other Annual Compensation
CEO	Winston S. Co, President				
A	Katherine L. Tan, Treasurer				
B	Kendrick Andrew L. Tan, Executive Director				
C	Edwin Jaranilla, Plant Manager				
D	Eleizer S. Joaquin, Vice President for Sales and Marketing				
	Total President and four most highly compensated executive officer	2013 2014 2015	16,159 20,175 22,005		None None None
E	All other officers and named directors as a group	2013 2014 2015	0 0 0		

The Company's By-Laws stipulates that, except for reasonable per diem, directors, as such, are entitled to receive only such compensation as may be granted to them upon the recommendation of the Compensation and Remuneration Committee and subsequent approval by vote of stockholders representing at least a majority of outstanding capital stock at a regular or special meeting of stockholders. In no case shall the total yearly compensation of directors, as such, exceed 10% of the net income before tax of the Corporation for the preceding year.

Employment Contracts and Termination of Employment and Change-in-Control Arrangements

There are no employment contract between the Company and a named executive officer; and no compensatory plan or arrangement, including payments to be received from the Company, with respect to a named executive officer, that results or will result from the resignation, retirement or any other termination of such executive's employment with the Company and its subsidiaries or from a change-in-control of the Company or a change in the named executive officer's responsibilities following a change-in-control and amount involved, including all periodic payments or installments, exceeds P2.5 million.

Warrants and Options Outstanding held by Directors or Officers

On 15 December 2014, stockholders holding more than 2/3 of the subscribed and outstanding capital stock of the Company approved an Employee Stock Option Plan (the "Plan") for qualified employees of the Company and its subsidiaries.

Under the Plan, stock options may be granted within ten (10) years from approval by stockholders of the Company owning at least 2/3 of its outstanding capital stock. The exercise price shall be at a 15% discount from the volume weighted average closing price (VWAP) of the Company's common shares for the nine months immediately preceding the date of grant; however, for the first batch of options to be granted, the exercise price shall be at PHP7.00/share. The Company shall reserve up to 1,000,000,000 common shares representing 5% of the authorized capital stock for issuance pursuant to the Plan. Stock options may be exercised by the grantee beginning on his 60th birthday subject to the terms and conditions of the Plan.

The Plan shall be administered by the Compensation and Remuneration Committee of the Board, which shall determine the eligible participants of the Plan for a particular calendar year as well as the number of shares to be covered by each option so granted, taking into consideration their position and responsibilities, nature and value of their services and accomplishments, and their present and potential contribution to the success of the Company, and such other factors as the Committee may deem relevant.

The purpose of the Plan is to enable qualified employees of the Company to participate in the growth of the Company, thereby encouraging long-term commitment to the Company and to encourage senior management to develop and train future leaders that will continue business growth and success of the Company.

As of 31 March 2015, no options have been granted under the Plan.

Item 7. **Independent Public Accountants**

Punongbayan & Araullo (“P&A”), upon recommendation by the Audit Committee composed of Alejo L. Villanueva, Jr. as Chairman and Miguel B. Varela and Andrew L. Tan as members, is being recommended to the stockholders for re-election as the Company’s principal external auditor for the year 2015. P&A audited the Company’s consolidated financial statements for the years 2012, 2013 and 2014. In compliance with SEC Rule 68 paragraph 3 (b) (iv) (Rotation of External Auditors), and as adopted by the Company, external auditors or engagement partners are rotated or changed every five years. The lead engagement partner for 2012, 2013, and 2014 is Ms. Mailene S. Bisnar.

Representatives of Punongbayan & Araullo are expected to be present at the Meeting. They will have the opportunity to make a statement if they desire to do so and are expected to be available to respond to appropriate questions.

External audit fees and services

The combined fees billed by P&A for the audit of the 2012 annual financial statements of EDI and those of its subsidiaries totaled P2,005,000, excluding out-of-pocket expenses. For the audit of the 2013 annual financial statements, the fees billed by P&A to the Company and its subsidiaries totaled P2,682,000, excluding out-of-pocket expenses. For the audit of the 2014 annual financial statements, the agreed fees to P&A by the Company and its subsidiaries totaled P3,300,000, excluding out-of-pocket expenses, which include review of purchase price adjustment for Whyte and Mackay. The services are those normally provided in connection with statutory and regulatory filings or engagements.

Tax fees and all other fees

In 2013, P&A billed P5,350,000 for services rendered in connection with the offering of the Company’s shares. The services included the audit of the consolidated financial statements for the three years ended December 31, 2012 and the review of interim consolidated financial statements as of June 30, 2013.

There were no separate tax fees billed and no other products and services provided by P&A for the last two fiscal years.

The professional fees of the external auditors of the Company are approved by the Company’s Audit Committee after approval by the stockholders of the engagement and prior to the commencement of each audit season.

Changes in and disagreements with accountants on accounting and financial disclosure

P&A issued an unqualified opinion on the consolidated financial statements. There are no disagreements with them on any matter of accounting principles or practices, financial statement disclosures, and auditing scope or procedure which, if not resolved would have caused the auditors to make reference thereto in its reports.

Information Incorporated by Reference

Financial Statements of the Company and its subsidiaries as of 31 December 2014 as well as the Management’s Discussion and Analysis of Operations and Financial Condition for the corresponding periods are included in the Company’s Management Report and are incorporated herein by reference.

C. OTHER MATTERS

Item 8. **Action with Respect to Reports**

The minutes of the Annual Meeting of Stockholders held on 23 June 2014 will be submitted to the stockholders for approval (a copy is attached hereto). The Minutes will refer to the adoption of stockholder's resolutions pertaining to the following matters: approval of Minutes of Special Stockholders' Meeting held on 27 August 2013; Amendment of the Articles of Incorporation; ratification of acts of the Board of Directors, Board Committees, and Management; appointment of External Auditors; and election of directors.

The minutes of the Special Meeting of Stockholders held on 15 December 2014 will also be submitted to the stockholders for approval (a copy is attached hereto). The Minutes will refer to the adoption of stockholders' resolutions pertaining to the following matters: ratification of issuance of shares and equity linked securities to Arran Investment Private Limited and approval of the employee stock option plan.

The approval or disapproval of the Minutes will constitute merely an approval or disapproval of the correctness of the minutes but will not constitute an approval or disapproval of the matters referred to in the Minutes.

The stockholders will be asked to ratify all acts and resolutions of the Board of Directors, Board Committees, and of Management adopted and taken during the period up to the date of the Meeting. These include, among others, the appointment of officers in the corporation, opening and maintenance of bank accounts and other bank transactions, approval and issuance of financial statements, appointment of proxies and nominees, designation of authorized contract signatories and representatives, corporate contracts, and other similar activities of the Company.

Item 9. **Amendment Charter, Bylaws, or Other Documents**

In a special meeting of the Board of Directors held on August 28, 2013, the Board approved to amend the Corporate Name in the Company's By-Laws <u>FROM</u> TrillionStars Holdings, Inc. <u>TO</u> Emperador Inc.

The amendment is being made to align with the Company's corporate name in its Amended Articles of Incorporation.

The resolution of the Board on the amendment of the corporate name in the By-Laws will be submitted to the stockholders for approval at the Meeting.

Item 10. **Other Proposed Action**

The stockholders will be asked to ratify all acts and resolutions of the Board of Directors, Board Committees, and of Management adopted and taken during the period up to the date of the Meeting. These include, among others, the appointment of officers in the corporation, opening and maintenance of bank accounts and other bank transactions, approval and issuance of financial statements, appointment of proxies and nominees, designation of authorized contract signatories and representatives, corporate contracts, and other similar activities of the Company.

Item 11. **Voting Procedures**

Vote Required

In the election of directors, the seven (7) nominees garnering the highest number of votes will be elected as members of the board of directors, provided that there shall always be elected at least two (2) independent directors in the Company's board of directors.

For all the other matters proposed to be acted upon, the vote of a majority of the outstanding capital stock will be required for approval.

Method of Counting of Votes

Each holder of common share will be entitled to one (1) vote with respect to all matters to be taken up during the Meeting; provided, that in the election of directors, each stockholder may vote such number of shares for as many persons as there are directors to be elected or may cumulate said shares and give one nominee as many votes as the number of directors to be elected multiplied by the number of his shares shall equal, or he may distribute them on the same principle among as many nominees as he shall see fit; provided further, that the total number of votes cast by him shall not exceed the number of shares owned by him multiplied by the number of directors to be elected.

There will be seven (7) persons to be elected to the Company's board of directors, including at least two (2) independent directors. In the event that the number of nominees to the board of directors exceeds the number of board seats, voting shall be done by ballot. However, if the number of nominees to the board of directors does not exceed the number of board seats, voting will be done by a show of hands. Election inspectors duly appointed during the meeting shall be responsible for counting the number of votes, subject to validation by representatives of Punongbayan & Araullo, the Company's external auditors. The Company undertakes to submit the updated Certification on the Qualifications and Disqualifications of Independent Directors within thirty (30) days after the Meeting.

The Company undertakes to provide without charge to a stockholder a copy of the Annual Report on SEC Form 17-A upon written request addressed to Ms. Dina D. Inting, Corporate Information Officer, at 7th Floor, 1880 Eastwood Avenue, Eastwood City CyberPark, E. Rodriguez Jr. Avenue, Bagumbayan, Quezon City, Metro Manila, Philippines.

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 hereunto duly authorized.

Date: 20 April 2015

EMPERADOR INC.

By:

DINA D.R. INTING
Chief Finance Officer, Corporate Information Officer and Compliance Officer

MANAGEMENT REPORT
AS REQUIRED BY SRC RULE 20

General Nature and Scope of Business

OVERVIEW

EMPERADOR INC. (the "Company" or "EMP" or "Emperador") is currently a holding company which operates an integrated business of manufacturing, bottling and distributing distilled spirits and other alcoholic beverages. Through **Emperador Distillers, Inc.** ("EDI"), EMP has established its identity in the Philippine alcoholic beverages business with steady growth and production of high quality liquor. EDI, the Philippines' largest liquor company and the world's largest brandy producer, has a product portfolio that consists of its own brands as well as licensed products. Through the recently acquired **Whyte and Mackay Group Limited** ("WMG" or "Whyte and Mackay") of United Kingdom, EMP has entered the global Scotch whisky business. WMG has a rich heritage of a Scottish spirits company, which is the fifth largest Scotch whisky manufacturer in the world, and its products are distributed in over 50 countries.

It was in 2013 that the Company transformed into a holding company and increased its capitalization base to P20 billion. In a series of transactions in August and September 2013, **Alliance Global Group, Inc.** ("AGI") acquired majority control with 87.55% ownership interest in the Company and the Company concurrently acquired 100% ownership in EDI from AGI. The Company thus became a subsidiary of AGI and the immediate parent of EDI. (See Note 1 to the Consolidated Financial Statements)

The Company's acquisition of EDI is accounted for similar to a reverse acquisition of a non-operating shell company, wherein the legal subsidiary, which is EDI, is deemed as the acquirer and the legal parent, which is the Company, is deemed as the acquired. Thus, the consolidated financial statements prior to the acquisition date have been prepared as a continuation of the consolidated financial statements of EDI and its subsidiaries (collectively referred to as "EDI Group"), except for the capital structure which represent that of the Company. (See Note 2.3(a)iii to the Consolidated Financial Statements)

On August 28, September 16 and September 27, 2013, the Board of Directors ("BOD"), stockholders and Philippine Stock Exchange Commission ("SEC'') respectively approved the change in corporate name to **Emperador Inc.** The Company's shares are presently traded on the First Board of the Philippine Stock Exchange (PSE) under the symbol "EMP". The Company was originally incorporated under the name of Touch Solutions, Inc. (TSI) in the Philippines on November 26, 2001 and first listed its shares on December 19, 2011 under the symbol "TSI".

On October 31, 2014, the Company through its indirect wholly-owned subsidiary, **Emperador UK Limited** ("EUK"), completed a deal signed on May 9, 2014, for the acquisition of the entire issued share capital of **WMG** from United Spirits (Great Britain) Limited, an indirect wholly-owned subsidiary of United Spirits Limited ("USL"), at an enterprise value of £430 million. Emperador is taking the reins from the world's liquor giants - USL of India (the world's largest spirits company by volume) which was forced to put Whyte and Mackay up on sale because of UK anti-trust concerns, when London-based Diageo Plc (the world's leading premium drinks manufacturer) gained controlling interest in USL.

On December 4, 2014, with the completion of the Whyte and Mackay acquisition as a condition precedent to its entry, Singapore sovereign wealth fund **GIC Private Ltd**. ("GIC"), through its private equity arm, **Arran Investment Pte. Ltd.**("Arran") initially invested P17.6 billion in the Company split into 70%-equity and 30%-equity-linked securities debt ("ELS"), which is convertible to equity between 2 to 7 years, plus and option to acquire more EMP shares. Through this initial investment, Arran acquired 7% ownership interest in EMP and AGI's 88% was diluted to 81%.

Subsidiaries

EDI

EDI is the leading brandy manufacturer and distributor in the Philippines. It was incorporated on June 6, 2003 and it acquired the brandy manufacturing assets and related brands, namely, 'Emperador' and 'Generoso', of Consolidated Distillers of the Far East, Inc. ("Condis") in January 2007. AGI subsequently acquired full ownership of EDI from The Andresons Group, Inc. (''TAGI'') and the Tan Family in February 2007. In April 2009, EDI launched flavored vodka and gin beverages under 'The BaR' brand. 'The BaR' became the first flavored vodka and gin products manufactured by a Philippine company. In the third quarter of 2012, EDI introduced 'The BaR' cocktails line primarily targeted at younger alcoholic beverage consumers and female customers.

EDI began selling the 'Emperador Deluxe' brand in March 2013 which is being manufactured in Spain for export to Philippines under a supply agreement with Gonzalez Byass SA. A couple of months earlier, the acquisition of Bodega San Bruno from one of the largest and oldest liquor and wine conglomerates in Spain allowed Emperador to own one of the world's best brandy stocks that are rare, high quality and aged for more than 40 years in Spain.

EDI also distributes Ernest & Julio Gallo wines and Pik-Nik shoestring-shaped potato snacks. It operates two manufacturing plants in Laguna and an alcohol distillery plant in Batangas. The main plant is being leased from Tradewind Estates, Inc., a wholly owned subsidiary under AGI group.

It has 22 billion shares authorized capital stock, 12.5 billion shares of which were issued and outstanding as of to-date.

Emperador International Ltd.

Emperador International Ltd. ("EIL") is a business company incorporated in the British Virgin Islands on December 13, 2006. It is an investment and holding company which is involved in the international sales, marketing and merchandising of EDI's products. This group is responsible for the investments and properties in Spain and United Kingdom.

As of end-2013, EIL was a wholly owned subsidiary of EDI. In 2014, to finance the acquisition of Whyte and Mackay, EMP and EDI made additional equity investments of $265,016,000 and $77,627,000, respectively, in EIL.

Emperador Spain

Emperador Asia Pte Ltd. ("EAsia"), a wholly-owned subsidiary of EIL, was incorporated in Singapore. It wholly owns ***Grupo Emperador Spain, SA*** ("GES"), a large liability company in Spain, incorporated on September 28, 2011.

GES main activities are the production of wines, fortified wines, brandies and all types of alcoholic drinks, as well as the purchase and operation of any type of land and, in particular, vineyards. In 2013, it acquired ***Bodega San Bruno, SL****,* a wholly-owned subsidiary; and in 2014, it invested in ***Bodegas Las Copas, SL*** *("BLC")*, a 50%-50% joint venture with **Gonzales Byass, SA**. BLC is a company that converts and produces alcohol and spirits.

The Spain group acquired vineyard estates in Toledo, called Daramezas and Bergonza, and in Madrid, called Monte Batres, in 2013-2014.

BLC's main industrial facilities are located at Jerez de la Frontera in Cadiz and Tomelloso in Ciudad Real.

Emperador Europe

Emperador Europe SARL, a wholly-owned subsidiary of EIL, is a private limited liability company incorporated in Luxembourg in September 2014. The object of the company is the holding of participations in any form whatsoever and all other forms of investments.

Emperador Holdings (GB) Limited ("EHGB" or "EGB"), the ultimate UK parent undertaking and controlling entity, is a wholly-owned subsidiary of EIL. EGB is a private company incorporated under the laws of England and Wales on June 19, 2014. It operates as an investment and holding company and wholly owns EUK. As of December 31, 2014, its authorized called-up share capital totaled 142 million shares at £1 per share, all of which were allotted and fully paid up by EIL.

Emperador UK Limited ("EUK"), a wholly-owned subsidiary of EHGB, is a private limited company incorporated in Scotland on May 6, 2014. It is the immediate parent of WMG. As of December 31, 2014, it has authorized called up share capital of 142 million shares at £1 per share, all of which were allotted and fully paid up by EGB.

Whyte and Mackay Group Limited ("WMG") is the immediate parent and smallest consolidating group. It was incorporated on August 7, 2001 in Scotland. The main trading entity is its wholly owned subsidiary, ***Whyte and Mackay Limited*** ("WML"), which was incorporated on January 20, 1927 in Scotland. WML's principal activity is the production, marketing and distribution of distilled potable alcoholic drinks which include Scotch whisky, vodka, liqueurs and other alcoholic drinks.

Active wholly-owned subsidiaries include ***Whyte and Mackay Warehousing Ltd***. ("WMW"), incorporated in Scotland, and ***Whyte and Mackay Americas Ltd, LLC*** ("WMA"), incorporated in the United States of America. WMW's principal activity is the warehousing and blending of bulk whisky for related and third party customers while WMA, a direct subsidiary of WML, was formed to handle Whyte and Mackay's business portfolio in US market. There are forty-one dormant companies within WMG Group that have been retained for branding purposes.

Whyte and Mackay is the fifth largest Scotch whisky manufacturer in the world with a history of more than 170 years and ownership of some of the most iconic Scotch brands in the industry, including British luxury brand 'The Dalmore Single Highland Malt', 'Jura Premium Single Malt', and 'Whyte & Mackay Blended Scotch Whiskies'. The products are distributed in more than 50 countries mainly in Europe and North America, with strong presence in the global travel retail space.

Anglo Watsons Glass, Inc.

Anglo Watsons Glass, Inc. (AWGI), a wholly-owned subsidiary of EDI, was incorporated in the Philippines on July 22, 1999. EDI acquired AWGI from its previous owner, AGI, in 2012. AWGI's business consists of AGI's original flint glass container manufacturing business that was spun off in 1999. Flint glass is a plain, transparent glass that can be processed into a variety of shapes and sizes.

AWGI operates a manufacturing plant at the Canlubang Industrial Estate in Canlubang, Laguna, Philippines which runs on a 24-hour shift and has a capacity of 200 metric tons per day. The manufacturing plant is generally running at full capacity. Due to the high demand of EDI and capacity constraints, AWGI currently services EDI's bottling requirements only.

The Bar Beverage, Inc.

The Bar Beverage, Inc., a wholly-owned subsidiary of EDI, was incorporated in the Philippines on August 11, 2008 for the purpose of engaging primarily in the manufacturing, processing, importing and/or exporting, buying, selling, acquiring, holding or otherwise dealing in, any and all kinds of alcoholic beverage products, flavorings, essences, beverages, softdrinks, foodstuffs, goods, wares, merchandise and/or commodities of the same or similar kind as well as products, natural or artificial, of the Philippines or elsewhere.

DESCRIPTION OF BUSINESS

Prior to the introduction of Emperador Brandy in 1990, the Philippine spirits industry was dominated by longstanding and well-established gin and rum manufacturers. Through dynamic marketing and by establishing a reputation for product quality, EDI created demand for brandy in the Philippine spirits market following the launch of Emperador Brandy. The Company believes that the 'Emperador' brand, which is marketed as a premium brand, has been the market leader among brandies in the Philippines in terms of sales volume since 1990. In particular, in 2010, EDI introduced the first light brandy, Emperador Light, to capture the taste preferences of Filipino consumers. In addition, EDI's flavored vodka, gin and tequila products under 'The BaR' brand were the first flavored vodka, gin and tequila beverages to be produced by a Philippine company. EDI produces brandy products that had more than 94% share of the Philippine brandy market in terms of sales volume (source: AC Nielsen Retail Audit Report full year 2014).

EDI has extensive nationwide distribution network that provides it with a distinct competitive advantage. Its distribution network is operated through 20 sales offices strategically located throughout the Philippines while its products are distributed across more than 111,000 outlets, including more than 100,000 sari-sari stores. In addition, EDI employs its own sales and distribution force consisting of approximately 1,000 personnel, approximately 700 of which are employees while the rest are outsourced from third party co-operators, and more than 200 vehicles. EDI employs a majority of its sales force in-house that has resulted in a relatively higher level of motivation and incentivization among its employees and contributed to the strong growth in the sales of its products. This arrangement also enables EDI to work closely with its customers and develop strong relationships with them. It continually seeks ways to expand the reach of its distribution network, especially in the fast growing regions of Mindanao and the Visayas.

With the introduction of Emperador Deluxe in 2013, EDI is the first to bring an imported liquor brand produced entirely in Spain that focuses on the Philippine market.

The Scottish whisky industry is a homegrown industry that dates back to 1494 and has long been considered a cornerstone of the UK economy. Whisky accounts for 25% of total UK food and drink exports, with the majority of bottles shipped abroad. In 2014, the value of Scotch whisky exports was approximately £4 billion. In Scotland, whisky is the third biggest industry, behind energy and financial services, and accounts for 70% of the Scotland's food and drink sector. (Source: Scotch Whisky Association's January 2015 report)

The Whyte and Mackay business was founded on the docks of Glasgow, Scotland in 1844. By the late 19th century, Glasgow was famous for its shipbuilding, pioneering its craft all over the world. It was at this time that James Whyte and Charles Mackay began to marry the best whiskies of Scotland with the intention of creating the smoothest and most distinctive blend of Scotch Whisky. In 1960, the Dalmore distillery, which has been producing exceptional single malt whisky since 1839, was acquired; and by 1965 'Whyte & Mackay' became the fifth most popular brand in Scotland. This achievement was followed by a successful redoubling of efforts in the export markets. Whyte and Mackay is considered the fifth largest maker of Scotch whisky in the world and owns some of the most iconic Scotch brands in the industry, including British luxury brand 'The Dalmore Single Highland Malt', 'Jura Premium Single Malt', and 'Whyte & Mackay Blended Scotch Whisky'. The products are sold in more than 50 countries mainly in Europe and North America, with strong presence in the global travel retail space.

It also produces Vladivar, Glayva, Claymore and John Barr.

Whyte and Mackay is headquartered in Glasgow and has significant malt and grain production capability from its four malt distilleries and one large grain distillery. It also has a leased bottling facility with a capacity of 6.5 million cases per annum.

PRODUCTS

Emperador Brandy, the first brandy label, was launched in 1990. In 2010, Emperador Light was introduced in response to a growing market for alcoholic beverages with lower alcohol content and targeted at younger alcoholic beverage consumers. In March 2013, EDI introduced Emperador

Deluxe Spanish Edition, a premium brandy imported from Spain that is created specifically to appeal to the Philippine palate.

The Company believes the introduction of a new sin tax regime on liquor, which became effective on January 1, 2013 with the effectivity of R.A. No. 10351, leveled the playing field for imported liquors and provided a prime opportunity to introduce Emperador Deluxe to the Philippine market.

“The BaR”, a flavored vodka and gin beverage was launched in 2009. The BaR is marketed as a ready-to-serve flavored alcoholic beverage with low alcohol content. The gin comes in lemon-and-lime flavor while the vodka comes in orange, apple and strawberry flavors. In 2012, The BaR Cocktails Margarita line was launched. The Company targets the sales of The Bar products to a younger demographic, specifically, the 18 to 24 year old age bracket.

Details of EDI’s brands are set out in the table below:

Brand	Description	Packaging	Indicative Retail Price Range	Target Market
Emperador Deluxe Spanish Edition	Premium luxury brandy of golden amber blend, with notes of Palomino grapes, toffee, almonds and honey. Warm, silky and full-bodied with 30.0% alcohol volume. Blended and bottled in Spain	700ml	₱160.00-₱180.00	Male consumers ages 30 and up, white collar in middle management level and socially upward mobile
Emperador Brandy	Deep rich gold color, light fruit bouquet, mellow, with medium body and a sweet aftertaste with 36.0% alcohol volume	375ml 750ml	₱40.00 ₱85.00	Mass consumers 25 years old and above, traditional brandy drinkers
Emperador Light	Light, fruity taste with 27.5% alcohol volume	500ml 750ml 1.0 liter	₱60.00 ₱85.00 ₱110.00	Younger consumers 18 to 24 years old
The Bar flavors- Apple Vodka Orange Vodka Strawberry Vodka Lemon and Lime Gin	Light, fruity and very easy to drink. Fruit flavored alcoholic beverage at 25.3% alcohol volume	700ml	₱80.00	Younger consumers 18 to 24 years old, primarily women
The Bar Citrus Tequila	Tequila which incorporates lime and salt in the drink with 35.0% alcohol volume; intended as a “shooter”	700ml	₱120.00	Younger consumers 18 to 24 years old, primarily women
The Bar Cocktails Margarita	Ready-to-serve margarita cocktail with 20.0% alcohol volume	700ml	₱80.00	Younger consumers 18 to 24 years old, primarily women
The Bar Silver	Clear spirit with 35.0% alcohol volume	700ml	₱80.00	Younger consumers 18 to 24 years old, primarily women

The indicative suggested retail price ranges set out above are EDI’s suggested retail prices. Vendors may sell the products at higher or lower prices, depending on outlet margin requirements and their operating costs. The Government does not regulate the price of alcoholic beverages in the Philippines. However, manufacturers of alcoholic beverages in the Philippines are required to pay an excise tax on alcohol production based on the percentage of alcohol contained in the beverage and net retail price.

EDI also distributes 'Pik-Nik' brand shoestring potato snacks and Ernest and Julio Gallo wines. The 'Pik-Nik' brand is owned by AGI Group.

Scotch whisky is Scotland's leading indigenous product and is now established as the leading international spirit drink, making it one of Britain's most important exports. It is a distilled spirit made (distilled and matured) in Scotland *only* from cereals, water and yeast. Most whiskies mature far longer than the legal minimum of three years, and the maturation period varies for different whiskies. The age statement on a bottle reflects the amount of time the youngest whisky in that bottle has spent maturing in a cask.

WMG offers Single Malt and Blended Scotch whiskies, liquers and vodkas, under the following key brands:

The Dalmore Single Malt Scotch Whisky sits at the apex of the category in which it competes. It is positioned as super premium and luxury brand. The Dalmore's 'To The Brave' proposition is built on a heritage that is rooted in the saving of King Alexander III of Scotland from being gored by a raging stag with a single arrow in 1263 by an ancestor of Mackenzie clan. The grateful king granted him the right to bear a stag's head in his coat of arms and so every bottle of The Dalmore is adorned with this noble emblem: a stag's head with twelve points to its antlers, signifying a 'royalty'. The Mackenzie family ran the Dalmore distillery from the mid 1800's until Whyte and Mackay took over. It is considered the most revered single malt whisky in the world. The Dalmore Principal Collection consists of six permanent expressions positioned as Accessible (The 12, The 15, Cigar Malt Reserve, The 18, King Alexander III) and Aspirational (The 25). Positioned at the apex as Absolute is The Dalmore Constellation Collection which is a rare ensemble of unique vintage single malts from the Highland distillery. The Dalmore is renowned for rare editions that have sold for industry redefining prices, including the most expensive bottle ever sold in a retail store.

Jura Single Malt Scotch Whisky is a premium Scotch whisky that is considered an accessible single malt whisky. It is produced at the only distillery on the Isle of Jura, a very remote island off the west coast of Scotland. This brand is built upon a captivating island environment that has two distinct sides, the wild, rugged west and the temperate east. Jura's uncommon nature is reinforced by the split production of both peated and unpeated malt whiskies in the same distillery, reflecting the two sides of the island. The Jura Rare collection offers one or two vintages every year, supported by a story, while the super premium Milestones offers a new release every few years.

Fettercairn comes from Fettercairn distillery which was founded in 1824 and acquired by WMG in 1973. The arch and the unicorn are two symbols that are heavily associated with Fettercairn malts. Liquers are alcoholic beverages made from a distilled spirit that has been flavored with fruit, cream, herbs, spices, flowers or nuts and bottled with added sugar or other sweetener. They are typically quite sweet, usually not aged for long but may have resting periods to allow flavors to marry. In this category belongs 'Glayva', a liqueur made from a blend of aged Scotch whiskies, a selected range of spices, Mediterranean tangerines, cinnamon, almonds and honey. It has a deep golden colour and a distinctive flavor.

Vladivar Vodka is a brand of vodka distilled in the UK. It is a Pure Grain, triple distilled, charcoal filtered vodka. Originally made in Warrington by the G & J Greenall distillery, the brand was sold in 1990 to Whyte and Mackay and is today bottled in Scotland.

John Barr, Cluny and Claymore are positioned for mass market.

Financial Statements

The audited consolidated financial statements, together with Statement of Management's Responsibility and Auditors' Report, and supplementary schedules and the Interim Financial Statements as of 31 December 2014 are attached and filed herewith.

The consolidated financial statements have been prepared in compliance with the Philippine Financial Reporting Standards (PFRS), on the historical cost basis except for the measurement of certain financial assets and liabilities. The preparation of the consolidated financial statements in compliance with PFRS requires management to make judgments, estimates and assumptions that affect the amounts reported in the financial statements and related notes. The estimation and judgments are based upon management's evaluation of relevant facts and circumstances of the financial statements. Actual results may ultimately vary from those estimates.

Management's Discussion and Analysis of Operation

Key Performance Indicators

In Million Pesos	2014	2013	2012	% Growth 2014	% Growth 2013
Revenues	₱ 32,009	₱ 29,865	₱ 23,594	7.2	26.6
Net profit	₱ 6,204	₱ 5,831	₱ 5,000	6.4	16.6
Total assets	₱ 99,558	₱ 35,225	₱ 12,833	182.6	174.5
Total current assets	₱ 66,099	₱ 30,787	₱ 10,236	114.7	200.8
Total current liabilities	₱ 44,280	₱ 4,249	₱ 4,296	942.1	-1.1
Gross profit margin %	34.66	32.25	35.99	7.5	-10.4
Net profit rate %	19.38	19.52	21.19		
Return on investment %	6.23	16.55	38.96		
Current ratio	1.49x	7.25x	2.38x		
Quick ratio	1.13x	6.37x	1.59x		

- 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.
- Gross profit margin – computed as percentage of gross profit [which is sales less cost of sales] to sales – gives indication of pricing, cost structure and production efficiency.
- 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 investment [or capital employed] – 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.

RESULTS OF OPERATIONS Year Ended December 31, 2014 Compared With Year Ended December 31, 2013

The years 2014 and 2013 are years of offshore expansion for Emperador, as the Group acquired Bodegas Las Copas and Bodega San Bruno in Spain in February 2014 and early 2013, respectively, and Whyte and Mackay in UK in October 2014. The first is a joint venture which is accounted for under the equity method while the latter is a wholly owned subsidiary whose two-month results are consolidated into the Group's financial statements.

Year Ended December 31, 2014 Compared With Year Ended December 31, 2013

Revenues

Total revenues grew by 7.2% to P32,009.4 million in the year ended December 31, 2014 from P29,864.7 million a year ago primarily due to the revenues contributed by Whyte and Mackay which were derived from its two-month operations. Emperador sales for the year were at about the same level as last year.

Other revenues appeared to have gone down by more than half to P551.2 million from P1,257.7 million due to foreign currency gains booked in 2013.

Costs and Expenses

Total costs and expenses went up by 8.8% to P23,901.0 million in the year ended December 31, 2014 from P21,959.6 million a year ago primarily due to those attributed to Whyte and Mackay's two months operations.

Cost of Goods Sold

While Emperador's sales remain flat, its costs during the year decreased by about 10.0% due to cost efficiencies attributed substantially to the good retrieval of recycled bottles. For Whyte and Mackay, advertising and promotions such as free stock, point-of-sale promotions and off-invoice products form part of cost of sales. These account for about 5% of its reported costs.

Gross Profit

As a result, gross profit improved by 18.2% to P10,902.8 million for the year ended December 31, 2014 from P9,225.3 million for the year ended December 31, 2013. Emperador's gross profit rate for 2014 climbed to 37% as compared to 32% a year ago.

Other operating expenses

Selling and distribution expenses expanded by 19.5% to P2,506.0 million from P2,097.9 million while general and administrative expenses ballooned by 212.4% to P677.5 million from P217.0 million. These increases are attributed to Whyte and Mackay spends which totaled P472.9 million and the non-recurring expenses incurred in the acquisition of WMG which totaled P309.7 million.

Other charges

Other charges decreased by 38.5% to P161.9 million from P263.1 million primarily due the reversal of the P212.0 million fair value loss on derivatives booked in 2013. Also in 2014, interest on borrowings incurred to partly finance the acquisition of WMG totalled to about P70.9 million.

Profit before Tax

As a result of the foregoing, profit before tax was slightly higher by 2.6% to P8,108.4 million in the year ended December 31, 2014 from P7,905.1 million in the year ended December 31, 2013.

Tax Expense

Tax expense shrank by 8.2% to P1,904.2 million in the year ended December 31, 2014 from P2,074.3 million in the year ended December 31, 2013 primarily as a result of the higher deductible expenses.

Net Profit

As a result of the foregoing, net profit increased by 6.4% to P6,204.2 million in the year ended December 31, 2014 from P5,830.8 million in the year ended December 31, 2012.

Year Ended December 31, 2013 Compared With Year Ended December 31, 2012

Revenues

Total revenues increased by 26.6% to ₱29,864.7 million in the year ended December 31, 2013 from ₱23,594.3 million in the year ended December 31, 2012 primarily due to increase in volume and prices. There was an increase in the Company's selling prices for its products to cushion the effect of the new excise tax which took effect at the start of the year pursuant to R.A. No. 10351. Sales of the Company's products increased from 31.2 million cases to 33.1 million cases in 2013, reflecting an increase of 6.1%. In addition, the Company's introduction of Emperador Deluxe in March 2013 also contributed to the increase in revenues.

Other revenues increased by 60.8% to P1,257.7 million from P782.0 million due to higher foreign currency gains and interest income booked in 2013. Also, there was P292.5 million fair value gain in 2012 that reversed in 2013.

Costs and Expenses

Total costs and expenses increased by 31.0% to P21,959.6 million in the year ended December 31, 2013 from P16,764.9 million in the year ended December 31, 2012 primarily due to the new excise tax on alcoholic beverages. In addition, the acquisition of a production facility from Diageo Philippines in May 2012 resulted in an increase in depreciation for the year ended December 31, 2013.

Cost of Goods Sold

Cost of goods sold increased by 32.7% to P19,381.7 million in the year ended December 31, 2013 from P14,602.5 million in the year ended December 31, 2012 primarily as a result of the new excise tax on alcoholic beverages. The higher sales volume required more new bottles, which are costly than recycled ones.

Gross Profit

As a result, gross profit increased by 12.4% to P9,225.3 million in the year ended December 31, 2013 from P8,209.9 million in the year ended December 31, 2012, reflecting a gross profit margin of 33%.

Other operating expenses

Selling and distribution expenses increased by 5.8% to P2,097.8 million in the year ended December 31, 2013 from P1,983.6 million in the year ended December 31, 2012 primarily due to an increase in outside services, freight and taxes and licenses. General and administrative expenses increased by 26.2% to P217.99 million in the year ended December 31, 2013 from P192.1 million in the year ended December 31, 2012 primarily due to an increase in salaries and outside services.

Other Charges

Other charges increased to P263.1 million in the year ended December 31, 2013 from P6.7 million in the year ended December 31, 2012 primarily due to fair value losses the Company booked on its forward exchange contracts in 2013. Also included in this account are the accumulated losses of the acquired company (TSI) amounting to P42.0 million at the time of acquisition.

Profit before Tax

As a result of the foregoing, profit before tax increased by 15.8% to P7,905.1 million in the year ended December 31, 2013 from P6,829.4 million in the year ended December 31, 2012.

Tax Expense

Tax expense increased by 13.4% to P2,074.3 million in the year ended December 31, 2013 from P1,829.9 million in the year ended December 31, 2012 primarily as a result of the increased revenues recorded by the Company for the period.

Net Profit

As a result of the foregoing, net profit increased by 16.6% to P5,830.8 million in the year ended December 31, 2013 from P4,999.6 million in the year ended December 31, 2012.

FINANCIAL CONDITION

December 31, 2014 and 2013

Total assets grew by 182.6% to P99.558.6 million as of December 31, 2014 from P35,225.4 million as of December 31, 2013, or 675.8% from P12,833.5 million as of December 31, 2012. These growths rates are attributable to the assets consolidated from the UK and Spain subsidiaries in 2014 and the capital stock subscriptions in both recent years. UK assets totaled P40.6 billion as of December 31, 2014.

With the debts incurred and the cash money flowed out in 2014 from the UK acquisition, current assets exceeded current liabilities by 1.5 times only at yearend-2014 as compared to 7.2 times at year-end 2013. Current assets amounted to P66,099.2 million while current liabilities amounted to P44.280.1 million at yearend 2014.

Cash and cash equivalents increased by 46.6% or P11,194.4 million in 2014, primarily due to investment that came from Arran which was received in December 2014. The Group ended 2014 with P35,234.6 million in its coffers.

Trade and other receivables grew by 359.5% or P10,877.0 million, primarily due to trade receivables in EGB Group, a downpayment for a land acquisition by EDI and its advances to related parties.

Financial assets at fair value through profit or loss represent equity securities held by EMP. These are temporary investments made by EMP to park its excess cash during 2014.

Inventories swelled by 333.5% or P11,760.5 million, primarily due to the inventories at WMG which consist of inventories of cased stock, maturing whisky stock, and other materials. Maturing whisky stocks are reported as Work in process; these are stored in various locations across Scotland.

Prepayments and other current assets rose by 225.41% or P439,.6 million, primarily due to the accounts at EGB which amounted to P369.6 million at yearend.

Investment in a joint venture represents the cost put to acquire Bodegas Las Copas plus the share in its net profits for 2014.

Property, plant and equipment enlarged by 205.7% or P7,716.5, primarily due to the P6.3 billion assets of WMG, which include five distillery plants in Scotland. Another vineyard land in Spain was also acquired in 2014 while the construction of a new distillery plant is still in progress.

Intangible assets were up by P17,542.2 million, because of the trademarks, distribution rights and goodwill brought about by the acquisition of the WMG group.

Other non-current assets increased by 15.9% or P51.6 million, due to additional deferred input vat.

Trade and other payables expanded by 435.0% or P15,972.0 million, due to the advances obtained from related parties and used in the acquisition of WMG. Similarly, short-term loans totaling P23,827.2 million were obtained from banks to bridge and complete the money required for the said acquisition.

Financial liabilities at fair value through profit or loss increased P195.1 million as a result of lower market values of foreign exchange contracts.

Income tax payable increased by 5.8% or P31.0 million, due to higher taxable profit in the fourth quarter.

Equity-linked debt securities represent the debt instrument issued to Arran for its initial investment paid in December 2014, presented net of the related P26.4 million documentary stamp tax. The debt may be converted to 480 million common shares anytime by Arran and two years after issue date by EMP. Redemption is at end of five years, extendible up to two more years by EMP. The interest accrued on the debt instrument amounted to P19.5 million and is presented under non-current liability because such will be payable at the time of conversion or maturity.

Provisions refer to the amount provided by WMG for leased properties located in Scotland. These include restoration costs to be incurred for the restoration of the leased properties to specified condition at the end of the lease, and tenant repairing clauses. Also, there is provision for the vacant or discounted sublet portions of the leased properties.

Deferred tax liabilities are attributed to the UK group. These are net of deferred tax assets of EDI and AWGI.

Capital stock and Additional paid-in capital ("APIC") increased by P1,120.0 million and P11,193.4 million, respectively, as a result of the initial equity investment paid by Arran in December 2014. The subscription corresponds to 1,120 million new common shares at P11.00 per share. The P6.7 million documentary stamp tax paid for this transaction is net out in APIC.

Revaluation reserves refer to loss on actuarial valuation remeasurements of retirement benefit obligations, P292 million of which is attributed to WMG.

Accumulated translation adjustments refer to the resulting difference in the translation of the foreign subsidiaries' financial statements to Philippine pesos. Monetary assets and liabilities are translated at the closing rate, non-monetary ones at historical cost, and income and expenses at average exchange rates. For this year, the P685.6 million balance represent loss from such monetary translations.

EMP ended the year with net cash of P6,153.5 million in its coffers.

December 31, 2013 and 2012

Total assets grew by 174.5% to P35,225.4 million from P12,833.5 million as of December 31, 2013 and December 31, 2012, respectively. The Group is strongly liquid with current assets exceeding current liabilities by 7.2 times. Working capital or liquidity was sourced internally from operations and capital stock issuances. Current assets amounted to P30,787.3 million while current liabilities amounted to P4,249.1 million at yearend 2013. The Group has no long-term debt.

Cash and cash equivalents increased significantly by 416.3% or P19,383.7 million in 2013, primarily due to the recent subscriptions in capital stock, both in EMP and EDI level. AGI, in particular, remitted an additional subscription price of P11.2 billion to the Company and fully paid its P7.5 billion subscriptions to EDI shares. The Group ended with P24,040.2 million in its coffers.

Trade and other receivables grew by 51.9% or P1,034.2 million, primarily due to the increase in sales and advances to contractors for the construction of a new distillery plant in Batangas.

Financial instruments are marked to market resulting in fair value loss in 2013 as compared to fair value gain in 2012. These are reported as financial liability of P38.6 million and financial asset of P170.1 million at end-December 2013 and 2012, respectively.

Inventories went up by 5.6% or P188.4 million, because of the inventory at the distillery (acquired in 2013).

Prepayments and other current assets grew by 142.5% or P114.6 million, due to prepaid excise tax on alcohol products and prepaid rent, insurance and security deposits on the new sales offices opened from a year ago.

Property, plant and equipment went up by 86.3% or P1,737.4 million, due to acquisition of the distillery plant from Condis and vineyards in Spain. Also, a bigger warehouse is being constructed in the main bottling plant and new logistics equipments were added during the period. Construction of a new distillery plant is in progress.

Other non-current assets increased by 120.6% or P177.9 million, due to additional deferred input vat.

Trade and other payables decreased by 4.7% or P182.3 million, due to settlement of advances from related parties. Income tax payable increased by 21.8% or P96.6 million, due to higher taxable profit.

The changes in capital accounts, i.e. capital stock, additional paid-in capital, and equity reserves, are shown in the statement of changes in equity. The significant increase is attributed to new subscriptions during the year from AGI and other investors.

Accumulated translation adjustments refer to the resulting difference in the translation of the foreign subsidiary's financial statements to Philippine pesos. Monetary assets and liabilities are translated at the closing rate, non-monetary ones at historical cost, and income and expenses at average exchange rates.

With P24,040.2 million cash and cash equivalents in its coffers, the Group is ready to embark on its expansion and investment program.

LIQUIDITY AND CAPITAL RESOURCES

In the past, the Company sourced funds from operations and equity offering. In 2014, it also made use of borrowings which it expects to pay off in early part of 2015. The Company expects to meet its working capital and investment requirements for the ensuing year primarily from available funds at year-end plus cash flows from operations. It may also from time to time seek other sources of funding, if necessary, which may include debt or equity financings, including peso-denominated loans from Philippine banks, depending on its financing needs and market conditions.

PROSPECTS FOR THE FUTURE

Emperador sees 2015 as the beginning of rapid expansion of its business, both in the domestic and global markets. It is set to launch Emperador in in several countries in Asia, Europe and Africa and to be very active in Duty Free travel retail shops globally, which it can supply either from Philippines or Spain. In the Philippines, Emperador is set to launch eight major products in 2015.

OTHER MATTERS

Except for what have been noted:

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. 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.

RESULTS OF OPERATIONS Year Ended December 31, 2013 Compared With Year Ended December 31, 2012

Revenues

Total revenues increased by 26.6% to ₱29,864.7 million in the year ended December 31, 2013 from ₱23,594.3 million in the year ended December 31, 2012 primarily due to increase in volume and prices. There was an increase in the Company's selling prices for its products to cushion the effect of the new excise tax which took effect at the start of the year pursuant to R.A. No. 10351. Sales of the Company's products increased from 31.2 million cases to 33.1 million cases in 2013, reflecting an increase of 6.1%. In addition, the Company's introduction of Emperador Deluxe in March 2013 also contributed to the increase in revenues.

Other revenues increased by 60.8% to P1,257.7 million from P782.0 million due to higher foreign currency gains and interest income booked in 2013. Also, there was P292.5 million fair value gain in 2012 that reversed in 2013.

Costs and Expenses
Total costs and expenses increased by 31.0% to P21,959.6 million in the year ended December 31, 2013 from P16,764.9 million in the year ended December 31, 2012 primarily due to the new excise tax on alcoholic beverages. In addition, the acquisition of a production facility from Diageo Philippines in May 2012 resulted in an increase in depreciation for the year ended December 31, 2013.

Cost of Goods Sold
Cost of goods sold increased by 32.7% to ₱19,316.8 million in the year ended December 31, 2013 from ₱14,556.2 million in the year ended December 31, 2012 primarily as a result of the new excise tax on alcoholic beverages. The higher sales volume required more new bottles, which are costly than recycled ones.

Gross Profit
As a result, gross profit increased by 12.5% to P9,290.2 million in the year ended December 31, 2013 from P8,256.1 million in the year ended December 31, 2012, reflecting a gross profit margin of 33%.

Selling and distribution expenses
Selling and distribution expenses increased by 5.8% to P2,097.8 million in the year ended December 31, 2013 from P1,983.6 million in the year ended December 31, 2012 primarily due to an increase in outside services, freight and taxes and licenses.

General and administrative expenses
General and administrative expenses increased by 29.1% to P281.9 million in the year ended December 31, 2013 from P218.4 million in the year ended December 31, 2012 primarily due to an increase in salaries and outside services.

Other Charges
Other charges increased to P263.1 million in the year ended December 31, 2013 from P6.7 million in the year ended December 31, 2012 primarily due to fair value losses the Company booked on its forward exchange contracts in 2013. Also included in this account are the accumulated losses of the acquired company (TSI) amounting to P42.0 million at the time of acquisition.

Profit before Tax
As a result of the foregoing, profit before tax increased by 15.7% to P7,905.1 million in the year ended December 31, 2013 from P6,829.4 million in the year ended December 31, 2012.

Tax Expense
Tax expense increased by 13.4% to P2,074.3 million in the year ended December 31, 2013 from P1,829.9 million in the year ended December 31, 2012 primarily as a result of the increased revenues recorded by the Company for the period.

Net Profit
As a result of the foregoing, net profit increased by 16.6% to P5,830.8 million in the year ended December 31, 2013 from P4,999.6 million in the year ended December 31, 2012.

Year Ended December 31, 2012 Compared With Year Ended December 31, 2011

Revenues

Total revenues increased by 36.0% to ₱23,594.3 million in the year ended December 31, 2012 from ₱17,355.0 million in the year ended December 31, 2011 primarily due to higher sales volumes and generally higher prices during the year. Sales of the Company's products increased from 23.4 million cases to 31.2 million cases in 2012, reflecting an increase of 33.3%.

Costs and Expenses

Total costs and expenses increased by 18.2% to P16,764.8 million in the year ended December 31, 2012 from P14,184.4 million in the year ended December 31, 2011 primarily due to various costs associated with increasing production.

Cost of Goods Sold

Cost of goods sold increased by 16.0% to ₱14,556.2 million in the year ended December 31, 2012 from ₱12,550.1 million in the year ended December 31, 2011 primarily due to the Company's higher sales volumes, and was partially offset by cost efficiencies derived from the Company's use of more recycled bottles.

Gross Profit

As a result, gross profit increased by 85.8% to ₱8,256.1 million in year ended December 31, 2012 from ₱4,444.6 million in the year ended December 31, 2011, reflecting a gross profit margin of 36.2%.

Selling and distribution expenses

Selling and distribution expenses increased by 32.5% to ₱1,983.6 million in the year ended December 31, 2012 from ₱1,496.8 million in the year ended December 31, 2011 primarily due to higher freight expenses resulting from the Company's increased sales volume, as well as higher merchandising fees, depreciation and fuel charges.

General and administrative expenses

General and administrative expenses increased by 194.5% to ₱218.4 million in the year ended December 31, 2012 from ₱74.1 million in the year ended December 31, 2011 primarily due to higher tax expenses incurred by the Company resulting from the acquisition of Diageo's production plant.

Profit before Tax

As a result of the foregoing, profit before tax increased by 115.4% to ₱6,829.4 million in the year ended December 31, 2012 from P3,170.6 million in the year ended December 31, 2011.

Tax Expense

Tax expense increased by 111.4% to P1,829.9 million in the year ended December 31, 2012 from P865.5 million in the year ended December 31, 2011 in line with the increase in the Company's profit before tax.

Net Profit

As a result of the foregoing, net profit increased by 116.9% to ₱4,999.6 million in the year ended December 31, 2012 from P2,305.1 million in the year ended December 31, 2011.

FINANCIAL CONDITION

Total assets grew by 174.5% to P35,225.4 million from P12,833.5 million as of December 31, 2013 and December 31, 2012, respectively. The Group is strongly liquid with current assets exceeding current liabilities by 7.2 times. Working capital or liquidity was sourced internally from operations and capital stock issuances. Current assets amounted to P30,787.3 million while current liabilities amounted to P4,249.1 million at yearend 2013. The Group has no long-term debt.

Cash and cash equivalents increased significantly by 416.3% or P19,383.7 million in 2013, primarily due to the recent subscriptions in capital stock, both in EMP and EDI level. AGI, in particular, remitted an additional subscription price of P11.2 billion to the Company and fully paid its P7.5 billion subscriptions to EDI shares. The Group ended with P24,040.2 million in its coffers.

Trade and other receivables grew by 51.9% or P1,034.2 million, primarily due to the increase in sales and advances to contractors for the construction of a new distillery plant in Batangas.

Financial instruments are marked to market resulting in fair value loss in 2013 as compared to fair value gain in 2012. These are reported as financial liability of P38.6 million and financial asset of P170.1 million at end-December 2013 and 2012, respectively.

Inventories went up by 5.6% or P188.4 million, because of the inventory at the distillery (acquired in 2013).

Prepayments and other current assets grew by 142.5% or P114.6 million, due to prepaid excise tax on alcohol products and prepaid rent, insurance and security deposits on the new sales offices opened from a year ago.

Property, plant and equipment went up by 86.3% or P1,737.4 million, due to acquisition of the distillery plant from Condis and vineyards in Spain. Also, a bigger warehouse is being constructed in the main bottling plant and new logistics equipments were added during the period. Construction of a new distillery plant is in progress.

Other non-current assets increased by 120.6% or P177.9 million, due to additional deferred input vat.

Trade and other payables decreased by 4.7% or P182.3 million, due to settlement of advances from related parties. Income tax payable increased by 21.8% or P96.6 million, due to higher taxable profit.

The changes in capital accounts, i.e. capital stock, additional paid-in capital, and equity reserves, are shown in the statement of changes in equity. The significant increase is attributed to new subscriptions during the year from AGI and other investors.

Accumulated translation adjustments refer to the resulting difference in the translation of the foreign subsidiary's financial statements to Philippine pesos. Monetary assets and liabilities are translated at the closing rate, non-monetary ones at historical cost, and income and expenses at average exchange rates.

With P24,040.2 million cash and cash equivalents in its coffers, the Group is ready to embark on its expansion and investment program.

Liquidity and Capital Resources

In 2011, 2012, 2013, the Company's principal sources of liquidity were internally generated funds from its operations. There is also an equity offering in 2013 that further increased cash and cash equivalents to P24,040.2 million as of December 31, 2013 from P4,656.4 million as of December 31, 2012. The Company expects to meet its working capital and investment requirements for the ensuing year primarily from these available funds, in addition to cash flows from operations. It may also from time to time seek other sources of funding, if necessary, which may include debt or equity financings, including peso-denominated loans from Philippine banks, depending on its financing needs and market conditions.

Results of Operations – First Nine Months of 2014

The Group's net profit for the third quarter of year 2014 amounted to P1.51 billion, 15% higher than the P1.32 billion reported in the same period in 2013 and 12% higher than second quarter of 2014. Year-to-date net profit amounted to P4.57 billion in 2014 as compared to P4.49 billion in 2013, with slightly better net profit rate of 23% in 2014 versus 22% a year before.

Gross profits for the third quarter and nine-month periods were respectively better by 13% and 7% year-on-year, because of about 5% improvement in cost of goods sold brought about by favorable cost efficiencies. Sales of goods were at about the same level as 2013.

While cost of sales improved this year, other operating expenses expanded by 11% due to outside services, freight, salary increases and business taxes.

EBITDA, which is computed as profit before tax, depreciation and amortization, amounted to P6.17 billion and P6.28 billion for the nine months ended September 30, 2014 and 2013, respectively, representing 31% and 30% of revenues of respective periods.

Financial Condition

Total assets grew by 6% to P37.3 billion as of September 30, 2014 from P35.2 billion as of December 31, 2013. The Group is strongly liquid with current assets exceeding current liabilities by 6.7 times by the end of the period. Working capital or liquidity was sourced internally from operations. Current assets amounted to P27.8 billion while current liabilities amounted to P4.1 billion at end-September 2014. The Group has no long-term debt.

Cash and cash equivalents were reduced by 29% or P6.9 billion over the nine-month period, primarily due to the investment in Bodega Las Copas in Spain and the payment of cash dividend to stockholders on September 9, 2014 (Note 19.2). The Group ended with P17.1 billion in its coffers. (See Note 6)

Trade and other receivables grew by 76% or 2.3 billion, primarily due to higher sales in the third quarter and due to increase in advances to suppliers/contractors relating to the new distillery plant being built in Batangas. (See Note 7)

Financial assets at fair value through profit or loss represent investment in marketable securities which are valued at market price at end of the period. The fair value gain on these assets is included under Revenues. (See Note 8)

Inventories went up by 12% or P436 million, due to the higher level of finished products and raw materials in preparation for the Christmastime. With the expansion in warehousing facilities, finished goods cover increased this year. (See Note 9)

Prepayments and other current assets grew by 37% or P72.5 million, primarily due to prepaid media advertising costs of about P70 million.

Investment in a jointly-controlled entity refers to the amount paid for the acquisition of 50% equity in Bodega Las Copas in Spain in first half of the year. (No additional payment was made in third quarter.)

Property, plant and equipment went up by 30% or P1.1 billion due primarily to the ongoing construction of a new distillery plant in Batangas. (See Note 10)

Other non-current assets increased by 90% or P291 million, due to additional deferred input vat on fixed assets and deferred costs (see Note 12).

Trade and other payables went down by 1% or P19.2 million, due to reduced trade payables, output vat payable and settlement of year-end accrued expenses (see Note 13).

Accumulated translation adjustments refer to the resulting difference in the translation of the foreign subsidiary's financial statements to Philippine pesos. Monetary assets and liabilities are translated at the closing rate, non-monetary ones at historical cost, and income and expenses at average exchange rates.

With P17.1billion cash and cash equivalents in its coffers, the Group embarked on its expansion and investment program. On October 27, EIL obtained a £210 million short-term loan from two foreign banks. On October 31, 2014, a wholly-owned subsidiary, Emperador UK Limited, has completed the acquisition of 100% stake in Whyte & Mackay Group Limited and its subsidiaries ("Whyte & Mackay") of UK for an enterprise value of £430 million. The acquisition will put the Group to two fastest growing spirits segments in the world, the brandy and whisky. The principal activities of Whyte and Mackay and its subsidiaries are the production, marketing and distribution of its Scotch whisky and other alcoholic drinks in over 50 countries. On November 7, 2014, Singapore's sovereign wealth fund, GIC, through its private equity arm, entered into a definitive purchase agreement with EMP to invest P17.6 billion in new EMP shares and equity-linked securities at P11 per share. It also has the option to invest an additional P4.4 billion over a 13-month period. (See Note 26)

A cash dividend of P0.16 per share was declared by the Board of Directors on August 6, 2014 to all stockholders of record as of August 22, and was paid on September 9, 2014.

Five Key Performance Indicators

	Jan-Sept 2014	Jan-Sept 2013	3rd Qtr 2014	3rd Qtr 2013	2nd Qtr 2014	2nd Qtr 2013	1st Qtr 2014	1st Qtr 2013
Revenues	20,034	20,594	6,788	6,605	5,552	7,386	7,694	6,603
Net profit	4,566	4,489	1,509	1,316	1,341	1,732	1,717	1,442
Revenue growth	-2.7%		2.8%		-24.8%		16.5%	
Net profit growth	1.7%		14.6%		-22.6%		19.1%	
Net profit rate	22.8%	21.8%	22.2%	19.9%	24.2%	23.5%	22.3%	21.8%
Return on assets	12.2%	13.4%					4.4%	10.1%
	Sept 30, 2014	**Sept 30, 2013**		**Jun 30, 2014**	**Jun 30, 2013**	**Mar 31, 2014**	**Mar 31, 2013**	**Dec 31, 2013**
Current ratio	6.71x	7.49x		8.57x	2.95x	4.98x	2.53x	7.24x
Quick ratio	5.69x	6.28x		7.25x	1.98x	4.24x	1.67x	6.37x

- 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.

OTHER MATTERS

Except for what have been noted:

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. 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.

Market Price and Dividends on Common Shares

The common shares of the Company are traded on the Philippine Stock Exchange ("PSE") under the symbol of EMP. The Company's common stock was first listed on the PSE on December 19, 2011. The closing price of the said shares on April 17, 2015 is Php11.48.

The following table sets out, for the periods indicated, the high and low sales price for the Company's common shares as reported on the PSE:

Year		First Quarter	Second Quarter	Third Quarter	Fourth Quarter
2013	High	22.00	21.95	16.46	12.50
	Low	7.42	13.94	8.48	8.75
2014	High	12.40	12.98	11.84	11.18
	Low	10.54	11.00	10.32	10.04
2015	High	11.90			
	Low	9.79			

Shareholders

As of March 31, 2015, the Company has 15 shareholders of record. The following table sets forth the shareholders of the Company with their direct holdings as of March 31, 2015:

	SHAREHOLDER	NO. OF SHARES SUBSCRIBED	TYPE OF SHARES	% OF OWNERSHIP
1	Alliance Global Group, Inc. *	13,131,764,995	Common	81.46%
2	PCD Nominee Corporation (Non-Filipino)	1,386,021,870	Common	8.60%
3	Arran Investment Private Limited	1,120,000,000	Common	6.95%
4	PCD Nominee Corporation (Filipino)	481,650,985	Common	2.99%
5	William Ragos Enrile II	300,000	Common	0.002%
6	Chad V. Valencia	100,000	Common	-nil-
7	John T. Lao	60,000	Common	-nil-
8	Eric U. Lim	40,000	Common	-nil-
9	Marjorie Ann Lim Lee	30,000	Common	-nil-
10	Edwin U. Lim	30,000	Common	-nil-
11	Stephen G. Soliven	1,000	Common	-nil-
12	Gregorio G. Gruyal	900	Common	-nil-
13	Julius Victor Emmanuel D. Sanvictores	100	Common	-nil-
14	Joseph A. Sy &/or Evangeline T. Sy	100	Common	-nil-
15	Owen Nathaniel S. Au ITF: Li Marcus Au	50	Common	-nil-
	TOTAL	16,120,000,000	Common	100%

*Includes shares owned by AGI lodged with PCD Nominee Corporation; AGI beneficially owns shares held by foreign subsidiaries totaling 1,431,764,995 shares

Dividend Policy

Under Philippine law, a corporation may generally declare dividends if it has unrestricted retained earnings. Unrestricted retained earnings represent the undistributed earnings of the corporation which have not been allocated for any managerial, contractual or legal purposes and which are free for distribution to the shareholders as dividends. If declared by the corporation's board of directors, a corporation may pay dividends in cash, by the distribution of property, by the issuance of shares or by a combination of the three, as the board of directors shall determine and subject to the approval of the SEC, as may be required by law. A cash dividend declaration does not require any further approval from shareholders. Stock dividends can be issued with the approval of shareholders representing at least two-thirds of the issued and outstanding stock voting at a shareholders' meeting duly called for the purpose. The board of directors may not declare dividends which will impair its capital.

EDI declared cash dividends for its shares in the amount of P0.80, P0.57, P0.30 and P0.20 per Share for the years ended December 31, 2011, 2012, 2013 and 2014, respectively.

On 06 August 2014, the Corporation has declared a total cash dividend of PESOS: TWO BILLION FOUR HUNDRED MILLION (Php2,400,000,000.00) or Php0.16 per share, paid on 09 September 2014 to all stockholders of record as of 22 August 2014.

The Company may declare dividends when there are unrestricted earnings available, but any such declaration will take into consideration a number of factors including restrictions that may be imposed by current and prospective financial covenants, projected levels of operating results of its businesses/subsidiaries, working capital needs and long-term capital expenditures of its businesses/subsidiaries; and regulatory requirements on dividend payments, among others.

Recent Sales of Unregistered or Exempt Securities, Including Recent Issuance of Securities Constituting an Exempt Transaction

In August 2013, the Company and AGI, among other investors, have agreed to subscribe to an aggregate of up to 15,000,000,000 shares of the Company at par value of Php1.00 per share to be issued out of an increase in capital stock, which increase was approved by the SEC on September 5, 2013. The aforesaid subscription to the capital increase is exempt from registration with the SEC, it being an exempt transaction by express provision of Section 10.1 (i) of Republic Act No. 8799, otherwise known as the Securities Regulation Code.

In September 2013, the Company together with AGI as the Selling Shareholder offered for sale 1,800,000,000 existing common shares (the "Offer Shares") at Php8.98 per Offer Share (the "Offer Price"). The Offer Shares were offered to persons outside the United States in reliance on Regulation S under the United States Securities Act of 1993, as amended. The Offer Shares are being offered in the Philippines to qualified buyers in reliance on Section 10.1(I) of Republic Act No. 8799, otherwise known as the Securities Regulation Code of the Philippines, as amended. Macquarie Capital (Singapore) Pte. Limited acted as the Sole Global Coordinator, Sole Bookrunner and Lead Manager. The Selling Shareholder agreed to remit to the Company an amount equal to a portion of the proceeds from the sale of 1,431,764,005 Offer Shares sold by the Selling Shareholder at the Offer Price. The remainder of the proceeds from the offer was retained by the Selling Shareholder.

In December 2014, the Company's shareholders approved the subscription by and issuance to Arran Investment Private Limited ("AIPL") of common shares and equity linked securities which shall be convertible into common shares, which were issued from the unissued shares of the Company, as follows:

1) the subscription by AIPL to One Billion One Hundred Twenty Million (1,120,000,000) common shares each with a par value of One Peso (Php1.00) at a subscription price of PESOS: Twelve Billion Three Hundred Twenty Million (Php12,320,000,000.00);

2) the issuance to AIPL of equity linked securities in the principal amount of PESOS: Five Billion Two Hundred Eighty Million (Php5,280,000,000.00) which shall be convertible into 480,000,000 common shares each with a par value of One Peso (Php1.00);

3) the grant to AIPL of an investment option consisting of: (a) the option to subscribe to Two Hundred Eighty Million (280,000,000) common shares each with a par value of One Peso (Php1.00) at a subscription price of PESOS: Three Billion Eighty Million (Php3,080,000,000.00), and (b) equity linked securities in the principal amount of PESOS: One Billion Three Hundred

Twenty Million (Php1,320,000,000.00) which shall be convertible into 120,000,000 common shares each with a par value of One Peso (Php1.00); and

4) the issuance to AIPL of up to a maximum of 2,598,416,478 common shares each with a par value of One Peso (Php1.00) corresponding to the interest payable to AIPL under the equity linked securities, at an issue price equal to the thirty (30)-trading day volume-weighted average share price (VWAP) of the Company's shares ending on the date that is one trading day prior to the payment of the interest to AIPL.

In December 2014, the Company's shareholders also approved an Employee Stock Option Plan (the "Plan") for qualified employees of the Company and its subsidiaries. Under the Plan, stock options may be granted within ten (10) years from approval by stockholders of the Company owning at least 2/3 of its outstanding capital stock. The exercise price shall be at a 15% discount from the volume weighted average closing price (VWAP) of the Company's common shares for the nine months immediately preceding the date of grant; however, for the first batch of options to be granted, the exercise price shall be at PHP7.00/share. The Company shall reserve up to 1,000,000,000 common shares representing 5% of the authorized capital stock for issuance pursuant to the Plan. Stock options may be exercised by the grantee beginning on his 60th birthday subject to the terms and conditions of the Plan. The Plan shall be administered by the Compensation and Remuneration Committee of the Board, which shall determine the eligible participants of the Plan for a particular calendar year as well as the number of shares to be covered by each option so granted, taking into consideration their position and responsibilities, nature and value of their services and accomplishments, and their present and potential contribution to the success of the Company, and such other factors as the Committee may deem relevant. The purpose of the Plan is to enable qualified employees of the Company to participate in the growth of the Company, thereby encouraging long-term commitment to the Company and to encourage senior management to develop and train future leaders that will continue business growth and success of the Company.

Changes In and Disagreements with Accountants on Accounting and Financial Disclosure

P&A issued an unqualified opinion on the consolidated financial statements. There are no disagreements with them on any matter of accounting principles or practices, financial statement disclosures, and auditing scope or procedure which, if not resolved would have caused the auditors to make reference thereto in its reports.

Discussion on Compliance with Leading Practice on Corporate Governance

The Company remains focused on ensuring the adoption of systems and practices of good corporate governance in enhancing value for its shareholders.

The Company's By-laws require it to have two independent directors in its Board of Directors while the Manual requires that there must be at least one independent director voting in the Audit Committee, Nomination Committee, and Compensation and Remuneration Committee. To date, the Company has elected two independent directors, Miguel B. Varela and Alejo L. Villanueva, Jr.

To measure the level of compliance with its Manual of Corporate Governance, the Company has established an evaluation system consisting of a self-rating assessment and performance system by management and submission of certifications on the Company's compliance with the provisions of the Manual. Furthermore, to ensure adherence to the adopted leading practices on good corporate governance, the Company has designated a Compliance Officer reporting directly to the Chairman of the Board.

There are no material deviations to date from the Corporation's Manual of Corporate Governance. The Board has no immediate plans to adopt new policies for corporate governance.

The Company undertakes to provide without charge to a stockholder a copy of the Annual Report on SEC Form 17-A upon written request addressed to Ms. Dina D. Inting, Corporate Information Officer, at 7th Floor, 1880 Eastwood Avenue, Eastwood City CyberPark, E. Rodriguez Jr. Avenue, Bagumbayan, Quezon City, Metro Manila, Philippines.

EMPERADOR INC.

7F 1880 Eastwood Avenue, Eastwood City CyberPark, 188 E. Rodriguez Jr. Avenue,
Bagumbayan 1110, Quezon City, Philippines Tel: 709-2038 to 41 Fax: 709-1966

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR CONSOLIDATED FINANCIAL STATEMENTS

The management of *Emperador Inc.* is responsible for the preparation and fair presentation of the consolidated financial statements as at December 31, 2014 and 2013 and for each of the three years in the period ended December 31, 2014, including the additional components attached therein, in accordance with the Philippine Financial Reporting Standards. This responsibility includes designing and implementing internal controls relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

The Board of Directors reviews and approves the consolidated financial statements, including the additional components attached therein, and submits the same to the stockholders.

Punongbayan & Araullo, the independent auditors appointed by the stockholders, has examined the consolidated financial statements of the Company and its subsidiaries in accordance with Philippine Standards on Auditing and, in its report to the Board of Directors and stockholders, has expressed its opinion on the fairness of presentation upon completion of such examination.

ANDREW L. TAN
Chairman of the Board

WINSTON S. CO
President /Chief Executive Officer

DINA D.R. INTING
Chief Financial Officer

SUBSCRIBED AND SWORN to before me this APR 1 5 2015 , affiants exhibiting to me their Passport/SSS No., as follows:

Names	PassportNo./SSS No.	Date	Place of Issue
Andrew L. Tan	EB1964603	February 23, 2011 to 2016	Manila
Winston S. Co	EB5747522	June 25, 2012 to 2017	Manila
Dina D.R. Inting	SSS 03-5204775-3		

Doc.No. 22
Page No. 06
Book No. XII
Series of 2015

MA. ESMERALDA R. CUNANAN
Notary Public
Notary Public
Until December 31, 2015
Appt. No. M-63 (2014-2015) Attorney's No. 34562
MCLE Compliance No. IV-0017096/4-16-2013
PTR No. 4750686/1-05-2015/Makati City
IBP Lifetime Member Roll No. 05413

Punongbayan & Araullo
An instinct for growth™

Report of Independent Auditors

19th and 20th Floors, Tower 1
The Enterprise Center
6766 Ayala Avenue
1200 Makati City
Philippines

T +63 2 988 2288
F +63 2 886 5506
www.punongbayan-araullo.com

The Board of Directors and Stockholders
Emperador Inc. and Subsidiaries
(Formerly TrillionStars Holdings, Inc.)
(Formerly Touch Solutions, Inc.)
(A Subsidiary of Alliance Global Group, Inc.)
7th Floor, 1880 Eastwood Avenue
Eastwood City CyberPark
188 E. Rodriguez, Jr. Avenue
Bagumbayan, Quezon City

We have audited the accompanying consolidated financial statements of Emperador Inc. and Subsidiaries, which comprise the consolidated statements of financial position as at December 31, 2014 and 2013, and the consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for each of the three years in the period ended December 31, 2014, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Emperador Inc. and Subsidiaries as at December 31, 2014 and 2013, and their consolidated financial performance and their consolidated cash flows for each of the three years in the period ended December 31, 2014 in accordance with Philippine Financial Reporting Standards.

PUNONGBAYAN & ARAULLO

By: Mailene Sigue-Bisnar
Partner

CPA Reg. No. 0090230
TIN 120-319-128
PTR No. 4748310, January 5, 2015, Makati City
SEC Group A Accreditation
Partner - No. 0396-AR-2 (until Aug. 8, 2015)
Firm - No. 0002-FR-3 (until Apr. 30, 2015)
BIR AN 08-002511-20-2012 (until May 15, 2015)
Firm's BOA/PRC Cert. of Reg. No. 0002 (until Dec. 31, 2015)

April 9, 2015

EMPERADOR INC. AND SUBSIDIARIES
(Formerly TrillionStars Holdings, Inc.)
(Formerly Touch Solutions, Inc.)
(A Subsidiary of Alliance Global Group, Inc.)
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2014 AND 2013
(Amounts in Philippine Pesos)

	Notes	2014	2013
A S S E T S			
CURRENT ASSETS			
Cash and cash equivalents	5	**P 35,234,629,567**	P 24,040,194,994
Trade and other receivables - net	6	**13,902,568,185**	3,025,554,060
Financial assets at fair value through profit or loss	7	**1,040,340,021**	-
Inventories - net	8	**15,287,019,458**	3,526,529,441
Prepayments and other current assets		**634,606,527**	195,019,245
Total Current Assets		**66,099,163,758**	30,787,297,740
NON-CURRENT ASSETS			
Investment in joint venture	12	**3,743,256,791**	-
Property, plant and equipment - net	9	**11,467,808,296**	3,751,319,910
Intangible assets - net	10	**17,871,224,140**	329,058,362
Deferred tax assets	21	**-**	32,235,360
Other non-current assets - net	11	**377,098,482**	325,450,808
Total Non-current Assets		**33,459,387,709**	4,438,064,440
TOTAL ASSETS		**P 99,558,551,467**	P 35,225,362,180
LIABILITIES AND EQUITY			
CURRENT LIABILITIES			
Interest-bearing loans and borrowings	13	**P 23,827,219,465**	P -
Trade and other payables	15	**19,643,818,731**	3,671,850,463
Financial liabilities at fair value through profit or loss	7	**233,751,463**	38,631,143
Income tax payable		**569,582,757**	538,586,438
Deposit for future stock subscription		**5,750,000**	-
Total Current Liabilities		**44,280,122,416**	4,249,068,044
NON-CURRENT LIABILITY			
Equity-linked debt securities	14	**5,253,911,638**	-
Accrued interest payable	14	**19,528,767**	-
Provisions	16	**919,469,601**	-
Deferred tax liabilities - net	21	**2,051,427,187**	-
Retirement benefit obligation	20	**1,132,094,607**	87,780,322
Total Non-current Liabilities		**9,376,431,800**	87,780,322
Total Liabilities		**53,656,554,216**	4,336,848,366
EQUITY			
Capital stock	23	**16,120,000,000**	15,000,000,000
Additional paid-in capital	14, 23	**22,348,856,023**	11,155,461,023
Accumulated translation adjustments	2	**(685,584,783)**	134,457,168
Revaluation reserves		**(310,304,679)**	(26,249,891)
Retained earnings	23	**8,429,030,690**	4,624,845,514
Total Equity		**45,901,997,251**	30,888,513,814
TOTAL LIABILITIES AND EQUITY		**P 99,558,551,467**	P 35,225,362,180

See Notes to Consolidated Financial Statements.

EMPERADOR INC. AND SUBSIDIARIES
(Formerly TrillionStars Holdings, Inc.)
(Formerly Touch Solutions, Inc.)
(A Subsidiary of Alliance Global Group, Inc.)
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2014, 2013 AND 2012
(Amounts in Philippine Pesos)

	Notes	2014	2013	2012*
REVENUES	12, 17	**P 32,009,385,645**	P 29,864,744,842	P 23,594,290,329
COSTS AND EXPENSES				
Costs of goods sold	18	**20,555,364,148**	19,381,725,433	14,602,469,253
Selling and distribution expenses	19	**2,505,981,850**	2,097,852,769	1,983,588,161
General and administrative expenses	19	**677,801,497**	216,970,460	172,078,347
Other charges	6, 7, 13, 14, 20	**161,880,966**	263,092,696	6,722,845
		23,901,028,461	21,959,641,358	16,764,858,606
PROFIT BEFORE TAX		**8,108,357,184**	7,905,103,484	6,829,431,723
TAX EXPENSE	21	**1,904,172,008**	2,074,293,503	1,829,878,637
NET PROFIT		**6,204,185,176**	5,830,809,981	4,999,553,086
OTHER COMPREHENSIVE INCOME (LOSS)				
Item that will be reclassified subsequently to profit or loss				
Translation gain (loss)	2	**(820,041,951)**	137,988,773	(53,360,518)
Items that will not be reclassified subsequently to profit or loss				
Net actuarial loss on retirement benefit obligation	20	**(358,625,137)**	(23,968,477)	(5,646,782)
Tax income on remeasurement of retirement benefit obligation	21	**70,563,930**	7,190,543	1,694,035
		(288,061,207)	(16,777,934)	(3,952,747)
		(1,108,103,158)	121,210,839	(57,313,265)
TOTAL COMPREHENSIVE INCOME		**P 5,096,082,018**	P 5,952,020,820	P 4,942,239,821
Earnings per share				
Basic and Diluted	24	**P 0.41**	P 0.52	P 1.92

See Notes to Consolidated Financial Statements.

* The consolidated financial statements represent continuation of the consolidated financial statements of Emperador Distillers, Inc. and its subsidiaries, except for the capital structure (see Note 2).

EMPERADOR INC. AND SUBSIDIARIES
(Formerly TrillionStars Holdings, Inc.)
(Formerly Touch Solutions, Inc.)
(A Subsidiary of Alliance Global Group, Inc.)
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2014, 2013 AND 2012
(Amounts in Philippine Pesos)

	Notes	2014	2013	2012*
CAPITAL STOCK	23			
Balance at beginning of year		P 15,000,000,000	P 61,750,005	P 55,750,005
Issuances of shares during the year		1,120,000,000	14,938,249,995	6,000,000
Balance at end of year		16,120,000,000	15,000,000,000	61,750,005
ADDITIONAL PAID-IN CAPITAL	14, 23			
Balance at beginning of year		11,155,461,023	99,789,060	72,789,060
Issuances of shares during the year		11,193,395,000	11,055,671,963	27,000,000
Balance at end of year		22,348,856,023	11,155,461,023	99,789,060
EQUITY RESERVES	2			
Balance at beginning of year		-	5,838,460,935	2,871,460,935
Increase (decrease) during the year		-	(5,838,460,935)	2,967,000,000
Balance at end of year		-	-	5,838,460,935
ACCUMULATED TRANSLATION ADJUSTMENTS	2			
Balance at beginning of year		134,457,168	(3,531,605)	49,828,913
Currency translation adjustments during the year		(820,041,951)	137,988,773	(53,360,518)
Balance at end of year		(685,584,783)	134,457,168	(3,531,605)
REVALUATION RESERVES				
Balance at beginning of year		(26,249,891)	(9,471,957)	(5,519,210)
Actuarial gain on retirement benefit obligation for the year, net of tax	20	(288,061,207)	(16,777,934)	(3,952,747)
Addition from acquired subsidiary		4,006,419	-	-
Balance at end of year		(310,304,679)	(26,249,891)	(9,471,957)
RETAINED EARNINGS				
Balance at beginning of year		4,624,845,514	2,496,169,584	1,496,616,498
Net profit for the year		6,204,185,176	5,830,809,981	4,999,553,086
Cash dividends declared during the year	23	(2,400,000,000)	(3,702,134,051)	(4,000,000,000)
Balance at end of year		8,429,030,690	4,624,845,514	2,496,169,584
TOTAL EQUITY		P 45,901,997,251	P 30,888,513,814	P 8,483,166,022

***See Notes to Consolidated Financial Statements*.**

* The consolidated financial statements represent continuation of the consolidated financial statements of Emperador Distillers, Inc. and its subsidiaries, except for the capital structure (see Note 2).

EMPERADOR INC. AND SUBSIDIARIES
(Formerly TrillionStars Holdings, Inc.)
(Formerly Touch Solutions, Inc.)
(A Subsidiary of Alliance Global Group, Inc.)
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2014, 2013 AND 2012
(Amounts in Philippine Pesos)

	Notes	2014	2013	2012*
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before tax		**P 8,108,357,184**	P 7,905,103,484	P 6,829,431,723
Adjustments for:				
Depreciation and amortization	9	**374,555,576**	312,760,208	213,973,958
Interest income		**(241,455,589)**	(133,053,603)	(63,206,378)
Amortization of trademarks	10	**102,872,668**	102,334,204	101,257,277
Interest expense		**96,756,338**	2,899,330	2,650,737
Share in net income of joint venture	12	**(39,534,826)**	-	-
Fair value losses (gains) on financial assets and financial liabilities at fair value through profit or loss	7	**36,111,750**	212,020,646	(292,535,659)
Provisions	16	**12,411,409**	-	-
Impairment losses	6	**7,875,358**	6,159,219	4,072,108
Loss (gain) on sale of property, plant and equipment	9	**(2,569,463)**	(1,534,684)	156,917
Operating profit before working capital changes		**8,455,380,405**	8,406,688,804	6,795,800,683
Decrease (increase) in trade and other receivables		**(6,782,655,481)**	(1,044,801,252)	808,667,422
Decrease (increase) in financial instruments at fair value through profit or loss		**(881,331,451)**	(2,711,523)	44,484,099
Increase in inventories		**(1,041,818,041)**	(188,383,637)	(1,642,951,652)
Decrease (increase) in prepayments and other current assets		**(597,163,989)**	(320,743,498)	74,497,747
Decrease (increase) in other non-current assets		**183,875,462**	(182,318,700)	(62,613,481)
Increase (decrease) in trade and other payables		**10,358,979,361**	74,341,384	(126,694,437)
Increase in retirement benefit obligation		**8,829,806**	6,787,638	7,968,463
Cash generated from (used in) operations		**9,704,096,072**	6,748,859,216	5,899,158,844
Cash paid for income taxes		**(1,741,201,096)**	(1,872,609,734)	(1,633,973,304)
Net Cash From (Used in) Operating Activities		**7,962,894,976**	4,876,249,482	4,265,185,540
CASH FLOWS FROM INVESTING ACTIVITIES				
Acquisition of a subsidiary	1	**(30,272,934,983)**	(13,500,000,000)	(100,000,000)
Investment in joint venture	12	**(3,703,721,965)**	-	-
Acquisitions of property, plant and equipment	9	**(2,027,740,563)**	(2,051,683,004)	(1,310,447,798)
Interest received		**232,513,623**	118,942,570	63,206,378
Proceeds from sale of property, plant and equipment	9	**3,459,020**	3,063,295	2,200,000
Acquisition of trademark	10	**-**	(16,153,914)	-
Net Cash Used in Investing Activities		**(35,768,424,868)**	(15,445,831,053)	(1,345,041,420)
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from new loans and borrowings	13	**23,827,219,465**	-	-
Proceeds from additional capital subscription	23	**12,313,395,000**	33,655,461,023	3,000,000,000
Proceeds from equity-linked debt securities	14	**5,253,600,000**	-	-
Dividends paid	23	**(2,400,000,000)**	(3,702,134,051)	(4,000,000,000)
Proceeds from future stock subscription		**5,750,000**	-	-
Net Cash From (Used in) Financing Activities		**38,999,964,465**	29,953,326,972	(1,000,000,000)
NET INCREASE IN CASH AND CASH EQUIVALENTS		**11,194,434,573**	19,383,745,401	1,920,144,120
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		**24,040,194,994**	4,656,449,593	2,732,835,724
BEGINNING BALANCE OF CASH AND CASH EQUIVALENTS OF NEW SUBSIDIARY		**-**	-	4,882,682
CASH AND CASH EQUIVALENTS AT END OF YEAR		**P 35,234,629,567**	P 24,040,194,994	P 4,657,862,526

See Notes to Consolidated Financial Statements.

* The consolidated financial statements represent continuation of the consolidated financial statements of Emperador Distillers, Inc. and its subsidiaries, except for the capital structure (see Note 2).

EMPERADOR INC. AND SUBSIDIARIES
(Formerly TrillionStars Holdings, Inc.)
(Formerly Touch Solutions, Inc.)
(A Subsidiary of Alliance Global Group, Inc.)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2014, 2013 AND 2012
(Amounts in Philippine Pesos)

1. CORPORATE INFORMATION

1.1 Change in Corporate Name

Emperador Inc. (EMP or the Parent Company or the Company) was incorporated under the name of Touch Solutions, Inc. (TSI) on November 26, 2001. On June 19, 2013, the Board of Directors (BOD) approved the change in corporate name to TrillionStars Holdings, Inc. This was ratified by the stockholders and approved by the Philippine Securities and Exchange Commission (SEC) on August 27 and September 5, 2013, respectively.

On August 28, September 16 and September 27, 2013, the BOD, stockholders by written assent, and SEC, respectively, approved the change in corporate name to Emperador Inc.

1.2 Corporate Update

The Parent Company was incorporated in the Philippines and registered with the SEC, primarily as an information technology (IT) services and products provider. On March 1, April 10 and July 31, 2013, the BOD, stockholders and SEC, respectively, approved the change in the primary purpose of the Parent Company to become a holding company. Consequently, the Parent Company disposed of its IT-related net assets in April 2013 (see Note 1.6).

On June 19, August 27 and September 5, 2013, the BOD, stockholders and SEC, respectively, approved the increase in authorized capital stock to 20.0 billion shares from 100.0 million shares (see Note 23.1).

On August 28, 2013, Alliance Global Group, Inc. (AGI or the Ultimate Parent Company) obtained a controlling interest in EMP through AGI's subscription to EMP's new capital stock. As part of this transaction, AGI transferred to EMP all the issued and outstanding shares of Emperador Distillers, Inc. (EDI) owned by AGI (see Note 1.3).

AGI 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.

On May 30, June 23, and October 16, 2014, the BOD, stockholders, and SEC, respectively, approved the change in the registered principal office of EMP to 7th Floor, 1880 Eastwood Avenue, Eastwood City CyberPark, 188 E. Rodriguez, Jr. Avenue, Bagumbayan, Quezon City from 10th Floor, Liberty Center, 104 H.V. dela Costa Street, Salcedo Village, Makati City. The registered office of AGI is also located at 7th Floor, 1880 Eastwood Avenue, Eastwood City CyberPark, 188 E. Rodriguez, Jr. Avenue, Bagumbayan, Quezon City.

1.3 Acquisition of EDI by the Parent Company

EDI became a wholly owned subsidiary on August 28, 2013 when EMP acquired EDI from AGI as a condition to AGI's subscription to EMP shares [see Notes 1.2 and 2.3(a)(iii)]. EDI was incorporated in the Philippines on June 6, 2003 to primarily engage in the manufacturing and trading of brandy, wine or other similar alcoholic beverage products. EDI's registered office, which is also its principal place of business, is located at 7th Floor, 1880 Eastwood Avenue, Eastwood City CyberPark, 188 E. Rodriguez, Jr. Avenue, Bagumbayan, Quezon City.

EDI currently has two principal brands, namely, Emperador brandy (in three variants, namely Classic, Light and Deluxe) and The BaR flavored alcoholic beverage (in gin, vodka and tequila variants). EDI and its subsidiaries (collectively referred to as the "EDI Group") are all engaged in businesses related to the main business of EDI. The liquor production business was acquired in 2007 from the Andrew Tan family who started it in 1979. EDI's subsidiaries are as follows:

Name of Subsidiaries	Explanatory Notes	Percentage of Ownership 2014	2013
Anglo Watsons Glass, Inc. (AWGI)	(a)	**100%**	100%
The Bar Beverage, Inc. (The Bar)	(b)	**100%**	100%
Emperador International Ltd. (EIL)	(c)	**32%**	100%

Explanatory Notes:

(a) EDI acquired 100% ownership from AGI in 2012. Since EDI and AWGI are under the common control of AGI, the acquisition was accounted for under the pooling-of-interest method of accounting [see Note 2.3(a)(ii)]. EDI opted not to restate the financial information in the consolidated financial statements for periods prior to the date of the business combination. AWGI is a domestic corporation presently engaged in flint glass container manufacturing and primarily supplies EDI's bottle requirements.

AWGI's registered office is located at 7th Floor, 1880 Eastwood Avenue, Eastwood City CyberPark, 188 E. Rodriguez, Jr. Avenue, Bagumbayan, Quezon City. AWGI's glass manufacturing plant is located in Silangan Industrial Estates, Canlubang, Laguna.

(b) Incorporated to carry out a general and commercial business of manufacturing, making, processing, importing, exporting, buying, and selling any and all kinds of alcohol, wine or liquor products.

The Bar's registered office is located at 7th Floor, 1880 Eastwood Avenue, Eastwood City CyberPark, 188 E. Rodriguez, Jr. Avenue, Bagumbayan, Quezon City.

(c) A foreign entity incorporated in the British Virgin Islands primarily to handle the international sales, marketing and merchandising of EDI's products. EIL is presently operating as an investment holding entity. EDI's ownership interest was diluted in 2014 upon EMP's direct investment to EIL (see Note 1.4).

EIL's registered office and principal place of business is at the offices of Portcullis TrustNet (BVI) Limited, which is currently located at Porctcullis Trust Net Chambers, 4th Floor Skelton Building, 3076 Drake's Highway, Road Town, Tortola, British Virgin Islands.

The acquisition of EDI by the Parent Company was effectively an acquisition of a group of assets because the Parent Company does not constitute a business as defined under Philippine Financial Reporting Standard (PFRS) 3, *Business Combinations.* The consolidated financial statements of the Parent Company and EDI and its subsidiaries represent the continuation of the consolidated financial statements of EDI and its subsidiaries. The comparative information presented in these consolidated financial statements is that of the EDI Group and not that originally presented in the previous consolidated financial statements of the Parent Company. The comparative information is also adjusted retroactively to reflect the legal capital of the Parent Company [see Note 2.3(a)(iii)].

1.4 Direct Investment in EIL by the Parent Company

In 2014, the Parent Company made a direct investment in EIL amounting to P11.7 billion. This resulted to the dilution of EDI's investment in EIL from 100% in 2013 to 32% in 2014 (see Note 1.3). There was no change in control over EIL as EMP now directly holds the remaining 68% ownership interest.

EIL is presently operating as an investment holding entity. EIL's subsidiaries are as follows:

Name of Subsidiaries	Explanatory Notes	Percentage of Ownership 2014	2013
Emperador Holdings (GB) Limited (EGB)	(a)	**100%**	-
Emperador Asia Pte. Ltd. (EA)	(b)	**100%**	100%
Emperador Europe Sarl (EES)	(c)	**100%**	-

Explanatory Notes:

(a) EGB is a foreign entity incorporated in the UK to operate as an investment holding entity. It holds 100% ownership interest over Emperador UK Limited (EUK) who in turn holds 100% ownership interest over WMG Group (see Note 1.5).

EGB's registered office is located at 20-22 Bedford Road, London, United Kingdom.

(b) EA is a foreign entity incorporated in Singapore on July 10, 2013 as a limited private company with principal activity as a wholesaler of liquor, food and beverages, and tobacco. It holds 100% ownership interest in Grupo Emperador Spain, S.A. (GES), a foreign entity incorporated on September 28, 2011 as a small limited liability company and subsequently changed to a large liability company on February 5, 2014. GES carries out activities related to the production of wines, fortified wines, brandies, and all types of alcoholic drinks, as well as the purchase, ownership and operations of any type of land, particularly, vineyards.

EA's registered office is located at 1 Scotts Road, 19-06 Shaw Centre, Singapore.

(c) EES is a foreign entity incorporated in Luxembourg as a private limited liability company, primarily to operate as an investment holding entity.

EES' registered office is located at L-1449 Luxembourg, 18, Rue de l'Eau.

1.5 Acquisition of Whyte and Mackay Group Limited

On May 9, 2014, a deal was signed between United Spirits (Great Britain) Limited and EUK, a wholly owned subsidiary of EGB, for EUK's purchase of 100% ownership interest in Whyte & Mackay Group Limited (WMG). EGB is a wholly owned subsidiary of EIL (see Note 1.4). This deal was completed on October 31, 2014.

WMG was incorporated in the United Kingdom (UK) on August 7, 2001. It is presently operating as an investment holding entity. WMG and all of its significant subsidiaries' registered office is located at Dalmore House, 310 St. Vincent Street, Glasgow, Scotland.

WMG and its subsidiaries (collectively referred to as "WMG Group") are all engaged in businesses related to the main business of production, marketing and distribution of Scotch whisky, vodka, liqueurs and other alcoholic drinks. WMG's significant subsidiaries and WMG's corresponding percentage of ownership as of December 31, 2014 are as follows:

Name of Subsidiaries	Explanatory Notes	Percentage of Ownership
Whyte and Mackay Limited (WML)	(a)	100%
Whyte and Mackay Warehousing Limited (WMWL)	(b)	100%
Whyte and Mackay Property Limited (WMPL)	(c)	100%
KI Trustees Limited (KITL)	(c)	100%

Explanatory Notes:

(a) WML is a foreign entity incorporated in the UK to carry out the production, marketing and distribution of Scotch whisky, vodka, liqueurs and other alcoholic drinks. WML's core brands include Whyte and Mackay, The Dalmore, Isle of Jura, Vladivar, Glayva, Claymore and John Barr. WML holds 100% ownership interest in 37 dormant companies, all incorporated in the UK, and one active company, Whyte & Mackay Americas, who handles the distribution of Whyte and Mackay brands within the United States of America.

(b) WMWL is a foreign entity incorporated in the UK to carry out warehousing and blending of bulk whisky for WML and third party customers.

(c) WMPL and KITL are foreign entities incorporated in the UK and are currently dormant.

EUK's purchase of WMG Group is aligned with EMP's expansion strategies. The goodwill arising from the acquisition reflects the opportunity to strengthen the Group's position in the global drinks market, the synergies and economies of scale expected from combining the operations of the Group and WMG and the value attributed to WMG's workforce. The goodwill recognized is not expected to be deductible for income tax purposes.

The following table summarizes the consideration paid for the acquisition of WMG Group and the recognized amounts of the identifiable assets acquired and liabilities assumed. For purposes of determining the goodwill, the Parent Company determined the fair value of the identified net assets as of October 31, 2014.

	Notes	
Consideration		
Cash		P 30,272,934,983
Recognized amounts of identifiable assets acquired:		
Tangible assets	6, 8, 9	21,723,648,592
Intangible assets	10	9,972,144,142
Liabilities	16, 20, 21	(9,095,751,916)
Total identifiable net assets		22,600,040,679
Goodwill (see Note 10)		**P 7,672,894,304**

The revenues and net income of WMG Group included in the 2014 consolidated statement of comprehensive income amounted to P4.0 billion and P149.5 million, respectively.

1.6 Discontinuance of IT operations

On March 1 and April 10, 2013, the Company's BOD and stockholders, respectively, approved the transfer of all or substantially all the assets and liabilities related to the IT business. In April 2013, the Parent Company (then named TSI) disposed of its investment in Sagesoft Solutions, Inc. (SSI) to TSI's minority stockholders and transferred and conveyed its IT-related net assets to SSI (see Note 1.2). SSI is engaged in establishing and operating IT services and products. SSI was a wholly owned subsidiary of the Parent Company as of March 31, 2013.

The following are the book value of the assets and liabilities transferred to SSI.

Trade and other receivables	P 38,139,036
Trade and other payables	(25,818,055)
Cash and cash equivalents	11,637,576
Property and equipment	4,215,506
Prepayments and other current assets	1,151,003
Retirement benefit obligation	(675,739)
Net assets	P 28,649,327

1.7 Approval of the Consolidated Financial Statements

The consolidated financial statements of EMP and its subsidiaries (collectively referred to as the "Group") as of and for the year ended December 31, 2014 (including the comparative consolidated financial statements for the years ended December 31, 2013 and 2012) were authorized for issue by the Parent Company's BOD on April 9, 2015.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies that have been used in the preparation of these consolidated financial statements are summarized below and in the succeeding pages. The policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of Preparation of Consolidated Financial Statements

(a) Statement of Compliance with Philippine Financial Reporting Standards

The consolidated financial statements of the Group have been prepared in accordance with PFRS. PFRS are adopted by the Financial Reporting Standards Council (FRSC) from the pronouncements issued by the International Accounting Standards Board, and approved by the Philippine Board of Accountancy (BOA).

The consolidated financial statements have been prepared using the measurement bases specified by PFRS for each type of asset, liability, income and expense. The measurement bases are more fully described in the accounting policies that follow.

(b) Presentation of Consolidated Financial Statements

The consolidated financial statements are presented in accordance with Philippine Accounting Standard (PAS) 1, *Presentation of Financial Statements*. The Group presents all items of income and expenses in a single consolidated statement of comprehensive income.

The Group presents a third consolidated statement of financial position as at the beginning of the preceding period when it applies an accounting policy retrospectively, or makes a retrospective restatement or reclassification of items that has a material effect on the information in the consolidated statement of financial position at the beginning on the preceding period. The related notes to the third consolidated statement of financial position are not required to be disclosed.

Certain accounts in the 2013 and 2012 consolidated statements of comprehensive income were reclassified to conform with the consolidated financial statement classification and presentation in 2014. The reclassification is deemed not significant and has no impact on the comparative consolidated statement of financial position; hence, a third consolidated statement of financial position is not presented.

(c) Functional and Presentation Currency

These 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.

Items included in the consolidated financial statements of the Group are measured using its functional currency. Functional currency is the currency of the primary economic environment in which the Group operates.

2.2 Adoption of Amended PFRS and Interpretation

(a) Effective in 2014 that are Relevant to the Group

In 2014, the Group adopted for the first time the following amendments and interpretation to PFRS that are relevant to the Group and effective for consolidated financial statements for annual periods beginning on or after January 1, 2014:

PAS 32 (Amendment)	:	Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities
PAS 36 (Amendment)	:	Impairment of Assets – Recoverable Amount Disclosures for Non-financial Assets
PAS 39 (Amendment)	:	Financial Instruments: Recognition and Measurement – Novation of Derivatives and Continuation of Hedge Accounting
PFRS 10, 12 and PAS 27 (Amendments)	:	Exemption from Consolidation for Investment Entities
Philippine Interpretation International Financial Reporting Interpretations Committee (IFRIC) 21	:	Levies

Discussed below and in the succeeding pages are the relevant information about these amended standards and interpretation.

(i) PAS 32 (Amendment), *Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities*. The amendment provides guidance to address inconsistencies in applying the criteria for offsetting financial assets and financial liabilities. It clarifies that an entity must currently have a right of set-off that is not contingent on a future event, and must be legally enforceable in the normal course of business; in the event of default; and, in the event of insolvency or bankruptcy of the entity and all of the counterparties. The amendment also clarifies that gross settlement mechanisms (such as through a clearing house) with features that both eliminate credit and liquidity risks and process receivables and payables in a single settlement process, will satisfy the criterion for net settlement. The amendment has been applied retrospectively in accordance with its transitional provisions. The Group's existing offsetting and settlement arrangements for its financial instruments with its counterparties are not affected by the amendment; hence, such did not have an impact on the presentation of financial assets and financial liabilities on the Group's consolidated financial statements for any periods presented.

(ii) PAS 36 (Amendment), *Impairment of Assets – Recoverable Amount Disclosures for Non-financial Assets*. The amendment clarifies that disclosure of information about the recoverable amount of individual asset (including goodwill) or a cash-generating unit is required only when an impairment loss has been recognized or reversed during the reporting period. If the recoverable amount is determined based on the asset's or cash-generating unit's fair value less cost of disposal, additional disclosures on fair value measurement required under PFRS 13, *Fair Value Measurement*, such as, but not limited to, the fair value hierarchy, valuation technique used and key assumptions applied should be provided in the consolidated financial statements. This amendment did not result in additional disclosures in the consolidated financial statements since none of the Group's non-financial assets were impaired in any of the years presented.

(iii) PAS 39 (Amendment), *Financial Instruments: Recognition and Measurement – Novation of Derivatives and Continuation of Hedge Accounting*. The amendment provides some relief from the requirements on hedge accounting by allowing entities to continue the use of hedge accounting when a derivative is novated to a clearing counterparty resulting in termination or expiration of the original hedging instrument as a consequence of laws and regulations, or the introduction thereof. As the Group neither enters into transactions involving derivative instruments nor does it apply hedge accounting, the amendment did not have any impact on the Group's consolidated financial statements.

(iv) PFRS 10, 12 and PAS 27 (Amendments), *Consolidated Financial Statements, Disclosure of Interests in Other Entities, Separate Financial Statements – Exemption from Consolidation for Investment Entities*. The amendments define the term "investment entity" and provide to such an investment entity an exemption from the consolidation of particular subsidiaries and instead require to measure investment in each eligible subsidiary at fair value through profit or loss in accordance with PAS 39, *Financial Instruments: Recognition and Measurement*, or PFRS 9, *Financial Instruments*, both in its consolidated or separate financial statements, as the case maybe. The amendments also require additional disclosures about the details of the entity's unconsolidated subsidiaries and the nature of its relationship and certain transactions with those subsidiaries. These amendments did not have an effect on the Group's consolidated financial statements as all of the subsidiaries are included in the consolidation.

(v) Philippine Interpretation IFRIC 21, *Levies*. This interpretation clarifies that the obligating event as one of the criteria under PAS 37, *Provisions, Contingent Liabilities and Contingent Assets*, for the recognition of a liability for levy imposed by a government is the activity described in the relevant legislation that triggers the payment of the levy. Accordingly, the liability is recognized in the consolidated financial statements progressively if the obligating event occurs over a period of time and if an obligation is triggered on reaching a minimum threshold, the liability is recognized when that minimum threshold is reached. This amendment had no significant impact on the Group's consolidated financial statements.

(b) *Effective Subsequent to 2014 but not Adopted Early*

There are new PFRS, amendments and annual improvements to existing standards that are effective for periods subsequent to 2014 which are issued by the FRSC, subject to the approval of the BOA. Management will adopt the following relevant pronouncements in accordance with their transitional provisions, and, unless otherwise stated, none of these are expected to have significant impact on the Group's consolidated financial statements:

(i) PAS 19 (Amendment), *Employee Benefits – Defined Benefit Plans – Employee Contributions* (effective from July 1, 2014). The amendment clarifies that if the amount of the contributions from employees or third parties is dependent on the number of years of service, an entity shall attribute the contributions to periods of service using the same attribution method (i.e., either using the plan's contribution formula or on a straight-line basis) for the gross benefit.

(ii) PAS 1 (Amendment), *Presentation of Financial Statements – Disclosure Initiative* (effective from January 1, 2016). The amendment encourages entities to apply professional judgment in presenting and disclosing information in the financial statements. Accordingly, it clarifies that materiality applies to the whole financial statements and an entity shall not reduce the understandability of the consolidated financial statements by obscuring material information with immaterial information or by aggregating material items that have different natures or functions. Moreover, it clarifies that, in determining the order of presenting the notes and disclosures, an entity shall consider the understandability and comparability of the consolidated financial statements.

(iii) PAS 16 (Amendment), *Property, Plant and Equipment* and PAS 38 (Amendment), *Intangible Assets – Clarification of Acceptable Methods of Depreciation and Amortization* (effective from January 1, 2016). The amendment in PAS 16 clarifies that a depreciation method that is based on revenue that is generated by an activity that includes the use of an asset is not appropriate for property, plant and equipment. In addition, amendment to PAS 38 introduces a rebuttable presumption that an amortization method that is based on the revenue generated by an activity that includes the use of an intangible asset is not appropriate, which can only be overcome in limited circumstances where the intangible asset is expressed as a measure of revenue, or when it can be demonstrated that revenue and the consumption of the economic benefits of an intangible asset are highly correlated. The amendment also provides guidance that the expected future reductions in the selling price of an item that was produced using the asset could indicate an expectation of technological or commercial obsolescence of an asset, which may reflect a reduction of the future economic benefits embodied in the asset.

(iv) PAS 28 (Amendment), *Investments in Associates and Joint Ventures – Investment Entities – Applying the Consolidation Exception* (effective from January 1, 2016). This amendment addresses the concerns that have arisen in the context of applying the consolidation exception for investment entities. This amendment permits a non-investment entity investor, when applying the equity method of accounting for an associate or joint venture that is an investment entity, to retain the fair value measurement applied by that investment entity associate or joint venture to its interests in subsidiaries.

(v) PFRS 10 (Amendment), *Consolidated Financial Statements and PAS 28 (Amendment), Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associates or Joint Venture* (effective from January 1, 2016). The amendment to PFRS 10 requires full recognition in the investor's financial statements of gains or losses arising on the sale or contribution of assets that constitute a business as defined in PFRS 3 between an investor and its associate or joint venture. Accordingly, the partial recognition of gains or losses (i.e., to the extent of the unrelated investor's interests in an associate or joint venture) only applies to those sale of contribution of assets that do not constitute a business. Corresponding amendment has been made to PAS 28 to reflect these changes. In addition, PAS 28 has been amended to clarify that when determining whether assets that are sold or contributed constitute a business, an entity shall consider whether the sale or contribution of those assets is part of multiple arrangements that should be accounted for as a single transaction.

(vi) PFRS 9 (2014), *Financial Instruments* (effective from January 1, 2018). This new standard on financial instruments will eventually replace PAS 39 and PFRS 9 (2009, 2010 and 2013 versions). This standard contains, among others, the following:

- three principal classification categories for financial assets based on the business model on how an entity is managing its financial instruments;

- an expected loss model in determining impairment of all financial assets that are not measured at FVTPL, which generally depends on whether there has been a significant increase in credit risk since initial recognition of a financial asset; and,

- a new model on hedge accounting that provides significant improvements principally by aligning hedge accounting more closely with the risk management activities undertaken by entities when hedging their financial and non-financial risk exposures.

In accordance with the financial asset classification principle of PFRS 9 (2014), a financial asset is classified and measured at amortized cost if the asset is held within a business model whose objective is to hold financial assets in order to collect the contractual cash flows that represent solely payments of principal and interest (SPPI) on the outstanding principal. Moreover, a financial asset is classified and subsequently measured at fair value through other comprehensive income if it meets the SPPI criterion and is held in a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets. All other financial assets are measured at FVTPL.

In addition, PFRS 9 (2014) allows entities to make an irrevocable election to present subsequent changes in the fair value of an equity instrument that is not held for trading in other comprehensive income.

The accounting for embedded derivatives in host contracts that are financial assets is simplified by removing the requirement to consider whether or not they are closely related, and, in most arrangements, does not require separation from the host contract.

For liabilities, the standard retains most of the PAS 39 requirements which include amortized cost accounting for most financial liabilities, with bifurcation of embedded derivatives. The amendment also requires changes in the fair value of an entity's own debt instruments caused by changes in its own credit quality to be recognized in other comprehensive income rather than in profit or loss.

The Group does not expect to implement and adopt PFRS 9 (2014) until its effective date. In addition, management is currently assessing the impact of PFRS 9 (2014) on the consolidated financial statements of the Group and it will conduct a comprehensive study of the potential impact of this standard prior to its mandatory adoption date to assess the impact of all changes.

(vii) Annual Improvements to PFRS. Annual improvements to PFRS (2010-2012 Cycle) and PFRS (2011-2013 Cycle) effective for annual periods beginning on or after July 1, 2014, and to PFRS (2012-2014 Cycle) effective for annual periods beginning on or after January 1, 2016, made minor amendments to a number of PFRS. Among those improvements, the following amendments are relevant to the Group but management does not expect a material impact on the Group's consolidated financial statements:

Annual Improvements to PFRS (2010-2012 Cycle)

- PAS 16 (Amendment), *Property, Plant and Equipment* and PAS 38 (Amendment), *Intangible Assets*. The amendments clarify that when an item of property, plant and equipment, and intangible assets is revalued, the gross carrying amount is adjusted in a manner that is consistent with a revaluation of the carrying amount of the asset.

- PAS 24 (Amendment), *Related Party Disclosures*. The amendment clarifies that an entity providing key management services to a reporting entity is deemed to be a related party of the latter. It also clarifies that the information required to be disclosed in the consolidated financial statements are the amounts incurred by the reporting entity for key management personnel services that are provided by a separate management entity and not the amounts of compensation paid or payable by the key management entity to its employees or directors.

- PFRS 13 (Amendment), *Fair Value Measurement*. The amendment in the basis of conclusion of PFRS 13 clarifies that issuing PFRS 13 and amending certain provisions of PFRS 9 and PAS 39 related to discounting of financial instruments did not remove the ability to measure short-term receivables and payables with no stated interest rate on an undiscounted basis, when the effect of not discounting is immaterial.

- PFRS 3 (Amendment), *Business Combinations*. The amendment clarifies that an obligation to pay contingent consideration which meets the definition of a financial instrument is classified as a financial liability or as equity in accordance with PAS 32, *Financial Instruments – Presentation*. It also clarifies that all non-equity contingent consideration should be measured at fair value at the end of each reporting period, with changes in fair value recognized in profit or loss.

Annual Improvements to PFRS (2011-2013 Cycle)

- PFRS 13 (Amendment), *Fair Value Measurement*. The amendment clarifies that the scope of the exception for measuring the fair value of a group of financial assets and financial liabilities on a net basis (the portfolio exception) applies to all contracts within the scope of, and accounted for in accordance with PAS 39 or PFRS 9, regardless of whether they meet the definitions of financial assets or financial liabilities as defined in PAS 32.

- PFRS 3 (Amendment), *Business Combinations*. The amendment clarifies that PFRS 3 does not apply to the accounting for the formation of any joint arrangement under PFRS 11, *Joint Arrangements*, in the consolidated financial statements of the joint arrangement itself.

- PFRS 8 (Amendment), *Operating Segments*. This amendment requires disclosure of the judgments made by management in applying the aggregation criteria to operating segments. This includes a description of the segments which have been aggregated and the economic indicators which have been assessed in determining that the aggregated segments share similar economic characteristics. It further clarifies the requirement to disclose for the reconciliations of segment assets to the entity's assets if that amount is regularly provided to the chief operating decision maker.

Annual Improvements to PFRS (2012-2014 Cycle)

- PFRS 7 (Amendment), *Financial Instruments – Disclosures*. The amendment provides additional guidance to help entities identify the circumstances under which a contract to "service" financial assets is considered to be a continuing involvement in those assets for the purposes of applying the disclosure requirements of PFRS 7. Such circumstances commonly arise when, for example, the servicing is dependent on the amount or timing of cash flows collected from the transferred asset or when a fixed fee is not paid in full due to non-performance of that asset.

- PAS 19 (Amendment), *Employee Benefits*. The amendment clarifies that the currency and term of the corporate bonds or government bonds which were used to determine the discount rate for post-employment benefit obligations shall be made consistent with the currency and estimated term of the post-employment benefit obligation.

- PAS 34 (Amendment), *Interim Financial Reporting – Disclosure of Information "Elsewhere in the Interim Financial Report"*. The amendment clarifies the meaning of disclosure of information "elsewhere in the interim financial report" and requires the inclusion of a cross-reference from the consolidated interim financial statements to the location of this referenced information. The amendment also specifies that this information must be available to users of the consolidated interim financial statements on the same terms as the consolidated interim financial statements and at the same time, otherwise the consolidated interim financial statements will be incomplete.

2.3 Basis of Consolidation

The Group's consolidated financial statements comprise the accounts of the Parent Company and its subsidiaries as enumerated in Notes 1.3, 1.4 and 1.5, after the elimination of material intercompany transactions. All intercompany assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities under the Group, are eliminated in full on consolidation. Unrealized profits and losses from intercompany transactions that are recognized in assets are also eliminated in full. Intercompany losses that indicate impairment are recognized in the consolidated financial statements.

The financial statements of subsidiaries are prepared for the same reporting period as that of the Parent Company, using consistent accounting policies.

(a) Investments in Subsidiaries

Subsidiaries are entities (including structured entities) over which the Group has control. The Group controls an entity when it is exposed, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are consolidated from the date the Parent Company obtains control.

The Parent Company reassesses whether or not it controls an entity if facts and circumstances indicate that there are changes to one or more of the three elements of controls indicated above. Accordingly, entities are deconsolidated from the date that control ceases.

(i) Accounting for Business Combination using the Acquisition Method

The acquisition method is applied to account for acquired subsidiaries. This requires recognizing and measuring the identifiable assets acquired, the liabilities assumed and any noncontrolling interest in the acquiree. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group, if any. The consideration transferred also includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred and subsequent change in the fair value of contingent consideration is recognized directly in profit or loss.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognizes any noncontrolling interest in the acquiree, either at fair value or at the noncontrolling interest's proportionate share of the recognized amounts of acquiree's identifiable net assets.

The excess of the consideration transferred, the amount of any noncontrolling interest in the acquiree and the acquisition-date fair value of any existing equity interest in the acquiree over the acquisition-date fair value of identifiable net assets acquired is recognized as goodwill. If the consideration transferred is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognized directly as gain in profit or loss.

(ii) Accounting for Business Combination using the Pooling-of-interests Method

Business combinations arising from transfers of interests in entities that are under the common control of the principal shareholder are accounted for under the pooling-of-interests method. Transfers of assets between commonly-controlled entities are accounted for under historical cost accounting. No restatements are made to the financial information in the consolidated financial statements for periods prior to the business combination; hence, the profit and loss of the acquiree is included in the consolidated financial statements only from the acquisition date. Also, any pre-acquisition income and expenses of a subsidiary are no longer included in the consolidated financial statements.

The acquisition of AWGI by EDI was accounted for using the pooling-of-interest method (see Note 1.3).

(iii) Reverse Acquisition Accounting Involving a Non-Operating Shell Company

The acquisition of EDI disclosed in Note 1.3 has been accounted for similar to a reverse acquisition of a non-operating shell company. Such transaction was accounted for in the consolidated financial statements of the Parent Company, which is the legal parent (the accounting acquiree), as a continuation of the consolidated financial statements of the EDI Group, which is the legal subsidiary (the accounting acquirer).

In accounting for such transaction, the comparative information presented in these consolidated financial statements is, therefore, that of the EDI Group and not that originally presented in the previous financial statements of the legal parent (accounting acquiree, in this case, the Parent Company). The comparative information is also adjusted retroactively to reflect the legal capital of the Parent Company in each of the years presented.

Prior to 2013, as allowed under existing accounting standards, EDI had not presented its consolidated financial statements because it was a wholly owned subsidiary of AGI, which presents consolidated financial statements available for public use that comply with PFRS.

The 2012 consolidated financial statements, which represent the consolidated financial statements of the EDI Group, except for the capital structure, reflect:

- The assets and liabilities of EDI Group, which are recognized and measured at their pre-acquisition carrying amounts;

- The retained earnings and other equity balances, which primarily pertain to accumulated translation adjustments, of the EDI Group before the business acquisition (i.e., not those of the Parent Company);

- The capital stock and additional paid-in capital (APIC), which represent the legal capital of the Parent Company;

- The total equity, which is equivalent to that of the EDI Group;

- The excess of the net assets of the EDI Group over the sum of the legal capital of the Parent Company and the consolidated retained earnings and other equity account of the EDI Group, which is presented as Equity reserves; and,

- The net profit for all the periods presented, which reflects that of the EDI Group.

(b) Investment in Joint Venture

A jointly controlled entity is a corporation, partnership, or other entity in which two or more venturers have an interest, under a contractual arrangement that establishes joint control over the entity. Each venturer usually contributes cash or other resources to the jointly controlled entity. Those contributions are included in the accounting records of the venturer and recognised in the venturer's financial statements as an investment in the jointly controlled entity.

Investments in joint venture are initially recognized at cost and subsequently accounted for using the equity method.

Acquired investment in the jointly controlled entity is subject to the purchase method. The purchase method involves the recognition of the jointly controlled entity's identifiable assets and liabilities, including contingent liabilities, regardless of whether they were recorded in the financial statements prior to acquisition. Goodwill represents the excess of acquisition cost over the fair value of the venturer's share of the identifiable net assets of the joint venture at the date of acquisition. Any goodwill or fair value adjustment attributable to the venturer's share in the joint venture is included in the amount recognized as investment in joint venture.

All subsequent changes to the ownership interest in the equity of the joint venture are recognized in the venturer's carrying amount of the investments. Changes resulting from the profit or loss generated by the joint venture are credited or charged against the Share in net income of joint venture under the Revenues account in the consolidated statement of comprehensive income.

Impairment loss is provided when there is objective evidence that the investment in joint venture will not be recovered (see Note 2.17).

Changes resulting from other comprehensive income of the jointly controlled entity or items recognized directly in the jointly controlled entity's equity are recognized in other comprehensive income or equity of the venturer, as applicable. However, when the venturer's share of losses in a joint venture equals or exceeds its interest in the associate, including any other unsecured receivables, the venturer does not recognize further losses, unless it has incurred obligations or made payments on behalf of the jointly controlled entity. If the jointly controlled entity subsequently reports profits, the venturer resumes recognizing its share of those profits only after its share of the profits exceeds the accumulated share of losses that has previously not been recognized.

Distributions received from the jointly controlled entity are accounted for as a reduction of the carrying value of the investment.

2.4 Segment Reporting

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

In identifying its operating segments, management generally follows the Group's products and service lines, which represent the main products and services provided by the Group.

Presently, the Group's only significant operating segment is related to its manufacturing and trading operations of alcoholic beverage products; hence, no segment reporting is presented.

2.5 Financial Assets

Financial assets are recognized when the Group becomes a party to the contractual terms of the financial instrument. Financial assets other than those designated and effective as hedging instruments are classified into the following categories: financial assets at FVTPL, loans and receivables, held-to-maturity investments and available-for-sale financial assets. Financial assets are assigned to the different categories by management on initial recognition, depending on the purpose for which the investments were acquired.

Regular purchases and sales of financial assets are recognized on their trade date. All financial assets that are not classified as at FVTPL are initially recognized at fair value plus any directly attributable transaction costs. Financial assets carried at FVTPL are initially recorded at fair value and the related transaction costs are recognized in profit or loss.

The financial asset categories currently relevant to the Group are loans and receivables and financial assets at FVTPL. A more detailed description of these financial assets is as follows:

(a) Financial Assets at FVTPL

This category includes financial assets that are either classified as held for trading or that meets certain conditions and are designated by the entity to be carried at fair value through profit or loss upon initial recognition. All derivatives fall into this category, except for those designated and effective as hedging instruments. Assets in this category are classified as current if they are either held for trading or are expected to be realized within 12 months from the end of the reporting period.

Financial assets at FVTPL are measured at fair value and changes therein are recognized in profit or loss. Financial assets (except derivatives and financial instruments originally designated as financial assets at fair value through profit or loss) may be reclassified out of FVTPL category if they are no longer held for the purpose of being sold or repurchased in the near term.

The Group's financial assets categorized at financial assets at FVTPL are presented as Financial Assets at Fair Value Through Profit or Loss in the consolidated statement of financial position.

(b) Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Group provides money, goods or services directly to a debtor with no intention of trading the receivables. They are included in current assets, except for those with maturities greater than 12 months after the end of the reporting period which are classified as non-current assets.

The Group's financial assets categorized as loans and receivables are presented as Cash and Cash Equivalents and Trade and Other Receivables (except Advances to Suppliers) and Refundable security deposit (presented as part of Other Non-current Assets) in the consolidated statement of financial position. Cash and cash equivalents include cash on hand, demand deposits and short-term, highly liquid investments with original maturities of three months or less, readily convertible to known amounts of cash and which are subject to insignificant risk of changes in value.

Loans and receivables are subsequently measured at amortized cost using the effective interest method, less impairment loss, if any. Impairment loss is provided when there is objective evidence that the Group will not be able to collect all amounts due to it in accordance with the original terms of the receivables. The amount of the impairment loss is determined as the difference between the assets' carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred), discounted at the financial asset's original effective interest rate or current effective interest rate determined under the contract if the loan has a variable interest rate.

The carrying amount of the asset shall be reduced either directly or through the use of an allowance account. The amount of the loss shall be recognized in profit or loss.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized (such as an improvement in the debtor's credit rating), the previously recognized impairment loss is reversed by adjusting the allowance account. The amount of the reversal is recognized in profit or loss.

All income and expenses, including impairment loss, relating to financial assets that are recognized in profit or loss are presented as part of Other revenues under the Revenues account and in the Other Charges account in the consolidated statement of comprehensive income.

For investments that are actively traded in organized financial markets, fair value is determined by reference to stock exchange-quoted market bid prices at the close of business on the reporting period. For investments where there is no quoted market price, fair value is determined by reference to the current market value of another instrument which is substantially the same or is calculated based on the expected cash flows of the underlying net asset base of the investment.

Non-compounding interest, dividend income and other cash flows resulting from holding financial assets are recognized in profit or loss when earned, regardless of how the related carrying amount of financial assets is measured.

Financial assets are derecognized when the contractual rights to receive cash flows from the financial instruments expire, or when the financial assets and all substantial risks and rewards of ownership have been transferred to another party. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

2.6 Inventories

Inventories are valued at the lower of cost and net realizable value. Cost is determined using the first-in, first-out method. Finished goods and work-in-process inventories include the cost of raw materials, direct labor and a proportion of manufacturing overhead (including an element of depreciation) based on normal operating capacity. The cost of raw materials include all costs directly attributable to acquisitions, such as the purchase price, import duties and other taxes that are not subsequently recoverable from taxing authorities.

Net realizable value of finished goods is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale. Net realizable value of raw materials is the current replacement cost.

2.7 Prepayments and Other Assets

Prepayments and other assets pertain to other resources controlled by the Group as a result of past events. They are recognized in the consolidated financial statement when it is probable that the future economic benefits will flow to the entity and the asset has a cost or value that can be measured reliably.

Other recognized assets of similar nature, where future economic benefits are expected to flow to the Group beyond one year after the end of the reporting period (or in the normal operating cycle of the business, if longer), are classified as non-current assets.

2.8 Property, Plant and Equipment

Property, plant and equipment, except land, are carried at acquisition cost less accumulated depreciation, amortization and any impairment losses. As no finite useful life for land can be determined, related carrying amount (which is cost less any impairment losses, if any) is not depreciated.

The cost of an asset comprises its purchase price and directly attributable costs of bringing the asset to working condition for its intended use. Expenditures for additions, major improvements and renewals are capitalized; expenditures for repairs and maintenance are charged to expense as incurred.

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

Buildings and building improvements	25 to 50 years
Land improvement	10 years
Machinery and equipment (including tools and other equipment)	2 to 20 years
Transportation equipment	3 to 10 years
Office furniture and fixtures	3 to 10 years

Moulds and dies are depreciated using their expected usage for the period. Total usage multiplied by rate results to depreciation expense for the period. The rate is computed by dividing cost by estimated cases to be produced.

Leasehold improvements are amortized over the estimated useful life of the improvements of 5 to 10 years or the lease term, whichever is shorter.

Construction in progress represents properties under construction and is stated at cost. This includes cost of construction and other direct costs. The account is not depreciated until such time that the assets are completed and available for use.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (see Note 2.17).

The residual values and estimated useful lives of property, plant and equipment are reviewed, and adjusted if appropriate, at the end of each reporting period.

An item of property, plant and equipment, including the related accumulated depreciation, amortization and impairment loss, is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in consolidated statement of comprehensive income in the year the item is derecognized.

2.9 Intangible Assets

Intangible assets include trademarks and goodwill which are accounted for under the cost model. The cost of the trademarks is the amount of cash or cash equivalents paid or the fair value of the other considerations given up to acquire an asset at the time of its acquisition or production. Capitalized costs for trademarks with finite lives are amortized on a straight-line basis over their estimated useful lives of ten years. Capitalized costs for trademarks with infinite useful lives are not amortized. The useful lives are reviewed each reporting period to determine whether events and circumstances continue to support an infinite useful life assessment. Changes in the useful life assessment from infinite to finite are accounted for as change in accounting estimate. In addition, trademarks are subject to impairment testing as described in Note 2.17.

When an intangible asset, such as trademarks, is disposed of, the gain or loss on disposal is determined as the difference between the proceeds and the carrying amount of the asset and is recognized in profit or loss.

2.10 Financial Liabilities

The categories of financial liabilities relevant to the Group are more fully described below.

(a) Financial Liabilities at FVTPL

Financial liabilities are classified in this category if they are held for trading or derivative transactions that are not accounted for as accounting hedges, or when the Group elects to designate a financial liability under this category.

The Group occasionally uses derivative financial instruments, such as foreign exchange forward contracts, to manage its risks associated with fluctuations in foreign currency. Such derivative financial instruments are initially recognized at fair value on the date on which the derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

The Group's derivative instruments provide economic hedges under the Group's policies but are not designated as accounting hedges. Consequently, any gains or losses arising from changes in fair value are taken directly to profit or loss for the period.

The Group's financial liabilities categorized at financial liabilities at FVTPL are presented as Financial Liabilities at Fair Value Through Profit or Loss in the consolidated statement of financial position.

(b) Financial Liabilities at Amortized Cost

This category pertains to financial liabilities that are not held for trading or not designated as financial liabilities at FVTPL upon inception of the liability. This includes interest-bearing loans and borrowings, trade and other payables [except output value-added tax (VAT) and other tax-related payables], equity-linked debt securities, and accrued interest payable, and is recognized when the Group becomes a party to the contractual agreements of the instrument.

Financial liabilities are initially recognized at their fair values and subsequently measured at amortized cost using effective interest method for maturities beyond one year, less settlement payments.

All interest-related charges, if any, are recognized as an expense under the caption Other Charges in the consolidated statement of comprehensive income.

Dividend distributions to shareholders are recognized as financial liabilities upon declaration by the Group.

Financial liabilities are classified as current liabilities if payment is due to be settled within one year or less after the end of the reporting period (or in the normal operating cycle of the business, if longer), or the Group does not have an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period. Otherwise, these are presented as non-current liabilities.

Financial liabilities are derecognized from the consolidated statement of financial position only when the obligations are extinguished either through discharge, cancellation or expiration. The difference between the carrying amount of the financial liability derecognized and the consideration paid or payable is recognized in profit or loss.

2.11 Offsetting Financial Instruments

Financial assets and financial liabilities are offset and the resulting net amount, considered as a single financial asset or financial liability, is reported in the consolidated statement of financial position when there is a legally enforceable right to set off the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously. The right of set-off must be available at the end of the reporting period, that is, it is not contingent on future event. It must also be enforceable in the normal course of business, in the event of default, and in the event of insolvency or bankruptcy; and must be legally enforceable for both entity and all counterparties to the financial instruments.

2.12 Business Combination

Business acquisitions are accounted for using the acquisition or pooling-of-interest method of accounting.

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary at the date of acquisition. Subsequent to initial recognition, goodwill, if any, is measured at cost less any accumulated impairment losses. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed.

Negative goodwill, which is the excess of the Group's interest in the net fair value of net identifiable assets acquired over acquisition cost, is charged directly to income.

For the purpose of impairment testing, goodwill is allocated to cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. The cash-generating units or groups of cash-generating units are identified according to operating segment.

Gains and losses on the disposal of an interest in a subsidiary include the carrying amount of goodwill relating to it.

If the business combination is achieved in stages, the acquirer is required to remeasure its previously held equity interest in the acquiree at its acquisition-date fair value and recognize the resulting gain or loss, if any, in the profit or loss or other comprehensive income, as appropriate.

Any contingent consideration to be transferred by the Group is recognized at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognized in accordance with PAS 37 either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

2.13 Provisions and Contingencies

Provisions are recognized when present obligations will probably lead to an outflow of economic resources and they can be estimated reliably even if the timing or amount of the outflow may still be uncertain. A present obligation arises from the presence of a legal or constructive obligation that has resulted from past events.

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the end of the reporting period, including the risks and uncertainties associated with the present obligation. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. When time value of money is material, long-term provisions are discounted to their present values using a pretax rate that reflects market assessments and the risks specific to the obligation. The increase in the provision due to passage of time is recognized as interest expense. Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate.

In those cases where the possible outflow of economic resource as a result of present obligations is considered improbable or remote, or the amount to be provided for cannot be measured reliably, no liability is recognized in the consolidated financial statements. Similarly, possible inflows of economic benefits to the Group that do not yet meet the recognition criteria of an asset are considered contingent assets, hence, are not recognized in the consolidated financial statements. On the other hand, any reimbursement that the Group can be virtually certain to collect from a third party with respect to the obligation is recognized as a separate asset not exceeding the amount of the related provision.

2.14 Revenue and Expense Recognition

Revenue is measured by reference to the fair value of consideration received or receivable by the Group for goods sold, excluding VAT, rebates and trade discounts.

Revenue is recognized to the extent that the revenue can be reliably measured; it is probable that future economic benefits will flow to the Group; and the costs incurred or to be incurred can be measured reliably. In addition, the following specific recognition criteria must also be met before revenue is recognized:

(a) *Sale of goods* – Revenue is recognized when the risks and rewards of ownership of the goods have passed to the buyer, i.e., generally when the customer has acknowledged delivery of goods.

(b) *Interest income* – This is recognized as the interest accrues taking into account the effective yield on the asset.

(c) *Dividends* – Revenue is recognized when the Group's right to receive payment is established.

(d) *Trading gain* – Trading gain is recognized when the ownership of the securities is transferred to the buyer (at an amount equal to the excess of the selling price over the carrying amount of securities) and as a result of the mark-to-market valuation of the securities classified as financial assets at FVTPL.

Cost and expenses are recognized in profit or loss upon utilization of goods or services or at the date they are incurred. All finance costs are reported in profit or loss on an accrual basis, except capitalized borrowing costs, if any, which are included as part of the cost of the related qualifying asset (see Note 2.19).

2.15 Leases – Group as Lessee

Leases are classified as operating lease when all the risks and benefits of ownership of the asset are not substantially transferred to the Group. Operating lease payments are recognized as expense in profit or loss on a straight-line basis over the lease term. Associated costs, such as maintenance and insurance, are expensed as incurred.

The Group determines whether an arrangement is, or contains, a lease based on the substance of the arrangement. It makes an assessment of whether the fulfillment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

2.16 Foreign Currency Transactions and Translation

(a) Transactions and Balances

The accounting records of the Group are maintained in Philippine pesos. Foreign currency transactions during the year are translated into the functional currency at exchange rates which approximate those prevailing on transaction dates.

Foreign currency gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the consolidated statement of comprehensive income as part of profit or loss.

(b) Translation of Financial Statements of a Foreign Subsidiary

The operating results and financial position of EIL, which are measured using the U.S. dollar, its functional currency, are translated to Philippine pesos, the Group's functional currency, as follows:

(i) Monetary assets and liabilities for each statement of financial position presented are translated at the closing rate at the end of the reporting period;

(ii) Non-monetary assets and liabilities for each statement of financial position presented, which are measured in terms of historical cost, are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities which are measured at fair value are translated using the exchange rates at the date when the fair value was determined;

(iii) Income and expenses for each profit or loss account are translated at the monthly average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and,

(iv) All resulting translation adjustments are recognized in other comprehensive income and in a separate component of consolidated statement of changes in equity under Accumulated Translation Adjustments.

When a foreign operation is partially disposed of or sold, such exchange differences are recognized in the consolidated statement of comprehensive income as part of the gain or loss on sale.

The translation of the financial statements into Philippine peso should not be construed as a representation that the U.S. dollar amounts could be converted into Philippine peso amounts at the translation rates or at any other rates of exchange.

2.17 Impairment of Non-financial Assets

The Group's property, plant and equipment, intangible assets, investment in joint venture and other non-financial assets are subject to impairment testing. All other individual assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount of those assets may not be recoverable.

For purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). As a result, assets are tested for impairment either individually or at the cash-generating unit level.

Impairment loss is recognized in profit or loss for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amounts which is the higher of its fair value less costs to sell and its value in use. In determining value in use, management estimates the expected future cash flows from each cash-generating unit and determines the suitable interest rate in order to calculate the present value of those cash flows. Discount factors are determined individually for each cash-generating unit and reflect management's assessment of respective risk profiles, such as market and asset-specific risk factors.

All assets are subsequently reassessed for indications that an impairment loss previously recognized may no longer exist. An impairment loss is reversed if the asset's or cash generating unit's recoverable amount exceeds its carrying amount.

2.18 Employment Benefits

The Group's post-employment benefits to its employees are as follows:

(a) Post-employment Defined Benefit Plan

A defined benefit plan is a post-employment plan that defines an amount of post-employment benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and salary. The legal obligation for any benefits from this kind of post-employment plan remains with the Group, even if plan assets for funding the defined benefit plan have been acquired. Plan assets may include assets specifically designated to a long-term benefit fund, as well as qualifying insurance policies. The Group's retirement cost accrual covers all regular full-time employees. The pension plan is tax-qualified, noncontributory and administered by a trustee.

The liability recognized in the consolidated statement of financial position for defined benefit plan is the present value of the defined benefit obligation (DBO) at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using a discount rate derived from the interest rates of zero coupon government bonds as published by Philippine Dealing and Exchange Corporation, that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating to the terms of the related post-employment liability.

Remeasurements, comprising of actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions) and the return on plan assets (excluding amount included in net interest) are reflected immediately in the consolidated statement of financial position with a charge or credit recognized in other comprehensive income in the period in which they arise. Net interest is calculated by applying the discount rate at the beginning of the period, taking account of any changes in the net defined benefit liability during the period as a result of contributions and benefit payments. Net interest is reported as part of Other Charges account in the consolidated statement of comprehensive income.

Past-service costs are recognized immediately in profit or loss in the period of a plan amendment or curtailment.

(b) Post-employment Defined Contribution Plan

A defined contribution plan is a post-employment plan under which the Group pays fixed contributions into an independent entity. The Group has no legal or constructive obligations to pay further contributions after payment of the fixed contribution. The contributions recognized in respect of defined contribution plans are expensed as they fall due. Liabilities and assets may be recognized if underpayment or prepayment has occurred and are included in current liabilities or current assets as they are normally of a short-term nature.

(c) Bonus Plans

The Group recognizes a liability and an expense for bonuses based on a formula that takes into consideration the Group's profits after certain adjustments. The Group recognizes a provision where it is contractually obliged to pay the benefits, or where there is a past practice that has created a constructive obligation.

(d) Compensated Absences

Compensated absences are recognized for the number of paid leave days (including holiday entitlement) remaining at the end of the reporting period. They are included in Trade and Other Payables account in the consolidated statement of financial position at the undiscounted amount that the Group expects to pay as a result of the unused entitlement.

2.19 Borrowing Costs

Borrowing costs are recognized as expenses in the period in which they are incurred, except to the extent that they are capitalized. Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset (i.e., an asset that takes a substantial period of time to get ready for its intended use or sale) are capitalized as part of cost of such asset. The capitalization of borrowing costs commences when expenditures for the asset and borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalization ceases when substantially all such activities are complete.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

2.20 Income Taxes

Tax expense recognized in profit or loss comprises the sum of deferred tax and current tax not recognized in other comprehensive income or directly in equity, if any.

Current tax assets or liabilities comprise those claims from, or obligations to, fiscal authorities relating to the current or prior reporting period, that are uncollected or unpaid at the end of the reporting period. They are calculated using the tax rates and tax laws applicable to the fiscal periods to which they relate, based on the taxable profit for the year. All changes to current tax assets or liabilities are recognized as a component of tax expense in profit or loss.

Deferred tax is accounted for using the liability method, on temporary differences at the end of the reporting period between the tax base of assets and liabilities and their carrying amounts for financial reporting purposes. Under the liability method, with certain exceptions, deferred tax liabilities are recognized for all taxable temporary differences and deferred tax assets are recognized for all deductible temporary differences and the carryforward of unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realized or the liability is settled provided such tax rates have been enacted or substantively enacted at the end of the reporting period.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Most changes in deferred tax assets or liabilities are recognized as a component of tax expense in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

Deferred tax assets and deferred tax liabilities are offset if the Group has a legally enforceable right to set off current tax assets against current tax liabilities and the deferred taxes relate to the same entity and the same taxation authority.

2.21 Related Party Transactions and Relationships

Related party transactions are transfers of resources, services or obligations between the Group and its related parties, regardless whether a price is charged.

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. These parties include: (a) individuals owning, directly or indirectly through one or more intermediaries, control or are controlled by, or under common control with the Group; (b) associates; (c) individuals owning, directly or indirectly, an interest in the voting power of the Group that gives them significant influence over the Group and close members of the family of any such individual; and, (d) the Group's funded retirement plan.

In considering each possible related party relationship, attention is directed to the substance of the relationship and not merely on the legal form.

2.22 Equity

Capital stock represents the nominal value of shares that have been issued.

Additional paid-in capital includes any premium received on the issuance of capital stock. Any transaction costs associated with the issuance of shares are deducted from additional paid-in capital, net of any related income tax benefits.

Equity reserves represent the difference between the net assets of the EDI Group and the sum of the legal capital of the Parent Company and the combined retained earnings and other equity account of the EDI Group as a result of the accounting for reverse acquisition involving a non-operating shell company [see Note 2.3(a)(iii)].

Accumulated translation adjustments represent the translation adjustments resulting from the conversion of foreign currency denominated financial statements of a certain subsidiary into the Group's presentation currency [see Notes 2.16(b)(iv) and 26.1].

Revaluation reserves comprise gains and losses due to remeasurements of post-employment defined benefit plan.

Retained earnings represent all current and prior period results of operations as reported in the profit or loss section of the consolidated statement of comprehensive income, reduced by the amounts of dividends declared.

2.23 Earnings Per Share

Basic earnings per share (EPS) is determined by dividing the net profit for the year by the weighted average number of common shares issued and outstanding during the year, after giving retroactive effect to any stock dividends, stock split or reverse stock split declared in the current year.

Diluted EPS is also computed by dividing the net profit for the year by the weighted average number of common shares issued and outstanding during the year. However, the weighted average number of common shares outstanding is adjusted to assume conversion of dilutive potential shares. The Group has dilutive potential shares outstanding related to its equity-linked debt securities instrument and investment option, which are deemed to have been converted to common shares at the issuance of the instrument and the option.

In applying the reverse acquisition method [see Note 2.3(a)(iii)], the determination of the weighted average number of ordinary shares outstanding considers the following:

(a) the number of ordinary shares outstanding from the beginning of that period to the acquisition date is computed on the basis of the weighted average number of ordinary shares of the legal acquiree outstanding during the period multiplied by the exchange ratio established in the business combination; and,

(b) the number of ordinary shares outstanding from the acquisition date to the end of that period is the actual number of ordinary shares of the legal acquirer outstanding during the period.

The basic EPS for each comparative period before the acquisition date presented in the consolidated financial statements following a reverse acquisition is calculated by dividing the profit or loss of the legal acquiree attributable to ordinary shareholders in each of those periods by the legal acquiree's historical weighted average number of ordinary shares outstanding multiplied by the exchange ratio established during the acquisition.

2.24 Events After the End of the Reporting Period

Any post-year-end event that provides additional information about the Group's consolidated financial position at the end of the reporting period (adjusting event) is reflected in the consolidated financial statements. Post-year-end events that are not adjusting events, if any, are disclosed when material to the consolidated financial statements.

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 the following judgments, apart from those involving estimation, which have the most significant effect on the amounts recognized in the consolidated financial statements:

(a) Distinction Between Operating and Finance Leases

The Group has entered into various lease agreements. Critical judgment was exercised by management to distinguish each lease agreement as either an operating or a finance lease by looking at the transfer or retention of significant risk and rewards of ownership of the properties covered by the agreements. Failure to make the right judgment will result in either overstatement or understatement of assets and liabilities. Based on management's judgment, such leases were determined to be operating leases.

(b) Recognition of Provisions and Contingencies

Judgment is exercised by management to distinguish the difference between provisions and contingencies. Policies on recognition of provisions and contingencies are discussed in Note 2.13 and disclosures on relevant provisions and contingencies are presented in Notes 16 and 25.

(c) Business Combinations

On initial recognition, the assets and liabilities of the acquired business and the consideration paid for them are included in the consolidated financial statements at their fair values. In measuring fair value, management uses estimates of future cash flows and discount rates. Any subsequent change in these estimates would affect the amount of goodwill if the change qualifies as a measurement period adjustment. Any other change would be recognized in profit or loss in the subsequent period. Details of acquired assets and liabilities assumed are given in Note 1.5.

3.2 Key Sources of Estimation Uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period:

(a) Impairment of Trade and Other Receivables

Adequate amount of allowance for impairment is provided for specific and groups of accounts, where objective evidence of impairment exists. The Group evaluates the amount of allowance for impairment based on available facts and circumstances affecting the collectibility of the accounts, including, but not limited to, the length of the Group's relationship with the customers, the customers' current credit status, average age of accounts, collection experience and historical loss experience. The methodology and assumptions used in estimating future cash flows are reviewed regularly by the Group to reduce any differences between loss estimates and actual loss experience.

The carrying value of trade and other receivables and the analysis of allowance for impairment on such financial assets are shown in Note 6.

(b) Determining Fair Value Measurement for Financial Instruments

Management applies valuation techniques to determine the fair value of financial instruments where active market quotes are not available. This requires management to develop estimates and assumptions based on market inputs, using observable data that market participants would use in pricing the instrument. Where such data is not observable, management uses its best estimate. Estimated fair values of financial instruments may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date.

The carrying values of the Group's financial instruments at FVTPL and the amounts of fair value changes recognized during the years on those assets are disclosed in Note 7.

(c) Determining Net Realizable Values of Inventories

In determining the net realizable values of inventories, management takes into account the most reliable evidence available at the times the estimates are made. The Group's core business is subject to changes in market factors that directly affect the demand for alcoholic beverages such as purchasing power of consumers, degree of competition, and other market-related factors. Future realization of inventories is affected by price changes in the costs incurred necessary to make a sale. These aspects are considered as key sources of estimation uncertainty and may cause significant adjustments to the Group's inventories within the next financial year.

No allowance for inventory decline was recognized in any of the years presented.

(d) Estimating Useful Lives of Property, Plant and Equipment and Intangible Assets

The Group estimates the useful lives of property, plant and equipment, and trademarks based on the period over which the assets are expected to be available for use. The estimated useful lives of property, plant and equipment, and trademarks are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the assets (see Notes 2.8 and 2.9). The carrying amounts of property, plant and equipment and trademarks are presented in Notes 9 and 10, respectively.

(e) Determining Realizable Amount of Deferred Tax Assets

The Group reviews its deferred tax assets at the end of each reporting period and reduces the carrying amount to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Management assessed that the deferred tax assets recognized as of December 31, 2014 and 2013 will be fully utilized in the coming years. The carrying value of deferred tax assets as of those dates is disclosed in Note 21.

(f) *Estimating Impairment of Non-financial Assets*

In assessing impairment, management estimates the recoverable amount of each asset or a cash-generating unit based on expected future cash flows and uses an interest rate to calculate the present value of those cash flows. Estimation uncertainty relates to assumptions about future operating results and the determination of a suitable discount rate. Though management believes that the assumptions used in the estimation of fair values reflected in the consolidated financial statements are appropriate and reasonable, significant changes in these assumptions may materially affect the assessment of recoverable values and any resulting impairment loss could have a material adverse effect on the results of operations.

No impairment losses were recognized on non-financial assets in 2014, 2013 and 2012 based on management's assessment.

(g) *Determining Valuation of Post-employment Defined Benefit*

The determination of the Group's obligation and cost of post-employment defined benefit is dependent on the selection of certain assumptions used by actuaries in calculating such amounts. Those assumptions include, among others, discount rates, salary rate increase, and employee turnover rate. A significant change in any of these actuarial assumptions may generally affect the recognized expense, other comprehensive income or losses and the carrying amount of the post-employment benefit obligation in the next reporting period.

The amounts of post-employment benefit obligation and expense and an analysis of the movements in the estimated present value of post-employment benefit, as well as the significant assumptions used in estimating such obligation are presented in Note 20.

(h) *Determining Provision for Onerous Lease*

The Group determines the provision for leasehold properties which are no longer used in the business for which the recoverable amount of the interest in the property is expected to be insufficient to cover future obligations relating to the lease using discounted cash flows and assumptions relating to future sublease income expectations. A significant change in the credit-adjusted risk-free rate used in discounting the estimated cost and sublease assumptions would result in a significant change in the amount of provision recognized with a corresponding effect on profit or loss.

An analysis of the Group's provisions for onerous lease is presented in Note 16.1.

(i) *Determining Provision for Restoration of Leased Property*

Determining provision for leased property restoration requires estimation of the cost of dismantling and restoring the leased properties to their original condition. The estimated cost was initially determined based on a recent cost to restore the facilities and is being adjusted to consider the estimated incremental annual costs up to the end of the lease term. A significant change in the credit-adjusted risk-free rate used in discounting the estimated cost would result in a significant change in the amount of provision recognized with a corresponding effect on profit or loss.

An analysis of the Group's provisions for leased property restoration cost is presented in Note 16.2.

(j) Determining Fair Value of Embedded Derivatives

The fair value of embedded derivative financial instruments that are not quoted in an active market is determined by deducting the fair value of the financial liability from the fair value of the compound financial instrument as a whole.

Valuation techniques are used to determine fair values, which are validated and periodically reviewed. To the extent practicable, models use observable data, however, areas such as credit risk (both own and counterparty), volatilities and correlations require management to make estimates. Changes in assumptions and correlations require management to make estimates. The Group uses judgment to select a variety of methods and make assumptions that are mainly based on conditions existing at the end of each reporting period.

4. SEGMENT INFORMATION

Presently, the Group's only significant operating segment is related to its manufacturing and trading of alcoholic beverage products. This is being monitored and strategic decisions are made on the basis of operating results.

The Group, through its strategic steering committee, continues to review operating results of all alcoholic beverage products as one segment, regardless of geographic location. The Group, however, continues to evaluate different components within the Group that management can identify and eventually use to make decisions about operating matters. Sales to any of the Group's major customers did not exceed 10% of the Group's revenues in all of the periods presented.

Since the Group has only one significant operating segment, the items presented in the consolidated financial statements corresponding to assets and liabilities represent virtually the entire segment assets and liabilities.

5. CASH AND CASH EQUIVALENTS

This account includes the following components:

	2014	2013
Cash on hand and in banks	**P 18,395,082,504**	P 1,948,055,704
Short-term placements	**16,839,547,063**	22,092,139,290
	P 35,234,629,567	P 24,040,194,994

Cash in banks generally earn interest at rates based on daily bank deposit rates. Short-term placements have an average maturity of 30 days and earn effective annual interest rates ranging from 0.9% to 1.5% in 2014, 1.2% to 2.5% in 2013 and 3.0% to 3.9% in 2012. Interest earned amounted to P206.8 million, P128.4 million and P57.8 million in 2014, 2013 and 2012, respectively, and is presented as part of Other revenues under the Revenues account in the consolidated statements of comprehensive income (see Note 17).

6. TRADE AND OTHER RECEIVABLES

Details of this account are as follows:

	Note	**2014**	2013
Trade receivables	22.4	**P 8,703,651,759**	P 2,824,069,959
Advances to related parties	22.7	**3,944,499,022**	-
Advances to suppliers		**1,271,946,815**	176,940,600
Advances to officers and employees	22.5	**10,720,071**	14,463,297
Accrued interest receivable		**22,688,748**	14,111,033
Other receivables		**27,379,893**	15,640,051
		13,980,886,308	3,045,224,940
Allowance for impairment		**(78,318,123)**	(19,670,880)
		P 13,902,568,185	P 3,025,554,060

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 26.2).

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

All of the Group's trade and other receivables have been reviewed for indications of impairment and adequate amounts of allowance for impairment have been recognized.

A reconciliation of the allowance for impairment is shown below.

	2014	2013
Balance at beginning of year	**P 19,670,880**	P 13,511,661
Allowance carried from acquired subsidiary	**50,771,885**	-
Impairment losses	**7,875,358**	6,159,219
Balance at end of year	**P 78,318,123**	P 19,670,880

Impairment losses on trade and other receivables are presented as part of Other Charges in the 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. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

The Group's financial instruments at FVTPL pertain to listed equity securities and derivative assets and liabilities. All financial assets at FVTPL are classified as held-for-trading. Derivative assets and liabilities arise from foreign exchange margins trading spot and forward contracts entered into by the Group. The term of these forward contracts is usually one month.

As of December 31, 2014, the listed equity securities in the PSE amounted to P1.0 billion (nil as of December 31, 2013).

The net changes in fair values of these financial instruments are presented in the consolidated statements of comprehensive income as part of Other revenues under the Revenues (for net fair value gains) account or Other Charges (for net fair value losses). The Group recognized fair value gains amounting to P58.9 million and P292.5 million in 2014 and 2012, respectively, and fair value loss amounting to P212.2 million in 2013 (see Note 17).

The fair values of listed equity securities have been determined directly by reference to quoted close prices in active markets (see Note 28.2). In 2014, the Group's recognized gains on trading financial assets at FVTPL amounting to P159.0 million, and are presented as part of Other revenues under the Revenues account in the 2014 consolidated statement of comprehensive income (see Note 17). There were no similar transactions in 2013.

8. INVENTORIES

Inventories as of December 31, 2014 and 2013, 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 shown below.

	Note	**2014**	2013
Finished goods	22.1	**P 2,109,429,719**	P 1,036,441,587
Work-in-process		**9,901,698,258**	3,035,664
Raw materials	22.1, 22.10	**2,843,409,742**	2,185,068,609
Packaging materials		**394,279,690**	192,687,386
Machinery spare parts, consumables and factory supplies		**167,539,508**	109,296,195
		15,416,356,917	3,526,529,441
Allowance for inventory write-down (from acquired subsidiary)		**(129,337,459)**	-
		P 15,287,019,458	P 3,526,529,441

WML has a substantial inventory of aged stocks which mature over periods of up to 60 years. The maturing whisky stock inventory amounting to P9.5 billion as of December 31, 2014 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 2014, 2013 and 2012 is presented in Note 18.

9. PROPERTY, PLANT AND EQUIPMENT

The gross carrying amounts and accumulated depreciation and amortization of property, plant and equipment at the beginning and end of 2014 and 2013 are shown below.

	Land	Land Improvement	Buildings and Improvements	Leasehold Improvement	Machinery and Equipment	Transportation Equipment	Office Furniture and Fixtures	Moulds and Dies	Construction in Progress	Total
December 31, 2014										
Cost	P 1,577,601,130	P 28,636,221	P 4,384,952,765	P 66,697,854	P 9,368,152,491	P 314,385,676	P 496,289,338	P 71,817,348	P 1,542,618,830	P 17,851,151,653
Accumulated depreciation and amortization	-	(5,488,609)	(1,053,184,042)	(35,721,715)	(4,634,166,897)	(172,417,885)	(430,096,025)	(52,268,184)	-	(6,383,343,357)
Net carrying amount	**P 1,577,601,130**	**P 23,147,612**	**P 3,331,768,723**	**P 30,976,139**	**P 4,733,985,594**	**P 141,967,791**	**P 66,193,313**	**P 19,549,164**	**P 1,542,618,830**	**P 11,467,808,296**
December 31, 2013										
Cost	P 924,583,429	P 28,636,221	P 281,204,398	P 55,633,085	P 2,689,582,222	P 237,746,928	P 59,968,801	P 57,756,463	P 464,731,277	P 4,799,842,824
Accumulated depreciation and amortization	-	(2,624,987)	(42,146,930)	(26,545,608)	(774,973,851)	(132,514,180)	(27,538,081)	(42,179,277)	-	(1,048,522,914)
Net carrying amount	P 924,583,429	P 26,011,234	P 239,057,468	P 29,087,477	P 1,914,608,371	P 105,232,748	P 32,430,720	P 15,577,186	P 464,731,277	P 3,751,319,910
January 1, 2013										
Cost	P 132,830,000	P -	P 179,647,878	P 35,040,732	P 2,028,706,159	P 168,565,794	P 51,857,841	P 47,480,439	P 107,203,119	P 2,751,331,962
Accumulated depreciation and amortization	-	-	(18,037,070)	(18,370,668)	(545,706,714)	(106,624,376)	(16,915,041)	(31,752,368)	-	(737,406,237)
Net carrying amount	P 132,830,000	P -	P 161,610,808	P 16,670,064	P 1,482,999,445	P 61,941,418	P 34,942,800	P 15,728,071	P 107,203,119	P 2,013,925,725

A reconciliation of the carrying amounts of property, plant and equipment at the beginning and end of 2014, 2013 and 2012 is shown below.

	Land	Land Improvement	Buildings and Improvements	Leasehold Improvement	Machinery and Equipment	Transportation Equipment	Office Furniture and Fixtures	Moulds and Dies	Construction in Progress	Total
Balance at January 1, 2014, net of accumulated depreciation and amortization	P 924,583,429	P 26,011,234	P 239,057,468	P 29,087,477	P1,914,608,371	P 105,232,748	P 32,430,720	P 15,577,186	P 464,731,277	P 3,751,319,910
Additions due to acquired subsidiary	194,686,056	-	2,904,349,608	-	2,944,291,075	970,334	50,146,111	-	-	6,094,443,184
Additions	458,331,645	-	14,053,173	248,661	95,412,343	62,754,373	3,326,381	14,060,885	1,379,553,102	2,027,740,563
Disposals	-	-	-	-	(38,640)	(850,917)	-	-	-	(889,557)
Reclassifications	-	-	212,678,814	7,271,371	89,352,818	2	(7,637,456)	-	(301,665,549)	-
Depreciation and amortization charges for the year	-	(2,863,622)	(38,370,340)	(5,631,370)	(309,640,373)	(26,138,749)	(12,072,443)	(10,088,907)	-	(404,805,804)
Balance at December 31, 2014, net of accumulated depreciation and amortization	**P1,577,601,130**	**P 23,147,612**	**P3,331,768,723**	**P 30,976,139**	**P4,733,985,594**	**P 141,967,791**	**P 66,193,313**	**P 19,549,164**	**P1,542,618,830**	**P 11,467,808,296**
Balance at January 1, 2013, net of accumulated depreciation and amortization	P 132,830,000	P -	P 161,610,808	P 16,670,064	P1,482,999,445	P 61,941,418	P 34,942,800	P 15,728,071	P 107,203,119	P 2,013,925,725
Additions	791,753,429	28,636,221	101,556,519	20,592,353	660,876,063	72,353,276	8,110,961	10,276,024	357,528,158	2,051,683,004
Disposals	-	-	-	-	-	(1,528,611)	-	-	-	(1,528,611)
Depreciation and amortization charges for the year	-	(2,624,987)	(24,109,859)	(8,174,940)	(229,267,137)	(27,533,335)	(10,623,041)	(10,426,909)	-	(312,760,208)
Balance at December 31, 2013, net of accumulated depreciation and amortization	P 924,583,429	P 26,011,234	P 239,057,468	P 29,087,477	P1,914,608,371	P 105,232,748	P 32,430,720	P 15,577,186	P 464,731,277	P 3,751,319,910
Balance at January 1, 2012, net of accumulated depreciation and amortization	P 58,480,000	P -	P 42,051,275	P 23,036,954	P 560,890,351	P 87,803,313	P 13,537,743	P -	P -	P 785,799,636
Additions due to acquired subsidiary	-	-	20,986,285	1,318,097	96,819,256	2,780,361	750,918	11,354,249	-	134,009,166
Additions	74,350,000	-	103,548,583	219,561	949,217,853	34,680,067	32,356,460	8,872,155	107,203,119	1,310,447,798
Disposals	-	-	-	-	-	(2,356,917)	-	-	-	(2,356,917)
Depreciation and amortization charges for the year	-	-	(4,975,335)	(7,904,548)	(123,928,015)	(60,965,406)	(11,702,321)	(4,498,333)	-	(213,973,958)
Balance at December 31, 2012, net of accumulated depreciation and amortization	P 132,830,000	P -	P 161,610,808	P 16,670,064	P1,482,999,445	P 61,941,418	P 34,942,800	P 15,728,071	P 107,203,119	P 2,013,925,725

In 2013, the Group acquired the distilling facility of Consolidated Distillers of the Far East, Inc. (Condis), a related party under common ownership, located in Lumbangan, Nasugbu, Batangas (see Note 22.10). In the same year, the Group also started the construction of a distillery plant located at Balayan, Batangas. As of December 31, 2014, the distillery plant is still under construction.

In 2012, the Group began the expansion of the main bottling plant in Sta. Rosa, Laguna. The total amount incurred in the aforementioned construction is included in the Construction in Progress account. These were completed in 2014 and were accordingly reclassified as part of Building. Also in 2012, the Group acquired a bottling plant in Biñan, Laguna from Diageo Philippines which now serves as EDI's annex plant, and it consolidated the glass manufacturing plant of AWGI.

The Group, through EIL, acquired in 2014 and 2013, certain parcels of land in Spain.

The amount of depreciation and amortization is allocated as follows:

	Notes	**2014**	2013	2012
Costs of goods sold	18	**P 322,671,428**	P 273,193,221	P 134,649,545
Selling and distribution expenses	19	**30,582,692**	37,712,739	78,056,333
General and administrative expenses	19	**21,301,456**	1,854,248	1,268,080
		P 374,555,576	P 312,760,208	P 213,973,958

In 2014, depreciation expense amounting to P30.3 million was capitalized to form part of the work-in-process inventory. Such capitalized amount represents 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.

In 2014, 2013 and 2012, certain machinery and transportation equipment with a carrying amount of P0.9 million, P1.5 million and P2.4 million, respectively, were sold for P3.4 million, P3.1 million, and P2.2 million, respectively, which resulted to gains of P2.6 million and P1.5 million in 2014 and 2013, respectively, and a loss of P0.2 million in 2012. The resulting gain on disposals for 2014 and 2013 were recognized as part of Other revenues under the Revenues account in the 2014 and 2013 consolidated statements of comprehensive income (see Note 17); while the resulting loss on disposal for 2012 was recognized as part of Other Charges in the 2012 consolidated statement of comprehensive income.

10. INTANGIBLE ASSETS

This account is composed of the following:

	Note	**2014**	2013
Trademarks	1.5	**P 10,198,329,836**	P 329,058,362
Goodwill	1.5	**7,672,894,304**	-
		P 17,871,224,140	P 329,058,362

The Group's trademarks include those that were acquired from Condis, to manufacture and sell distilled spirits, particularly brandy, under the brand names "Emperador Brandy" and "Generoso Brandy." The Group also has another trademark for its flavored-alcoholic beverage under the brand name "The BaR". In 2013, the Group registered another trademark under the new brand name "Emperador Deluxe." In 2014, as a result of the Group's acquisition of WMG Group, additional trademarks amounting to P4.5 billion and P5.5 billion for "Jura" and "The Dalmore", respectively, were also recognized in the consolidated financial statements. The trademarks "Jura" and "The Dalmore" have infinite useful life; hence, no amortization was recognized for these brands during the year.

Certain trademarks with a net carrying value totaling P226.2 million and P329.1 million as of December 31, 2014 and 2013, respectively, were determined to have a finite useful life. The remaining useful lives of these trademarks as of December 31 are as follows:

	2014	2013
Emperador Brandy	**2 years**	3 years
Generoso Brandy	**2 years**	3 years
The BaR	**3.5 years**	4.5 years
Emperador Deluxe	**8.5 years**	9.5 years

The net carrying amount of trademarks with finite useful life is determined as follows:

	Note	**2014**	2013
Balance at beginning of year		**P 329,058,362**	P 415,238,652
Additions		**-**	16,153,914
Amortization during the year	19	**(102,872,668)**	(102,334,204)
Balance at end of year		**P 226,185,694**	P 329,058,362

Management believes that the trademarks are not impaired as of December 31, 2014 and 2013 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.

11. OTHER NON-CURRENT ASSETS

This account is composed of the following:

	Note	**2014**	2013
Deferred input VAT		**P 330,106,435**	P 193,375,169
Refundable security deposits - net	22.3	**38,829,045**	34,755,535
Others		**8,163,002**	97,320,104
		P 377,098,482	P 325,450,808

The carrying amounts of refundable security deposits, which are carried at amortized cost, are determined as follows:

	Note	2014	2013
Refundable security deposits	22.3	**P 38,904,823**	P 35,195,564
Unamortized discount		**(75,778)**	(440,029)
		P 38,829,045	P 34,755,535

Amortization of the discount amounting to P0.4 million for 2014 and P0.5 million for both 2013 and 2012 is presented as part of Other revenues under the Revenues account in the consolidated statements of comprehensive income (see Note 17).

12. INVESTMENT IN JOINT VENTURE

On February 2, 2014, GES, a wholly owned subsidiary of EAPI entered into an agreement with Gonzales Byass, S.A. (Gonzalez), for the joint control of Bodegas Las Copas, S.L. (BLC or the jointly controlled entity) for 50% equity interest for each venturer. BLC was incorporated on March 19, 2013. Its registered address is at no. 12, C.P.11403, Jerez de la Frontera (Cadiz), Spain. Its primary business consists of the planting and growing of wine grapes and the exploitation of vineyards, the production, ageing and preparation of wines and vinegars; the production of alcohol; the production, preparation and ageing of brandy, aguardientes, compounds, liquors and in general, all kinds of spirits.

As of December 31, 2014, the carrying amount of the investment in joint venture, accounted for under the equity method in these consolidated financial statements, are as follows:

Acquisition cost	P 3,703,721,965
Equity share in net income for the period	39,534,826
	P 3,743,256,791

The equity share in net income for the period amounting to P39.5 million is recorded as part of Other revenues under the Revenues account in the 2014 consolidated statement of comprehensive income (see Note 17).

The aggregated amounts of assets, liabilities, revenues and net income of the joint venture as of August 31, 2014 and for the period then ended are as follows:

	Assets	Liabilities	Revenues	Net Income
2014	P 4,729,499,514	P 1,237,623,686	P 5,353,563,744	P 79,069,652

13. INTEREST-BEARING LOANS AND BORROWINGS

In 2014, the Group obtained short-term foreign currency-denominated interest-bearing loans and borrowings amounting to P23.8 billion from local and international financial institutions. The loans are unsecured which bear annual interest rates ranging from 1.4% to 1.8% and are payable in 2015. Interest expense for 2014 amounted to P51.4 million and is presented as part of Other Charges in the 2014 consolidated statement of comprehensive income. The outstanding amount of accrued interest payable amounting to P21.9 million is presented as part of Accrued expenses under the Trade and Other Payables account in the 2014 consolidated statement of financial position (see Note 15).

There were no existing covenants on the Group's interest-bearing loans and borrowings.

14. EQUITY-LINKED DEBT SECURITIES

On November 7, 2014, EMP (Issuer) entered into a subscription agreement with Arran Investment Private Limited (Arran or Investor) for the issuance of 1.1 billion common shares of EMP with a par value of P1.0 per share at a total subscription price of P12.3 billion and an equity-linked debt securities instrument (ELS) amounting to P5.3 billion (see Notes 22.11, 22.12, and 23.1). The ELS may be converted into 480.0 million common shares (conversion shares) of EMP with a par value of P1.0 per share.

The shares and the ELS were issued on December 4, 2014. The holder of the ELS may exercise the holder conversion right (HCR) which calls for the conversion of the ELS into all of the conversion shares at any time during the period beginning on the issue date until December 4, 2019. The Issuer may exercise the issuer conversion right (ICR) which calls for the conversion of the ELS into all of the conversion shares at any time during the period beginning on the date that is two (2) years after the issue date until December 4, 2019; provided that the share market price must be greater than P11.0 per share on the date the ICR is exercised. If the holder and the Issuer fail to exercise their conversion rights within said dates and the ELS are not converted into shares, the Issuer has the right to extend the redemption date for the ELS until December 4, 2021. As a result of the extension of the redemption date, the ELS shall be mandatorily converted into the conversion shares if, at any time during the period beginning on December 5, 2019 until December 4, 2021, the share market price of EMP's common share is greater than P11.0.

The ELS is unsecured and bears a fixed annual interest rate of 5.0% and variable interest in an amount equal to the dividends that would be payable on the conversion shares if they were issued prior to the date that any dividend is declared by EMP. The fixed interest is payable either in cash or in new EMP shares (interest shares) on the conversion date, December 4, 2019, or December 4, 2021, as applicable. The variable interest is payable in cash on the date that the Issuer pays such dividends to its shareholders. Interest expense for 2014 amounted to P19.5 million and is presented as part of Other Charges in the 2014 consolidated statement of comprehensive income. The same amount remained outstanding as of December 31, 2014 and is presented as Accrued Interest Payable in the 2014 consolidated statement of financial position.

The documentary stamp taxes (DST) paid by the Group for the issuance of shares amounted to P6.7 million and are charged against APIC; while the capitalized DST paid by the Group for the issuance of the ELS amounted to P26.4 million, which is presented net of the outstanding liability. The amortization of DST amounted to P0.3 million in 2014 and is presented as part of Interest cost under the Finance Costs account in the 2014 statement of comprehensive income (see Note 9.2).

There were no related collaterals on the ELS.

15. TRADE AND OTHER PAYABLES

The breakdown of this account is as follows:

	Notes		2014		2013
Trade payables	22.1, 22.2, 22.3, 22.9	**P**	**4,978,612,531**	P	2,107,970,814
Advances from related parties	22.6		**11,210,404,733**		903,742,657
Accrued expenses	13		**2,810,763,798**		321,910,614
Output VAT payable			**448,793,411**		254,809,111
Others			**195,244,258**		83,417,267
		P	**19,643,818,731**	P	3,671,850,463

Trade payables arise mostly from purchases of raw materials such as alcohol, molasses, flavorings and other supplies. Also included in the trade payables are amounts due to Tradewind Estates, Inc. (TEI), a related party under common ownership, for purchases of machinery and equipment in 2010 (see Note 22.2).

Accrued expenses include the interest payable relating to the interest-bearing loans and borrowings obtained by the Group during the year. The interest payable is expected to be settled upon settlement of the related interest-bearing loans and borrowings (see Note 13).

16. PROVISIONS

The breakdown of this account as of December 31, 2014 is as follows:

	Note		
Provision for onerous lease	16.1	P	649,364,390
Provision for dilapidations	16.2		270,105,211
		P	**919,469,601**

16.1 Provision for Onerous Lease

WML has existing non-cancellable lease agreements on leasehold properties located in Glasgow and Edinburgh, Scotland, covering manufacturing plant facilities, buildings and parking spaces, which are vacant or subleased at a discount. The provisions take account of current market conditions, expected future vacant periods, expected future sublet benefits and are calculated by discounting expected net cash outflows on a pre-tax basis over the remaining period of the lease, which, as of December 31, 2014, is between two and 15 years.

Additional provision for 2014 amounted to P10.4 million and is presented as part of Provisions under the General and Administrative Expenses account in the 2014 consolidated statement of comprehensive income (see Note 19). The provision will be reduced at each payment date.

16.2 Provision for Dilapidations

WML is a party to lease agreements for properties located in Glasgow and Edinburgh, Scotland which provide for tenant repairing clauses. The lease agreements require the Group to restore the leased properties to a specified condition at the end of the lease term in 2029. A provision was recognized for the present value of the costs to be incurred for the restoration of the leased properties. The total estimated cost to be incurred at the end of the lease term is P270.1 million. Additional provision for 2014 amounted to P2.0 million and is presented as part of Provisions under the General and Administrative Expenses account in the 2014 consolidated statement of comprehensive income (see Note 19).

17. REVENUES

The details of revenues are shown below.

	Notes	**2014**	2013	2012
Sale of goods		**P 31,458,174,710**	P 28,606,991,751	P22,812,319,912
Other revenues – net	5, 7, 9, 11, 12, 22.7	**551,210,935**	1,257,753,091	781,970,417
		P 32,009,385,645	P 29,864,744,842	P 23,594,290,329

18. COSTS OF GOODS SOLD

The details of costs of goods sold for the years ended December 31, 2014, 2013 and 2012 are shown below.

	Notes	**2014**	2013	2012
Finished goods at beginning of year	8	**P 1,036,441,587**	P 424,547,140	P 599,931,660
Finished goods purchased	22.1	**1,202,416,778**	859,632,805	840,405,007
Costs of goods manufactured				
Raw and packaging materials at beginning of year	8	**2,377,755,995**	2,811,441,882	957,845,329
Net raw material purchases during the year	22.1	**18,159,533,602**	17,151,812,901	14,667,793,163
Addition due to acquired subsidiary	1.5	**10,688,421,748**	-	-
Raw and packaging materials at end of year	8	**(3,237,689,432)**	(2,377,755,995)	(2,811,441,882)
Raw materials used during the year		**27,988,021,913**	17,585,498,788	12,814,196,610
Balance carried forward		**P30,226,880,278**	P 18,869,678,733	P 14,254,533,277

	Notes	2014	2013	2012
Balance brought forward		**P30,226,880,278**	P 18,869,678,733	P 14,254,533,277
Work-in-process beginning of year	8	**3,035,664**	7,793,883	-
Work-in-process acquired during the year	8	**316,808,140**	-	-
Direct labor	20.1	**93,864,030**	49,226,855	26,014,142
Manufacturing overhead				
Fuel and lubricants		**432,885,779**	390,560,857	129,662,135
Depreciation and amortization	9	**322,671,428**	273,193,221	134,649,545
Outside services	22.9	**225,434,391**	154,489,851	48,082,360
Communication, light and water		**202,545,524**	190,878,831	96,284,784
Rentals	22.3	**147,436,893**	127,222,844	132,761,308
Advertising and promotion		**146,227,155**	-	-
Labor	20.1	**114,026,630**	71,253,109	49,775,732
Repairs and maintenance		**99,947,875**	85,629,818	56,600,357
Consumables and supplies		**99,277,030**	104,633,273	68,088,990
Taxes and licenses		**35,531,721**	25,056,208	9,024,316
Waste disposal		**23,129,521**	16,820,331	-
Insurance		**18,059,843**	8,659,262	4,958,232
Gasoline and oil		**13,288,166**	10,789,061	2,893,714
Transportation		**13,284,965**	12,196,959	9,471,936
Meals		**12,087,221**	11,097,156	3,444,215
Commission		**4,198,004**	-	-
Miscellaneous		**15,871,867**	12,022,432	8,565,232
Work-in-process at end of year	8	**(9,901,698,258)**	(3,035,664)	(7,793,883)
		(7,562,086,411)	1,548,488,287	772,483,116
Finished goods at end of year	8	**(2,109,429,719)**	(1,036,441,587)	(424,547,140)
		P20,555,364,148	P 19,381,725,433	P 14,602,469,253

19. OTHER OPERATING EXPENSES

The details of other operating expenses are shown below.

	Notes	**2014**	2013	2012
Freight and handling		**P 914,947,142**	P 822,268,286	P 780,722,701
Advertising and promotions		**515,002,651**	445,362,991	358,475,420
Professional fees and outside services		**426,245,706**	135,721,291	14,853,359
Salaries and employee benefits	20.1	**302,080,228**	146,500,624	136,824,788
Representation		**128,966,974**	147,959,470	124,674,558
Other services		**111,888,961**	77,704,381	34,017,423
Amortization of trademarks	10	**102,872,668**	102,334,204	101,257,277
Travel and transportation		**101,249,853**	79,119,776	95,016,175
Taxes and licenses		**96,165,503**	46,221,123	117,568,286
Rentals	22.3	**70,608,662**	51,461,439	47,732,364
Fuel and oil		**70,192,920**	75,741,673	98,830,042
Meals expense		**57,581,600**	56,575,401	64,696,287
Depreciation and amortization	9	**51,884,148**	39,566,987	79,324,413
Repairs and maintenance		**32,928,870**	32,434,020	47,126,651
Communication, light and water		**16,551,549**	13,066,103	12,449,295
Supplies		**13,498,408**	6,770,522	5,887,077
Provisions	16	**12,411,409**	-	-
Trading fees		**8,247,862**	-	-
Insurance		**5,454,213**	4,707,088	4,546,552
Others		**145,004,020**	31,307,850	31,663,840
		P 3,183,783,347	P 2,314,823,229	P 2,155,666,508

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

	2014	2013	2012
Selling and distribution expenses	**P 2,505,981,850**	P 2,097,852,769	P 1,983,588,161
General and administrative expenses	**677,801,497**	216,970,460	172,078,347
	P 3,183,783,347	P 2,314,823,229	P 2,155,666,508

20. EMPLOYEE BENEFITS

20.1 Salaries and Employee Benefits Expense

The expenses recognized for salaries and employee benefits are summarized below.

	Notes	2014	2013	2012
Salaries and wages		**P 280,672,577**	P 232,971,073	P 185,448,063
Post-employment defined benefit	20.2	**42,441,169**	6,787,638	6,555,530
Social security costs		**33,020,810**	14,936,644	9,257,148
Post-employment defined contribution		**18,156,445**	-	-
Other short-term benefits		**135,679,887**	12,285,233	11,353,922
	18, 19	**P 509,970,888**	P 266,980,588	P 212,614,663

In 2014, post-employment benefits expense amounting to P18.2 million was incurred for the Group's retirement contribution plan and thus will not be included in the current service cost presented under the movement of retirement benefit obligation.

The amount of salaries and employee benefits expense is allocated as follows:

	Notes	2014	2013	2012
Costs of goods sold	18	**P 207,890,660**	P 120,479,964	P 75,789,875
General and administrative expenses	19	**154,758,134**	14,845,730	9,735,885
Selling and distribution expenses	19	**147,322,094**	131,654,894	127,088,903
		P 509,970,888	P 266,980,588	P 212,614,663

In 2014, salaries and wages, post-employment benefits and other short-term benefits totaling P100.8 million was capitalized to form part of the work-in-process inventory. Such capitalized amount represents salaries and employee benefits of personnel directly involved in the production of whisky.

20.2 Post-employment Defined Benefit Plan

(a) Characteristics of the Defined Benefit Plan

The Group maintains a funded, tax-qualified, noncontributory retirement benefit plan which is being administered by a trustee bank that is legally separated from the Group. The post-employment plan covers all regular full-time employees of the aforementioned entities and provides a retirement benefit ranging from eighty-five percent (85%) to one hundred fifty percent (150%) of plan salary for every year of credited service. Before the amended plan became effective for EDI on January 1, 2014, the normal retirement benefit is an amount equivalent to 22.5 days' pay for every year of credited service.

The normal retirement age is 60 with a minimum of 5 years of credited service. The plan provides for an early retirement at the age of 50 with a minimum of 10 years of credited service and likewise a late retirement age that is not beyond 65, with a minimum of 5 years of credited service both subject to the approval of the Group's BOD.

(b) *Explanation of Amounts Presented in the Consolidated Financial Statements*

Actuarial valuations are made regularly to update the post-employment benefit costs and the amount of contributions. All amounts presented below and in the succeeding pages are based on the actuarial valuation reports obtained from independent actuaries in 2014, 2013 and 2012.

The amounts of retirement benefit obligation recognized in the consolidated statements of financial position are determined as follows:

	2014	2013
Present value of the obligation	**P 11,586,730,756**	P 87,780,322
Fair value of plan assets	**(10,454,636,149)**	-
	P 1,132,094,607	P 87,780,322

The movements in the present value of the retirement benefit obligation recognized in the books are as follows:

	Notes	**2014**	2013	2012
Balance at beginning of year		**P 87,780,322**	P 54,124,877	P 17,510,396
Interest expense		**76,915,933**	2,899,330	2,650,737
Benefits paid		**(55,266,194)**	-	-
Past service cost from plan amendment	20.1	**34,463,804**	-	-
Current service cost	20.1	**7,977,365**	6,787,638	6,555,530
Remeasurements:				
Actuarial losses (gains) arising from:				
Changes in financial assumptions		**728,687,650**	4,554,459	7,153,620
Experience adjustments		**(17,086,024)**	19,414,018	684,268
Changes in demographic assumptions		**-**	-	(2,191,106)
Additions due to acquired subsidiary	1.5	**10,723,257,900**	-	21,761,432
Balance at end of year		**P 11,586,730,756**	P 87,780,322	P 54,124,877

On August 7, 2014, EDI made an initial plan contribution amounting to P10.0 million to its retirement plan maintained by a trustee bank which was placed in cash and cash equivalents.

The movements in the fair value of plan assets in 2014 are presented below.

	Note	
Balance at beginning of year		P -
Additions due to acquired subsidiary	1.5	10,048,744,142
Return on plan assets (excluding amounts included in net interest)		358,967,998
Interest income		68,156,724
Contributions to the plan		31,932,306
Benefits paid		(53,165,021)
Balance at end of year		**P 10,454,636,149**

The composition and the fair value of plan assets as at December 31, 2014 by category and risk characteristics are shown below.

Quoted equity securities	P 4,753,908,263
Debt securities	2,212,183,813
Government bonds	2,181,367,460
Diversified growth fund	734,109,377
Property	528,805,838
Cash and cash equivalents	44,261,398
	P 10,454,636,149

Plan assets do not comprise any of the Company's own financial instruments or any of its assets occupied and/or used in its operations.

The components of amounts recognized in profit or loss and other comprehensive income in respect of the retirement benefit obligation are as follows:

	2014	2013	2012
Reported in profit and loss			
Interest expense	**P 76,915,933**	P 2,899,330	P 2,650,737
Current service cost	**42,441,169**	6,787,638	6,555,530
	P 119,357,102	P 9,686,968	P 9,206,267
Reported in other comprehensive income			
Actuarial losses (gains) arising from:			
Changes in financial assumptions	**P 740,445,578**	P 4,554,459	P 7,153,620
Experience adjustments	**(381,820,441)**	19,414,018	684,268
Changes in demographic assumptions	**-**	-	(2,191,106)
	P 358,625,137	P 23,968,477	P 5,646,782

The amounts of post-employment benefits expense recognized in profit or loss are presented as part of General and Administrative Expenses (for current service cost) and Other Charges (for interest expense) accounts in the consolidated statements of comprehensive income. In 2014, post-employment benefits expense amounting to P8.8 million was capitalized to form part of the work-in-process inventory. Such capitalized amount represents post-employment benefits of personnel directly involved in the production of whisky.

Amounts recognized in other comprehensive income were included within items that will not be reclassified subsequently to profit or loss.

In determining the amounts of the retirement benefit obligation, the following actuarial assumptions were used:

	2014	2013	2012
Discount rate	**3.55%-4.75%**	4.37%-5.10%	5.02%-5.63%
Expected rate of salary increase	**4.00%-5.00%**	4.00%-5.00%	4.00%-5.00%

Assumptions regarding future mortality are based on published statistics and mortality tables. The average remaining working life of an individual retiring at the age of 60 is 23 years for both male and female. These assumptions were developed by management with the assistance of an independent actuary. Discount factors are determined close to the end of each reporting period by reference to the interest rates of zero coupon government bonds with terms to maturity approximating to the terms of the retirement benefit obligation. Other assumptions are based on current actuarial benchmarks and management's historical experience.

(c) Risks Associated with the Retirement Benefit Obligation

The Group is exposed to actuarial risks such as interest rate risk, longevity risk and salary risk.

(i) Interest Rate Risks

The present value of the defined benefit obligation is calculated using a discount rate determined by reference to market yields of government bonds. Generally, a decrease in the interest rate of a reference government bonds will increase the retirement benefit obligation. However, this will be partially offset by an increase in the return on the plan's investments in debt securities and if the return on plan asset falls below this rate, it will create a deficit in the plan. Currently, the plan has relatively balanced investment in equity securities, debt securities and government bonds. Due to the long-term nature of the plan obligation, a level of continuing equity investments is an appropriate element of the Group's long-term strategy to manage the plan efficiently.

(ii) Longevity and Salary Risks

The present value of the defined benefit obligation is calculated by reference to the best estimate of the mortality of the participants during their employment and to their future salaries. Consequently, increases in the life expectancy and salary of the participants will result in an increase in the retirement benefit obligation.

(d) Other Information

The information on the sensitivity analysis for certain significant actuarial assumptions, the Group's asset-liability matching strategy, and the timing and uncertainty of future cash flows related to the retirement plan are described below.

(i) Sensitivity Analysis

The following table summarizes the effects of changes in the significant actuarial assumptions used in the determination of the retirement benefit obligation as of the end of the reporting periods:

December 31, 2014

	Impact on Retirement Benefit Obligation		
	Change in Assumption	**Increase in Assumption**	**Decrease in Assumption**
Discount rate	**+14.30/-11.60%**	**(P 562,913,365)**	**P 608,116,030**
Salary growth rate	**+13.20%/-11.00%**	**176,595,591**	**(143,161,632)**
Turn-over rate	**- 14.6%**	**507,498,807**	**-**

December 31, 2013

	Impact on Retirement Benefit Obligation		
	Change in Assumption	Increase in Assumption	Decrease in Assumption
Discount rate	+9.25%/-11.25%	(P 5,591,008)	P 6,778,993
Salary growth rate	+10.28%/-8.65%	6,212,881	(5,251,093)
Turn-over rate	- 8.15%	5,111,492	-

The sensitivity analysis above and in the previous page is based on a change in an assumption while holding all other assumptions constant. This analysis may not be representative of the actual change in the retirement benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated. Furthermore, in presenting the above sensitivity analysis, the present value of the retirement benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the retirement benefit obligation recognized in the consolidated statements of financial position.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous years.

(ii) Funding Arrangements and Expected Contributions

As of December 31, 2014, the plan is underfunded by P1.1 billion based on the latest actuarial valuation. While there are no minimum funding requirement in the countries where the Group is operating, the size of the underfunding may pose a cash flow risk in about 13 years' time when a significant number of employees is expected to retire.

The expected maturity of undiscounted expected benefits payments is as follows:

	2014	2013
Within one year	**P 301,829,838**	P 19,061,127
More than one but less than five years	**1,132,415,110**	14,398,954
More than five years	**528,137,119**	49,414,183
	P 1,962,382,067	P 82,874,264

The weighted average duration of the retirement benefit obligation at the end of the reporting period is 13 years.

21. CURRENT AND DEFERRED TAXES

The components of tax expense (income) as reported in the consolidated statements of comprehensive income are as follows:

	2014	2013	2012
Reported in profit or loss			
Current tax expense:			
Regular corporate income tax (RCIT) at 30%	**P 1,903,211,139**	P 2,053,474,821	P 1,822,857,373
Final tax on interest income At 20% and 7.5%	**26,562,983**	25,572,537	11,004,777
Deferred tax income relating to origination and reversal of temporary differences	**(25,602,114)**	(4,753,855)	(3,983,513)
	P 1,904,172,008	P 2,074,293,503	P 1,829,878,637
Reported in other comprehensive income			
Deferred tax income relating to remeasurements of retirement benefit obligation	**(P 70,563,930)**	(P 7,190,543)	(P 1,694,035)

A reconciliation of tax on pretax profit computed at the applicable statutory rates to tax expense is as follows:

	2014	2013	2012
Tax on pretax profit at 30%	**P 2,432,507,155**	P 2,371,531,045	P 2,048,829,517
Adjustment for income subjected to lower tax rates	**(13,874,741)**	(12,887,979)	(5,498,234)
Additional deduction in claiming optional standard deduction (OSD)	**(488,708,892)**	(35,183,168)	(20,338,447)
Tax effects of:			
Unrecognized DTA on NOLCO	**32,885,656**	318,033	-
Unrelieved non-trading losses	**(20,444,562)**	-	-
Non-taxable income	**(19,928,998)**	(249,484,428)	(208,782,114)
Non-deductible expenses	**16,809,717**	-	15,667,915
Accelerated capital allowances and other short-term temporary differences	**(13,297,879)**	-	-
Equity in net income of joint venture	**(11,860,448)**	-	-
Capitalized DST on issuance of ELS	**(7,920,000)**	-	-
DST directly charged against APIC	**(1,995,000)**	-	-
	P 1,904,172,008	P 2,074,293,503	P 1,829,878,637

The Group is subject to the higher of RCIT 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 2014, 2013 and 2012 as RCIT was higher in those 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.

The deferred tax assets (liabilities) – net as of December 31 relate to the following:

	2014	2013
Brand valuation	**(P 1,994,428,801)**	P -
Fair value adjustment	**(426,376,168)**	-
Retirement benefit obligation	**237,496,520**	26,334,096
Short-term temporary differences	**90,927,120**	-
Contingent liability	**32,412,695**	-
Allowance for impairment	**7,579,748**	5,901,264
Unamortized past service costs	**961,699**	-
Deferred tax assets (liabilities) – net	**(P 2,051,427,187)**	P 32,235,360

Movements in net deferred tax assets (liabilities) for the years ended December 31 are as follows.

	Profit or Loss			Other Comprehensive Income		
	2014	2013	2012	**2014**	2013	2012
Retirement benefit obligation	**P 10,397,151**	P 2,906,090	P 2,761,879	**P 70,563,930**	P 7,190,543	P 1,694,035
Short-term temporary difference	**7,472,182**	-	-	**-**	-	-
Fair value adjustment	**2,821,384**	-	-	**-**	-	-
Contingent liability	**2,271,214**	-	-	**-**	-	-
Allowance for impairment	**1,678,484**	1,847,765	1,221,634	**-**	-	-
Unamortized past service costs	**961,699**	-	-	**-**	-	-
Deferred tax income	**P 25,602,114**	P 4,753,855	P 3,983,513	**P 70,563,930**	P 7,190,543	P 1,649,035

In 2014, 2013 and 2012, the Group opted to claim itemized deductions in computing its income tax due except for EDI who opted to claim OSD in 2014 and AWGI, for both 2014 and 2013.

22. 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 2014, 2013 and 2012 and the related outstanding balances as of December 31, 2014 and 2013 are as follows:

Related Party Category	Notes	Amount of Transaction			Outstanding Balance	
		2014	2013	2012	**2014**	2013
Ultimate Parent Company:						
Dividends paid	23.2	**P 1,872,000,000**	P 3,702,134,051	P 4,000,000,000	**P -**	P -
Advances granted	22.7	**1,910,000,000**	-	-	**1,910,000,000**	-
Lease of properties	22.3	**8,000,000**	8,000,000	8,000,000	**9,525,576**	8,965,576
Advances obtained	22.6	**-**	(13,751,812)	-	**-**	-
Acquisition of AWGI	1.3	**-**	-	100,000,000	**-**	-
Issuance of shares	1.2, 1.3	**-**	13,500,000,000	-	**-**	-
Related Parties Under Common Ownership:						
Advances obtained	22.6	**10,305,469,774**	(346,656,270)	81,697,696	**11,206,141,716**	900,671,942
Purchase of raw materials	22.1	**4,654,005,633**	418,361,736	7,820,858,350	**1,616,937,584**	451,648,340
Advances granted	22.7	**2,034,499,022**	-	-	**2,034,499,022**	-
Management services	22.9	**120,000,000**	49,500,000	-	**56,100,000**	-
Lease of property	22.3	**79,686,189**	102,210,918	124,192,159	**73,054,000**	48,130,000
Sale of goods	22.4	**9,436,183**	26,996,239	5,150,247	**7,038,742**	5,032,459
Purchase of finished goods	22.1	**3,475,578**	146,501,368	488,803,326	**160,919**	35,270,647
Issuance of shares	22.12	**-**	1,431,764,995	-	**-**	-
Acquisition of distilling facility	22.10	**-**	897,569,335	-	**-**	-
Advances to a supplier	22.8	**-**	-	(36,698,391)	**-**	-
Acquisition of machinery and equipment	22.2	**-**	-	-	**191,584,700**	191,584,700
Stockholder:						
Subscription of EMP shares	22.12	**12,320,000,000**	-	-	**-**	-
Issuance of ELS	22.11	**5,280,000,000**	-	-	**5,280,000,000**	-
Advances obtained	22.6	**1,192,302**	-	-	**4,263,017**	3,070,715
Officers and Employees –						
Advances granted	22.5	**(3,509,426)**	4,055,227	(7,151,058)	**10,720,071**	14,463,297
Key Management Personnel Compensation	22.13	**30,174,688**	22,034,504	20,448,958	**-**	-

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 in 2014, 2013 and 2012 for related party receivables.

Transactions with related parties are also discussed below and in the succeeding pages.

22.1 Purchase of Goods

The Group imports raw materials such as alcohol, flavorings and other items through Andresons Global, Inc. (AGL). There are also finished goods purchased from Condis and through AGL. Total purchases for 2014, 2013 and 2012 amounted to P56.6 million, P418.4 million and P7.8 billion, respectively, whereas total importations during the years 2014, 2013 and 2012 amounted to P3.5 million, P146.5 million and P488.8 million, respectively. These transactions are payable within 30 days.

The related unpaid purchases of raw materials as of December 31, 2014 and 2013 amounting to P348.8 million and P451.6 million are shown as part of Trade payables under the Trade and Other Payables account in the consolidated statements of financial position (see Note 15). The outstanding liability related to the Group's importations as of December 31, 2014 and 2013 amounting to P0.2 million and P35.3 million are shown as part of Trade payables under the Trade and Other Payables account in the consolidated statements of financial position (see Note 15).

The Group imports raw materials from Alcoholera dela Mancha Vinicola, S.L., a wholly owned subsidiary of BLC, now considered a related party under common control. Total purchases for 2014 amounted to P4.6 billion (see Notes 8 and 18). The related unpaid purchases as of December 31, 2014 amounting to P1.3 billion are shown as part of Trade payables under the Trade and Other Payables account in the 2014 consolidated statement of financial position (see Note 15).

22.2 Acquisition of Machinery and Equipment

In 2010, the Group purchased certain machinery and equipment from TEI for P285.4 million. Of the total purchase price, P191.6 million remain unpaid as of December 31, 2014 and 2013 and is shown as part of Trade payables under the Trade and Other Payables account in the consolidated statements of financial position (see Note 15).

22.3 Lease Agreements

On January 1, 2014, the Group renewed the lease agreement with TEI as the lessor, for a period of ten years ending on December 31, 2023, covering its main manufacturing plant facilities which include the production building, storage tanks for raw materials, and water treatment area, among others.

Total rental expense arising from the above lease contract amounted to P58.2 million, P84.0 million and P108.0 million for the years ended December 31, 2014, 2013 and 2012, respectively, and presented as part of Rentals under the Costs of Goods Sold account in the consolidated statements of comprehensive income (see Note 18). As of December 31, 2014 and 2013, unpaid rentals relating to this lease agreement amounted to P73.1 million and P48.1 million, respectively, and is presented as part of Trade payables under the Trade and Other Payables account in the consolidated statements of financial position (see Note 15).

The Group has renewed a five-year lease contract with another related party, for the head office space of the Group's sales and bottling division. Total rental expense from this contract for the years ended December 31, 2014, 2013 and 2012 amounted to P21.5 million, P18.2 million and P16.2 million, respectively, and presented as part of Rentals under the Selling and Distribution Expenses, General and Administrative Expenses, and Cost of Goods Sold accounts in the consolidated statements of comprehensive income (see Note 19). There are no unpaid rentals related to this lease agreement as of December 31, 2014 and 2013.

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 P21.2 million and P24.1 million as of December 31, 2014 and 2013, respectively (see Note 11).

Meanwhile, AWGI 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 P8.0 million for each of three years in the period ended December 31, 2014, were charged to operations under the Costs of Goods Sold account in the consolidated statements of comprehensive income (see Note 18). The outstanding liability from this transaction is shown as Trade payables under the Trade and Other Payables account in the consolidated statements of financial position (see Note 15).

22.4 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 consolidated statements of financial position (see Note 6).

22.5 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 consolidated statements of financial position (see Note 6).

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

	2014	2013
Balance at beginning of year	**P 14,463,297**	P 10,408,070
Additions	**43,755,362**	12,406,678
Repayments	**(47,498,588)**	(8,351,451)
Balance at end of period	**P 10,720,071**	P 14,463,297

22.6 Advances from Related Parties

Certain entities within the AGI Group and other related parties grant cash advances to 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 in the consolidated statements of financial position (see Note 15).

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

	2014	2013
Balance at beginning of year	**P 903,742,657**	P 1,264,150,739
Additions	**10,306,662,076**	-
Repayments	**-**	(360,408,082)
Balance at end of year	**P 11,210,404,733**	P 903,742,657

22.7 Advances to Related Parties

In 2014, the Group made unsecured, interest-bearing cash advances to AGI and New Town Land Partners (New Town), a related party under common ownership, for financial and working capital purposes, which are payable in cash upon demand. Interest is mutually agreed upon and based on bank rates. The total outstanding receivable from AGI and New Town amounting to P1.9 billion and P395.3 million, respectively, is presented as part of Advances to related parties under the Trade and Other Receivables account in the 2014 consolidated statement of financial position (see Note 6). Interest income earned from these advances amounted to P34.3 million and is presented as part of Other revenues under the Revenues account in the 2014 consolidated statement of comprehensive income (see Note 17). There were no similar transactions in 2013.

In 2014, the Group also made an unsecured, noninterest-bearing cash advance to Greenspring Investment Holdings Properties Ltd., a related party under common ownership, for financial support. The outstanding receivable amounting to P1.6 billion is presented as part of Advances to related parties under the Trade and Other Receivables account in the 2014 consolidated statement of financial position (see Note 6). There were no similar transactions in 2013.

22.8 Advances to a Related Party Supplier

In 2012, the Group made unsecured, noninterest-bearing cash advances to Condis, which is also EDI's supplier. These advances have no definite repayment terms and are due and demandable anytime. These advances were already fully settled as of December 31, 2012.

22.9 Management Services

In 2013, EDI entered into a management agreement with TEI, whereby the latter shall provide EDI with consultancy and advisory services in relation to the operation, management and development and maintenance of machineries, as well as the operation, management and maintenance of such machineries. In 2014, EDI entered into another management agreement with Condis in relation to EDI's operation, management and maintenance of its distillery plant. As consideration for the services provided by TEI and Condis, EDI incurs monthly management fees amounting to P4.25 million and P4.5 million, respectively. During the same year, EDI and Condis amended their management agreement thereby increasing the monthly management fees from P4.5 million to P7.0 million effective July 1, 2014. The management agreements shall continue to be in effect until terminated by the contracting parties.

Total management fees incurred in 2014 and 2013 amounting to P120.0 million and P49.5 million, respectively, are presented as part of Outside services under the Costs of Goods Sold account in the consolidated statements of comprehensive income (see Note 18). The outstanding liability arising from management fees as of December 31, 2014 amounting to P56.1 million is presented as part of Trade payables under the Trade and Other Payables account in the 2014 consolidated statement of financial position (see Note 15). There was no outstanding liability related to management fees as of December 31, 2013. The related liabilities are unsecured and noninterest-bearing.

22.10 Acquisition of Distilling Facilities

In 2013, the Group acquired the distillery facilities of Condis, which include the following assets:

	Notes		
Property, plant and equipment	9	P	756,990,993
Inventories	8		140,578,342
		P	897,569,335

The acquisition was fully settled in cash in 2013. There were no similar transactions in 2014.

22.11 Issuance of Equity-linked Debt Securities

In 2014, the Group issued an equity-linked debt securities instrument to a stockholder amounting to P5.3 billion, with outstanding amount presented as Equity-linked Debt Securities in the 2014 consolidated statement of financial position. The ELS may be converted into 480.0 million common shares of EMP with a par value of P1.0 per share. The ELS bears fixed annual interest rate of 5.0% and variable interest in an amount equal to the dividends that would be payable on the conversion shares if they were issued prior to the date that any dividend is declared by EMP (see Note 14).

22.12 Subscription of EMP Shares

In 2013, Shiok Success International Ltd. (SSIL) and Dew Dreams International Ltd. (DDIL), related parties under common ownership as of December 31, 2014 and 2013, have subscribed and fully paid 711.8 million shares and 720.0 million shares, respectively, of EMP with P1.0 par value.

In 2014, Arran subscribed to 1.1 billion common shares of EMP with P1.0 par value. The subscription price amounting to P12.3 billion was fully paid on December 4, 2014 (see Notes 14 and 23.1). The excess of the subscription price over the par value amounting to P11.2 billion was recorded as APIC.

22.13 Key Management Personnel Compensation

The compensation of key management personnel for employee services is shown below.

	2014	2013	2012
Short-term benefits	**P 29,256,173**	P 21,270,635	P 19,720,287
Post-employment defined benefits	**918,515**	763,869	728,671
	P 30,174,688	P 22,034,504	P 20,448,958

22.14 Retirement Plan

The Group's retirement fund for its post-employment defined benefit plan is administered and managed by a trustee bank.

The fair value and the composition of the plan assets as of December 31, 2014 are presented in Note 20.2.

The retirement fund neither provides any guarantee or surety for any obligation of the Group nor its investments covered by any restrictions or liens.

23. EQUITY

23.1 Capital Stock

Capital stock consists of:

	Shares		**Amount**	
	2014	2013	**2014**	2013
Common stock – P1.0 par value				
Authorized no. of shares	**20,000,000,000**	20,000,000,000	**P 20,000,000,000**	P 20,000,000,000
Issued and outstanding:				
Balance at beginning of year	**15,000,000,000**	61,750,005	**P 15,000,000,000**	P 61,750,005
Issued during the year	**1,120,000,000**	14,938,249,995	**1,120,000,000**	14,938,249,995
Balance at end of year	**16,120,000,000**	15,000,000,000	**P 16,120,000,000**	P 15,000,000,000

The BOD of the PSE approved the listing of the common shares of the Company on October 16, 2011.

On December 19, 2011, the Company issued through initial public offering (IPO) an additional 22.0 million shares with an offer price of P4.50 per share. The Company incurred P10.9 million IPO-related costs, P4.2 million of which was charged against APIC and the balance was recognized as part of other operating expenses. Net proceeds from the IPO amounted to P90.8 million.

On December 27, 2012, the Company issued additional 6.0 million shares with an offer price of P5.5 per share through private placement.

On June 19, 2013, August 27, 2013 and September 5, 2013, the Company's BOD, stockholders, and SEC, respectively, approved the increase in authorized capital stock of the Company from P100.0 million divided into 100.0 million shares to P20.0 billion divided into 20.0 billion shares both with par value of P1.00 per share (see Note 1.2). On July 4, 2013, the Company's BOD approved the issuance of 6.5 million shares at par value to two foreign investors. On August 28, 2013, AGI and other investors subscribed to an aggregate of 14.9 billion shares. Under the terms of AGI's subscription, the Company acquired all of EDI shares held by AGI (see Notes 1.2 and 1.3).

On September 17, 2013, AGI launched an offering of 1.8 billion shares of EMP's shares, which is approximately 12.0% of the total issued shares. The said offering was priced at P8.98 per share. On September 25, 2013, the settlement date, the amount of P11.2 billion out of the proceeds was directly remitted to EMP as an additional subscription price from AGI under the terms of AGI's amended agreement; such amount is recorded as APIC in EMP's books. Costs related to the issuances amounting to P176.3 million were deducted from APIC.

On September 25, 2013, AGI beneficially acquired two of EMP's minority corporate shareholders which held a combined 9.55% of the total issued shares. Thus, AGI beneficially owns 87.55% of EMP as of December 31, 2013.

On December 4, 2014, the Company issued additional 1.1 billion common shares with an offer price of P11.0 per share through private placement (see Notes 14 and 22.12). This resulted to a decrease in AGI's ownership from 87.55% to 81.46% as of December 31, 2014.

As of December 31, 2014 and 2013, the quoted closing price per share is P10.4 and P10.7, respectively, and there are 181 holders for both years, which include nominee accounts, of the Company's total issued and outstanding shares. The percentage shares of stocks owned by the public are 18.54% and 12.45% as of December 31, 2014 and 2013, respectively.

23.2 Declaration of Dividends

On August 6, 2014, EMP's BOD approved the declaration of cash dividends amounting to P2.4 billion (P0.16 per share) to all stockholders of record as of August 22, 2014. These were paid on September 9, 2014. The Company did not declare cash dividends in 2013.

EDI's BOD approved the declaration of cash dividends of P3.7 billion (P0.3 per share) and P4.0 billion (P0.57 per share) on July 5, 2013 and December 7, 2012, respectively, payable to stockholders of record as of July 16, 2013 and December 17, 2012, respectively, which was AGI for those dates.

24. EARNINGS PER SHARE

Earnings per share were computed as follows:

	2014	2013	2012
Net profit	**P 6,204,185,176**	P 5,830,809,981	P 4,999,553,086
Divided by the weighted average number of outstanding common shares	**15,093,333,333**	11,133,917,808	2,610,000,000
	P 0.41	P 0.52	P 1.92

On December 4, 2014, the Group has issued an ELS instrument amounting to P5.3 billion, convertible to 480.0 million new and fully paid-up EMP common shares (see Note 14). In addition to this, it has also issued an investment option that would allow the holder to subscribe to 280.0 million new and fully paid-up shares and an ELS instrument with principal amount of P1.3 billion, convertible to 120.0 million new and fully paid-up shares. The investment option is exercisable during the 13-month period beginning on the date of issuance. As of December 31, 2014, the ELS instrument and the investment option have not been converted and exercised, respectively.

The basic and diluted earnings per share are the same because the dilutive effects of potential common shares from the convertible ELS and the investment option have no significant impact in 2014 as they were only issued during the last month of 2014. The weighted average number of issued and outstanding common shares presented above does not include the effect of the potential common shares from the convertible ELS and the investment option.

The weighted average number of outstanding common shares for 2013 and 2012 pertains to the common shares of EDI as a result of the application of the reverse acquisition method [see Note 2.3(a)(iii)]. The weighted average number of outstanding common shares for 2014 pertains to the common shares of EMP.

25. 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 in 2013 and 2012 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 December 31, 2014 and 2013 are as follows:

	2014	2013
Within one year	**P 102,767,390**	P 56,923,846
After one year but not more than five years	**318,080,215**	12,572,691
More than five years	**291,099,806**	-
	P 711,947,411	P 69,496,537

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.

26. 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.

26.1 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, its functional currency. Exposures to currency exchange rates arise from the Group's foreign currency-denominated transactions. The Group has outstanding interest-bearing loan denominated in U.S. dollars (see Note 13) and also holds U.S. dollar-denominated cash and cash equivalents as of December 31, 2014. To mitigate the Group's exposure to foreign currency risk, non-Philippine peso cash flows are monitored.

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

	2014	2013
Financial assets	**P 6,658,928,139**	P 3,111,066,586
Financial liabilities	**(9,253,110,233)**	(1,738,868,577)
	(P 2,594,182,094)	P 1,372,198,009

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 99% confidence level.

	Reasonably possible change in rate	Effect in profit before tax	Effect in equity before tax
2014	**27.84%**	**(P 722,220,294)**	**(P 505,554,206)**
2013	23.00%	P 315,605,542	P 220,923,879

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 December 31, 2014 and 2013, 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.

(c) Price Risk

The Group's market price risk arises from its investments carried at fair value recorded under financial assets at FVTPL with risk to earnings or capital arising from changes in stock exchange indices. The Group manages exposures to price risk by monitoring the changes in the market price of the investments to determine the impact on its financial position, and at some extent, diversifying the investment portfolio in accordance with the limit set by management.

For equity securities listed in the Philippines, an average volatility of 28% has been observed during 2014. If quoted price for these securities increased or decreased by that amount, profit before tax would have changed by P289.1 million in 2014, while equity would have changed by the same amount.

The investments in listed equity securities are considered short-term strategic investments. In accordance with the Group's policies, no specific hedging activities are undertaken in relation to these investments. The investments are continuously monitored.

26.2 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 consolidated statements of financial position or in the detailed analysis provided in the notes to the consolidated financial statements, as summarized below.

	Notes	2014	2013
Cash and cash equivalents	5	**P 35,234,629,567**	P 24,040,194,994
Trade and other receivables – net	6	**12,630,621,370**	2,848,613,460
Refundable security deposits	11	**38,829,045**	34,755,535
		P 47,904,079,982	P 26,923,563,989

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. Included in the cash and cash equivalents are cash in banks and short-term placements 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

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 P1.3 billion and P176.9 million as of December 31, 2014 and 2013, respectively (see Note 6).

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

	2014	2013
Not more than three months	**P 4,496,496,622**	P 1,164,740,755
More than three months but not more than six months	**489,486,972**	186,771,704
	P 4,985,983,594	P 1,351,512,459

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.

26.3 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 December 31, 2014 and 2013, the Group's financial liabilities are presented below.

	2014		
	Within 6 Months	**6 to 12 Months**	**1 to 5 Years**
Interest-bearing loans and borrowings	P 23,827,219,465	P -	P -
Trade and other payables	19,174,828,576	-	-
FVTPL liability	233,751,463	-	-
ELS	-	-	6,738,766,650
	P 43,235,799,504	**P -**	**P 6,738,766,650**

	2013		
	Within 6 Months	6 to 12 Months	1 to 5 Years
Trade and other payables	P 3,366,111,588	P -	P -
FVTPL liability	38,631,143	-	-
	P 3,404,742,731	P -	P -

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

27. CATEGORIES AND OFFSETTING OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

27.1 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 consolidated statements of financial position are shown below and in the succeeding page.

		2014		2013	
	Notes	Carrying Values	Fair Values	Carrying Values	Fair Values
Financial Assets					
Loans and receivables:					
Cash and cash equivalents	5	**P 35,234,629,567**	**P 35,234,629,567**	P 24,040,194,994	P 24,040,194,994
Trade and other receivables - net	6	**12,630,621,370**	**12,630,621,370**	2,848,613,460	2,848,613,460
Refundable security deposits	11	**38,829,045**	**38,829,045**	34,755,535	34,755,535
FVTPL financial assets	7	**1,040,340,021**	**1,040,340,021**	-	-
		P 48,944,420,003	**P 48,944,420,003**	P 26,923,563,989	P26,923,563,989

	Notes	2014 Carrying Values	2014 Fair Values	2013 Carrying Values	2013 Fair Values
Financial Liabilities					
Financial liabilities at amortized cost:					
Interest-bearing loans					
and borrowings	13	**P 23,827,219,465**	**P 23,827,219,465**	P -	P -
Trade and other payables	15	**19,174,828,576**	**19,174,828,576**	3,366,111,588	3,366,111,588
ELS	14	**5,253,911,638**	**5,253,911,638**	-	-
FVTPL liability	7	**233,751,463**	**233,751,463**	38,631,143	38,631,143
		P 48,489,711,142	**P 48,489,711,142**	P 3,404,742,731	P 3,404,742,731

See Notes 2.5 and 2.10 for a description of the accounting policies for each category of financial instruments including the determination of fair values. A description of the Group's risk management objectives and policies for financial instruments is provided in Note 26.

27.2 Offsetting of Financial Assets and Financial Liabilities

The following financial assets and financial liabilities, with net amounts presented in the consolidated statements of financial position, are subject to offsetting and similar agreements (see Note 5):

	2013			
	Gross Amount Recognized	Amount Set-Off	Amount of Cash Received	Net Amount Presented*
Financial assets –				
Cash and cash equivalents	P 2,928,836,789	P 799,351,000	P -	P 2,129,485,789

** The net amount is presented as part of Short-term placements under the Cash and Cash Equivalents account in the 2013 consolidated statement of financial position (see Note 5).*

There were no similar offsetting arrangements in 2014.

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 December 31, 2014 and 2013. 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.

28. FAIR VALUE MEASUREMENT AND DISCLOSURES

28.1 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.

28.2 Financial Instruments Measured at Fair Value

The table below shows the fair value hierarchy of the Group's classes of financial assets and financial liabilities measured at fair value in the consolidated statements of financial position on a recurring basis as of December 31, 2014 and 2013.

	2014			
	Level 1	**Level 2**	**Level 3**	**Total**
Financial asset –				
FVTPL financial assets	**P1,040,340,021**	**P -**	**P -**	**P1,040,340,021**
Financial liability –				
FVTPL financial liabilities	**P -**	**P 233,751,463**	**P -**	**P 233,751,463**
	2013			
	Level 1	Level 2	Level 3	Total
Financial liability –				
FVTPL financial liability	P -	P 38,631,143	P -	P 38,631,143

There were no transfers between Levels 1 and 2 in both years.

Described below are the information about how the fair values of the Group's classes of financial assets and financial liabilities were determined.

(a) Derivatives

As of December 31, 2014 and 2013, the financial liabilities included in Level 2 comprise of foreign exchange spots and forward contracts classified as financial instruments at FVTPL (see Note 7). 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 (see Note 3.2).

(b) Equity securities

As of December 31, 2014, financial assets included in Level 1 comprise equity securities classified as financial assets at FVTPL (see Note 7). These securities were valued based on their market prices quoted in the PSE at the end of the reporting period.

28.3 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 2014 and 2013 consolidated statements of financial position but for which fair value is disclosed.

	2014			
	Level 1	**Level 2**	**Level 3**	**Total**
Financial assets:				
Cash and cash equivalents	P 35,234,629,567	P -	P -	P 35,234,629,567
Trade and other receivables	-	-	13,902,568,185	13,902,568,185
Refundable security deposits	-	-	38,829,045	38,829,045
	P35,234,629,567	**P -**	**P 13,941,397,230**	**P 49,176,026,797**
Financial liabilities:				
Interest-bearing loans and borrowings	P -	P -	P 23,827,219,465	P 23,827,219,465
Trade and other payables	-	-	19,174,828,576	19,174,828,576
ELS	-	-	5,253,911,638	5,253,911,638
	P -	**P -**	**P48,255,959,679**	**P 48,255,959,679**

	2013			
	Level 1	Level 2	Level 3	Total
Financial assets:				
Cash and cash equivalents	P 24,040,194,994	P -	P -	P 24,040,194,994
Trade and other receivables	-	-	2,848,613,460	2,848,613,460
Refundable security deposits	-	-	34,755,535	34,755,535
	P 24,040,194,994	P -	P 2,883,368,995	P 26,923,563,989
Financial liability –				
Trade and other payables	P -	P -	P 3,366,111,588	P 3,366,111,588

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

29. 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 consolidated statements of financial position. Capital at the end of each reporting period is summarized as follows:

	2014	2013
Total liabilities	**P53,656,554,216**	P 4,336,848,366
Total equity	**45,901,997,251**	30,888,513,814
Debt-to-equity ratio	**1.17 : 1.00**	0.14 : 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.

Punongbayan & Araullo
An instinct for growth™

Report of Independent Auditors to Accompany Supplementary Information Required by the Securities and Exchange Commission Filed Separately from the Basic Consolidated Financial Statements

19th and 20th Floors, Tower 1
The Enterprise Center
6766 Ayala Avenue
1200 Makati City
Philippines

T +63 2 988 2288
F +63 2 886 5506
www.punongbayan-araullo.com

The Board of Directors and Stockholders
Emperador Inc. and Subsidiaries
(Formerly TrillionStars Holdings, Inc.)
(Formerly Touch Solutions, Inc.)
(A Subsidiary of Alliance Global Group, Inc.)
7th Floor, 1880 Eastwood Avenue
Eastwood City CyberPark
188 E. Rodriguez, Jr. Avenue
Bagumbayan, Quezon City

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of Emperador Inc. and Subsidiaries for the year ended December 31, 2014, on which we have rendered our report dated April 9, 2015. Our audit was made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The applicable supplementary information (see List of Supplementary Information) are presented for purposes of additional analysis in compliance with the requirements under the Securities Regulation Code Rule No. 68, and are not a required part of the basic consolidated financial statements prepared in accordance with Philippine Financial Reporting Standards. Such supplementary information are the responsibility of management. The supplementary information have been subjected to the auditing procedures applied in the audit of the basic consolidated financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic consolidated financial statements taken as a whole.

PUNONGBAYAN & ARAULLO

By: **Mailene Sigue-Bisnar**
Partner

CPA Reg. No. 0090230
TIN 120-319-128
PTR No. 4748310, January 5, 2015, Makati City
SEC Group A Accreditation
Partner - No. 0396-AR-2 (until Aug. 8, 2015)
Firm - No. 0002-FR-3 (until Apr. 30, 2015)
BIR AN 08-002511-20-2012 (until May 15, 2015)
Firm's BOA/PRC Cert. of Reg. No. 0002 (until Dec. 31, 2015)

April 9, 2015

EMPERADOR INC. AND SUBSIDIARIES
LIST OF SUPPLEMENTARY INFORMATION
DECEMBER 31, 2014

Independent Auditors' Report on the SEC Supplementary Schedules Filed Separately from the Basic Financial Statements

Schedules Required under Annex 68-E of the Securities Regulation Code Rule 68

A. Financial Assets
B. Amounts Receivable from Directors, Officers, Employees, Related Parties and Principal Stockholders (Other than Affiliates)
C. Amounts Receivable and Payable from Related Parties which were Eliminated During the Consolidation of Financial Statements
D. Intangible Assets - Other Assets
E. Long-term Debt
F. Indebtedness to Related Parties (Long-term Loans from Related Companies)
G. Guarantees of Securities of Other Issuers
H. Capital Stock

Others Required Information (SEC Circular 11)

I. Reconciliation of Parent Company Retained Earnings for Dividend Declaration
J. Financial Soundness Indicators
K. Schedule of Philippine Financial Reporting Standards and Interpretations Adopted by the Securities and Exchange Commission and the Financial Reporting Standards Council as of December 31, 2014
L. Map Showing the Relationship Between and Among the Company and its Related Entities

EMPERADOR INC. AND SUBSIDIARIES
SCHEDULE A - FINANCIAL ASSETS
DECEMBER 31, 2014
(Amounts in Philippine Pesos)

Name of issuing entity and association of each issue (i)	*Number of shares or principal amount of bonds or notes*	*Amount shown on the balance sheet*	*Valued based on the market quotation at end of reporting period*	*Income received and accrued*
RWM	121,135,900	P 1,040,340,021	P 1,040,340,021	P -
Total FVTPL Financial Assets		**P 1,040,340,021**	**P 1,040,340,021**	-

EMPERADOR INC. AND SUBSIDIARIES
SCHEDULE B - AMOUNTS RECEIVABLE FROM DIRECTORS, OFFICERS, EMPLOYEES, RELATED PARTIES AND PRINCIPAL STOCKHOLDERS (OTHER THAN RELATED PARTIES)
DECEMBER 31, 2014
(Amounts in Philippine Pesos)

			Deductions		*Ending Balance*		
Name and designation of debtor	*Balance at beginning of period*	*Additions*	*Amounts collected*	*Amounts written off*	*Current*	*Not current*	*Balance at end of period*
Advances from Related Parties	(P 903,742,657)	(P 10,306,662,076)	P -	P -	(P 11,210,404,733)	P -	(P 11,210,404,733)
Advances to Officers and Employees (under the Receivables account)	14,463,297	43,755,362	(47,498,588)	-	10,720,071	-	10,720,071
Advances to Related Parties	-	3,944,499,022	-	-	3,944,499,022	-	3,944,499,022
							-
Grand Total	**(P 889,279,360)**	**(P 6,318,407,692)**	**(P 47,498,588)**	**P -**	**(P 7,255,185,640)**	**P -**	**(P 7,255,185,640)**

EMPERADOR INC. AND SUBSIDIARIES
SCHEDULE C - AMOUNTS OF RECEIVABLE/PAYABLE FROM/TO RELATED PARTIES WHICH ARE ELIMINATED DURING THE CONSOLIDATION OF FINANCIAL STATEMENTS
DECEMBER 31, 2014

TERMS & CONDITIONS:
All receivables/payables are unsecured, noninterest-bearing, collectible/payable on demand, unimpaired and generally settled in cash.

				Deductions		Ending balance		
Name and designation of debtor	Affected accounts	Balance at beginning of year	Additions	Amounts collected	Amounts written off	Current	Non current	Balance at the end of the period
Emperador Distillers, Inc.	Trade and other payables	P 192,072,334	P 1,691,303,708	(P 1,648,448,955)	P -	P 234,927,087	P -	P 234,927,087
Anglo Watsons Glass, Inc.	Trade and other receivables	192,072,334	1,691,303,708	(1,648,448,955)	-	234,927,087	-	234,927,087
Emperador Distiller, Inc.	Trade and other receivables	18,101	7,473,238	(7,479,689)	-	11,650	-	11,650
Anglo Watsons Glass, Inc.	Trade and other payables	18,101	7,473,238	(7,479,689)	-	11,650	-	11,650
Emperador Distiller, Inc.	Subcription payable	1,875,000	-	-	-	-	-	1,875,000
The Bar Beverage, Inc.	Subcription receivable	1,875,000	-	-	-	-	-	1,875,000

EMPERADOR INC. AND SUBSIDIARIES
Schedule D - INTANGIBLE ASSETS - OTHER ASSETS
DECEMBER 31, 2014

			Deduction			
Description	*Beginning balance*	*Additions at cost*	*Charged to cost and expenses*	*Charged to other accounts*	*Other changes additions (deductions)*	*Ending balance*
Intangible Asset						
Trademarks	P 329,058,362	P 9,972,144,142	(P 102,872,668)	P -	P -	P 10,198,329,836
Goodwill	-	7,672,894,304	-	-	-	7,672,894,304
	P 329,058,362	P 17,645,038,446	(P 102,872,668)	P -	P -	P 17,871,224,140

EMPERADOR INC. AND SUBSIDIARIES
SCHEDULE E - LONG-TERM DEBT
DECEMBER 31, 2014
(Amounts in Philippine Pesos)

Title of issue and type of obligation	*Amount authorized by indenture*	*Amount shown under caption"Current portion of long-term debt" in related balance sheet*	*Amount shown under caption"Long-Term Debt" in related balance sheet*
Equity-linked debt securities	P 5,300,000,000	-	P 5,253,911,638

EMPERADOR INC. AND SUBSIDIARIES
SCHEDULE F - INDEBTEDNESS TO RELATED PARTIES (LONG-TERM LOANS FROM RELATED COMPANIES)
DECEMBER 31, 2014
(Amounts in Philippine Pesos)

Name of related party	*Balance at beginning of period*	*Balance at end of period*

- nothing to report -

EMPERADOR INC. AND SUBSIDIARIES
SCHEDULE G - GUARANTEE OF SECURITIES OF OTHER ISSUERS
DECEMBER 31, 2014

Name of issuing entity of securities guaranteed by the company for which this statement is filed	*Title of issue of each class of securities guaranteed*	*Total amount of guaranteed and outstanding*	*Amount owned by person for which statement is filed*	*Nature of guarantee*

- nothing to report -

EMPERADOR INC. AND SUBSIDIARIES
SCHEDULE H - CAPITAL STOCK
DECEMBER 31, 2014

				Number of shares held by		
Title of Issue	*Number of shares authorized*	*Number of shares issued and outstanding as shown under the related balance sheet caption*	*Number of shares reserved for options, warrants, conversion and other rights*	*Related parties*	*Directors, officers and employees*	*Others*
Common shares - P1 par value	20,000,000,000	16,120,000,000	-	10,286,422,993	7	5,833,577,000

EMPERADOR INC.
7th Floor, 1880 Eastwood Avenue, Eastwood City CyberPark
188 E. Rodriguez, Jr. Avenue, Bagumbayan, Quezon City

Schedule I - Reconciliation of Retained Earnings Available for Dividend Declaration
For the Year Ended December 31, 2014

Unappropriated Retained Earnings at Beginning of Year	P	12,023,882
Net profit per audited financial statements		2,516,577,366
Other Transactions During the Year		
Dividends declared	(	2,400,000,000)
Unappropriated Retained Earnings Available for Dividend Declaration at End of Year	**P**	**128,601,248**

EMPERADOR INC. AND SUBSIDIARIES
SCHEDULE J - FINANCIAL SOUNDNESS INDICATORS
DECEMBER 31, 2014 AND 2013

	12/31/14	12/31/13
Current ratio	1.49	7.25
Quick ratio	1.13	6.37
Debt-to-equity ratio	1.17	0.14
Asset -to-equity ratio	2.17	1.14
Net profit margin	19.38%	19.52%
Return on assets	9.21%	24.27%
Return on equity/investment	16.16%	29.62%

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.
Debt-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.

PROFITABILITY RATIOS
Net profit margin - computed as net profit divided by revenues
Return on assets - net profit divided by average total assets
Return on investment - net profit divided by average total stockholders' equity

EMPERADOR INC. AND SUBSIDIARIES

Schedule of Philippine Financial Reporting Standards and Interpretations
Adopted by the Securities and Exchange Commission and the
Financial Reporting Standards Council as of December 31, 2014

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS		**Adopted**	**Not Adopted**	**Not Applicable**
Framework for the Preparation and Presentation of Financial Statements		✓		
Conceptual Framework Phase A: Objectives and Qualitative Characteristics		✓		
Practice Statement Management Commentary			✓	
Philippine Financial Reporting Standards (PFRS)				
PFRS 1 (Revised)	First-time Adoption of Philippine Financial Reporting Standards	✓		
	Amendments to PFRS 1: Additional Exemptions for First-time Adopters	✓		
	Amendment to PFRS 1: Limited Exemption from Comparative PFRS 7 Disclosures for First-time Adopters	✓		
	Amendments to PFRS 1: Severe Hyperinflation and Removal of Fixed Date for First-time Adopters	✓		
	Amendment to PFRS 1: Government Loans	✓		
PFRS 2	Share-based Payment			✓
	Amendments to PFRS 2: Vesting Conditions and Cancellations			✓
	Amendments to PFRS 2: Group Cash-settled Share-based Payment Transactions			✓
PFRS 3 (Revised)	Business Combinations	✓		
PFRS 4	Insurance Contracts			✓
	Amendments to PAS 39 and PFRS 4: Financial Guarantee Contracts			✓
PFRS 5	Non-current Assets Held for Sale and Discontinued Operations			✓
PFRS 6	Exploration for and Evaluation of Mineral Resources			✓
PFRS 7	Financial Instruments: Disclosures	✓		
	Amendments to PFRS 7: Transition	✓		
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets	✓		
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets - Effective Date and Transition	✓		
	Amendments to PFRS 7: Improving Disclosures about Financial Instruments	✓		
	Amendments to PFRS 7: Disclosures – Transfers of Financial Assets	✓		
	Amendments to PFRS 7: Disclosures – Offsetting Financial Assets and Financial Liabilities	✓		
	Amendment to PFRS 7: Mandatory Effective Date of PFRS 9 and Transition Disclosures *(effective when PFRS 9 is first applied)*			✓
PFRS 8	Operating Segments	✓		
PFRS 9	Financial Instruments* *(effective January 1, 2018)*			✓
PFRS 10	Consolidated Financial Statements	✓		
	Amendment to PFRS 10: Transition Guidance	✓		
	Amendment to PFRS 10: Investment Entities			✓
	Amendment to PFRS 10: Investment Entities – Applying the Consolidation Exception *(effective January 1, 2016)*			✓

PFRS 11	Joint Arrangements	✓		
	Amendment to PFRS 11: Transition Guidance	✓		
PFRS 12	Disclosure of Interests in Other Entities	✓		
	Amendment to PFRS 12: Transition Guidance	✓		
	Amendment to PFRS 12: Investment Entities	✓		
	Amendment to PFRS 10: Investment Entities – Applying the Consolidation Exception *(effective January 1, 2016)*			✓

PFRS 13	Fair Value Measurement	✓		
PFRS 14	Regulatory Deferral Accounts**(effective January 1, 2018)*			✓
Philippine Accounting Standards (PAS)				
PAS 1 (Revised)	Presentation of Financial Statements	✓		
	Amendments to PAS 32 and PAS 1: Puttable Financial Instruments and Obligations Arising on Liquidation	✓		
	Amendment to PAS 1: Presentation of Items of Other Comprehensive Income	✓		
	Amendment to PAS 1: Disclosure Initiative **(effective January 1, 2016)*			✓
PAS 2	Inventories	✓		
PAS 7	Statement of Cash Flows	✓		
PAS 8	Accounting Policies, Changes in Accounting Estimates and Errors	✓		
PAS 10	Events after the Reporting Period	✓		
PAS 11	Construction Contracts			✓
PAS 12	Income Taxes	✓		
	Amendment to PAS 12 - Deferred Tax: Recovery of Underlying Assets	✓		
PAS 16	Property, Plant and Equipment	✓		
PAS 17	Leases	✓		
PAS 18	Revenue	✓		
PAS 19 (Revised)	Employee Benefits	✓		
	Amendment to PAS 19: Defined Benefit Plans - Employee Contributions **(effective July 1, 2014)*	✓		
PAS 20	Accounting for Government Grants and Disclosure of Government Assistance			✓
PAS 21	The Effects of Changes in Foreign Exchange Rates	✓		
	Amendment: Net Investment in a Foreign Operation	✓		
PAS 23 (Revised)	Borrowing Costs	✓		
PAS 24 (Revised)	Related Party Disclosures	✓		
PAS 26	Accounting and Reporting by Retirement Benefit Plans			✓
PAS 27 (Revised)	Separate Financial Statements	✓		
	Amendment to PAS 27: Investment Entities	✓		
PAS 28 (Revised)	Investments in Associates and Joint Ventures	✓		
	Amendment to PAS 28: Investment Entities - Applying the Consolidation Exception	✓		

PAS 29	Financial Reporting in Hyperinflationary Economies			✓
PAS 32	Financial Instruments: Presentation	✓		
	Amendments to PAS 32 and PAS 1: Puttable Financial Instruments and Obligations Arising on Liquidation	✓		
	Amendment to PAS 32: Classification of Rights Issues	✓		
	Amendments to PAS 32: Offsetting Financial Assets and Financial Liabilities	✓		
PAS 33	Earnings per Share	✓		
PAS 34	Interim Financial Reporting	✓		
PAS 36	Impairment of Assets	✓		
	Amendment to PAS 36: Recoverable Amount Disclosures for Non-financial Assets			✓
PAS 37	Provisions, Contingent Liabilities and Contingent Assets	✓		
PAS 38	Intangible Assets	✓		
PAS 39	Financial Instruments: Recognition and Measurement	✓		
	Amendments to PAS 39: Transition and Initial Recognition of Financial Assets and Financial Liabilities	✓		
	Amendments to PAS 39: Cash Flow Hedge Accounting of Forecast Intragroup Transactions	✓		
	Amendments to PAS 39: The Fair Value Option	✓		
	Amendments to PAS 39 and PFRS 4: Financial Guarantee Contracts	✓		
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets	✓		
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets – Effective Date and Transition	✓		
	Amendments to Philippine Interpretation IFRIC 9 and PAS 39: Embedded Derivatives	✓		
	Amendment to PAS 39: Eligible Hedged Items	✓		
	Amendment to PAS 39: Novation of Derivatives and Continuation of Hedge Accounting			✓
PAS 40	Investment Property	✓		
PAS 41	Agriculture			✓
Philippine Interpretations - International Financial Reporting Interpretations Committee (IFRIC)				
IFRIC 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities**	✓		
IFRIC 2	Members' Share in Co-operative Entities and Similar Instruments			✓
IFRIC 4	Determining Whether an Arrangement Contains a Lease	✓		
IFRIC 5	Rights to Interests Arising from Decommissioning, Restoration and Environmental Rehabilitation Funds	✓		
IFRIC 6	Liabilities Arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment			✓
IFRIC 7	Applying the Restatement Approach under PAS 29, Financial Reporting in Hyperinflationary Economi			✓
IFRIC 9	Reassessment of Embedded Derivatives	✓		
	Amendments to Philippine Interpretation IFRIC–9 and PAS 39: Embedded Derivatives	✓		
IFRIC 10	Interim Financial Reporting and Impairment	✓		
IFRIC 12	Service Concession Arrangements			✓
IFRIC 13	Customer Loyalty Programmes			✓
IFRIC 14	PAS 19 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction	✓		

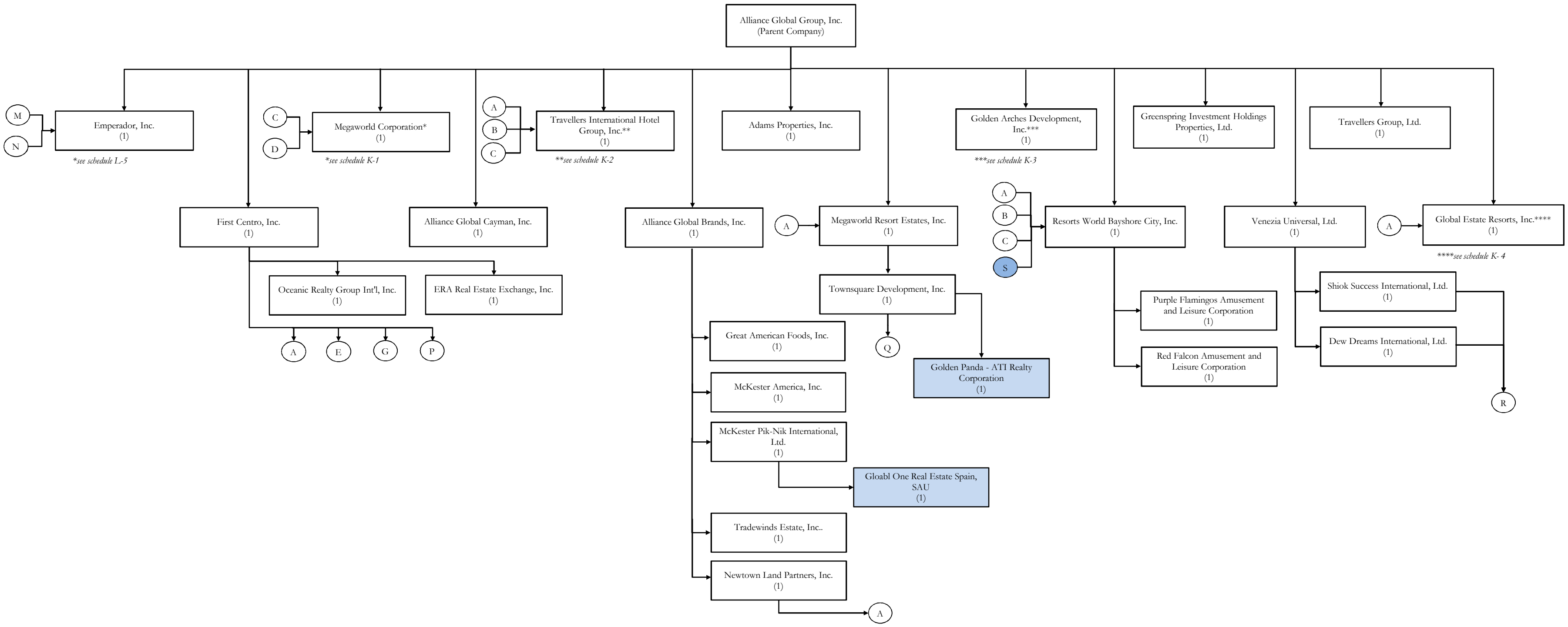
IFRIC 14	Amendments to Philippine Interpretations IFRIC - 14, Prepayments of a Minimum Funding Requirement and their Interaction	✓	
IFRIC 16	Hedges of a Net Investment in a Foreign Operation	✓	

IFRIC 17	Distributions of Non-cash Assets to Owners	✓		
IFRIC 18	Transfers of Assets from Customers	✓		
IFRIC 19	Extinguishing Financial Liabilities with Equity Instruments	✓		
IFRIC 20	Stripping Costs in the Production Phase of a Surface Mine			✓
IFRIC 21	Levies	✓		
Philippine Interpretations - Standing Interpretations Committee (SIC)				
SIC-7	Introduction of the Euro			✓
SIC-10	Government Assistance - No Specific Relation to Operating Activities			✓
SIC-13	Jointly Controlled Entities - Non-Monetary Contributions by Venturers			✓
SIC-15	Operating Leases - Incentives	✓		
SIC-25	Income Taxes - Changes in the Tax Status of an Entity or its Shareholders	✓		
SIC-27	Evaluating the Substance of Transactions Involving the Legal Form of a Lease	✓		
SIC-29	Service Concession Arrangements: Disclosures			✓
SIC-31	Revenue - Barter Transactions Involving Advertising Services	✓		
SIC-32	Intangible Assets - Web Site Costs	✓		

* These standards will be effective for periods subsequent to 2014 and are not early adopted by the Company.

** These standards have been adopted in the preparation of financial statements but the Company has no significant transactions covered in both years presented.

EMPERADOR INC. AND SUBSIDIARIES
Schedule L
Map Showing the Relationship Between the Company and its Related Entities
December 31, 2014



Legend

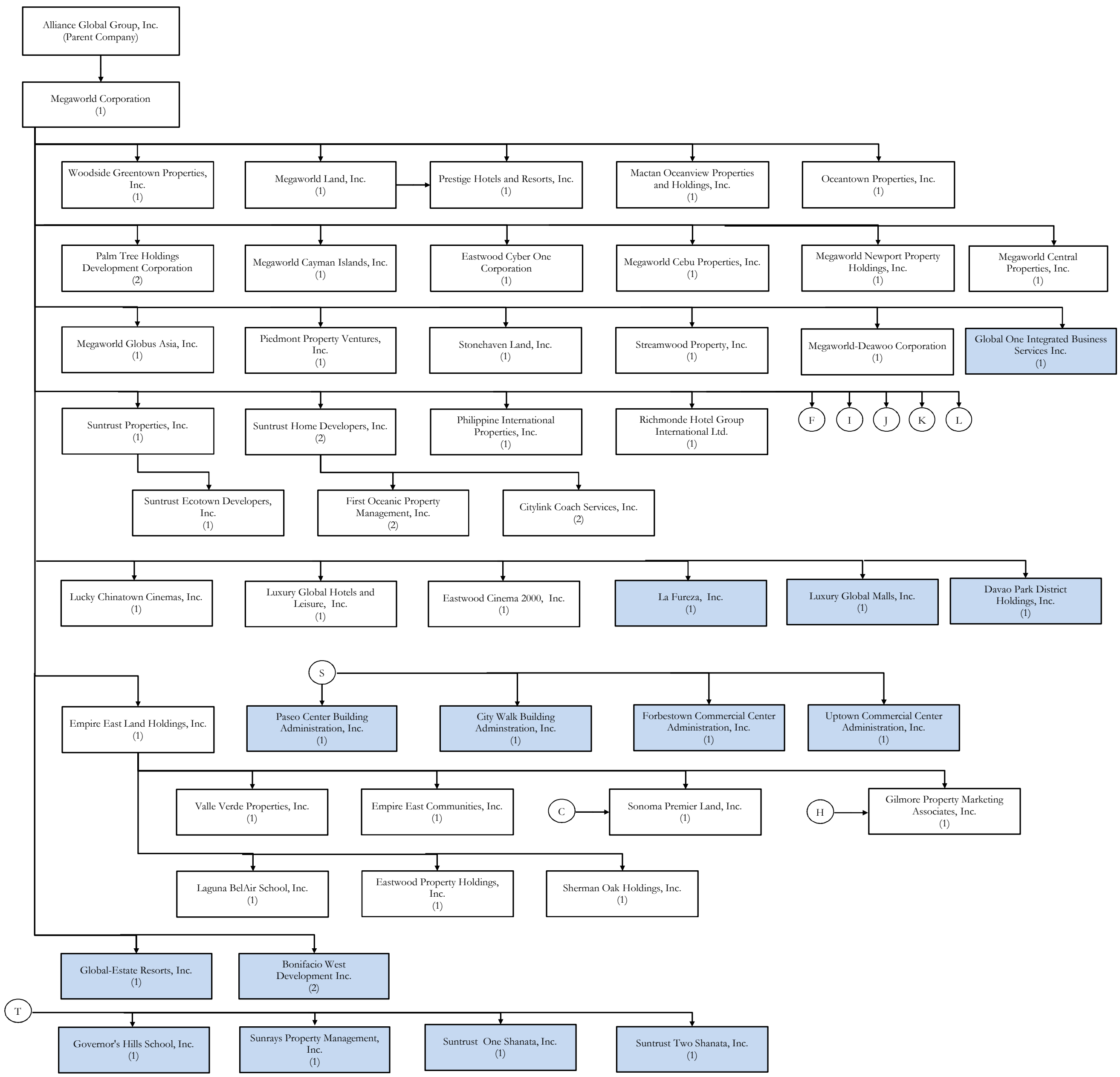
(1)	Subsidiary	A	Megaworld Corporation	F	Manila Bayshore Property Holdings, Inc.	K	Megaworld Global-Estates, Inc.	P	Sonoma Premier Land, Inc.
(2)	Associate	B	Adams Properties, Inc.	G	ResortsWorld Bayshore City, Inc.	L	Megaworld Central Properties, Inc.	Q	Gilmore Property Marketing Associates, Inc.
(3)	Jointly Controlled Entity	C	First Centro, Inc.	H	Townsquare Development, Inc.	M	Shiok Success International, Ltd.	R	Emperador Inc.
		D	Newtown Land Partners, Inc.	I	Megaworld Resort-Estates, Inc.	N	Dew Dreams International, Ltd.	S	Travellers International Hotel Group, Inc.
		E	Travellers International Hotel Group, Inc.	J	Twin Lakes Corporation	O	File-Estate Properties, Inc.		

EMPERADOR INC. AND SUBSIDIARIES

Schedule L-1

Map Showing the Relationship Between the Company and its Related Entities

December 31, 2014



Legend

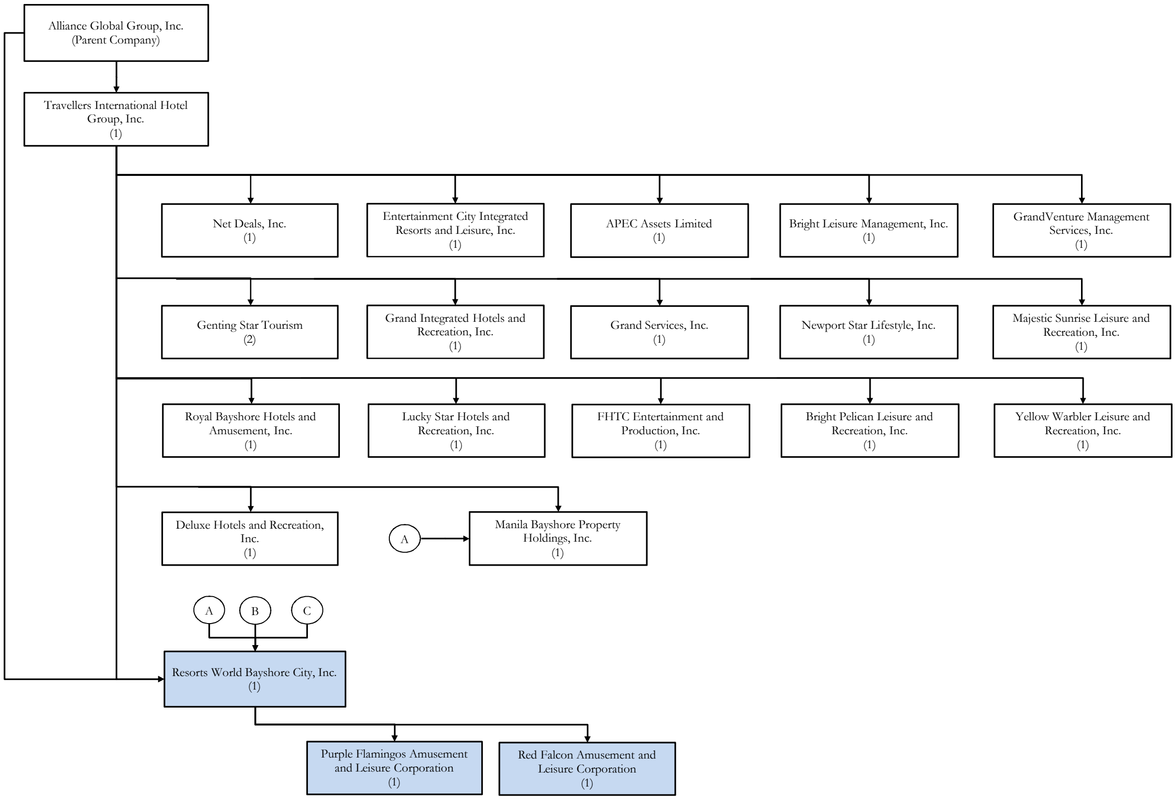
(1) Subsidiary
(2) Associate
(3) Jointly Controlled Entity

A	Megaworld, Corp.	J	Twin Lakes Corporation	S	Megaworld Land Inc.
B	Adams Properties, Inc.	K	Megaworld Global-Estates, Inc.	T	Suntrust Properties, Inc.
C	First Centro, Inc.	L	Megaworld Central Properties, Inc.		
D	Newtown Land Partners, Inc.	M	Shiok Success International, Ltd.		
E	Travellers International Hotel Group, Inc.	N	Dew Dreams International, Ltd.		
F	Manila Bayshore Property Holdings, Inc.	O	File-Estate Properties, Inc.		
G	ResortsWorld Bayshore City, Inc.	P	Sonoma Premier Land, Inc.		
H	Townsquare Development, Inc.	Q	Gilmore Property Marketing Associates, Inc.		
I	Megaworld Resort Estates, Inc.	R	Emperador Inc.		

EMPERADOR INC. AND SUBSIDIARIES

Schedule L-2

Map Showing the Relationship Between the Company and its Related Entities
December 31, 2014



Legend

(1) Subsidiary
(2) Associate
(3) Jointly Controlled Entity

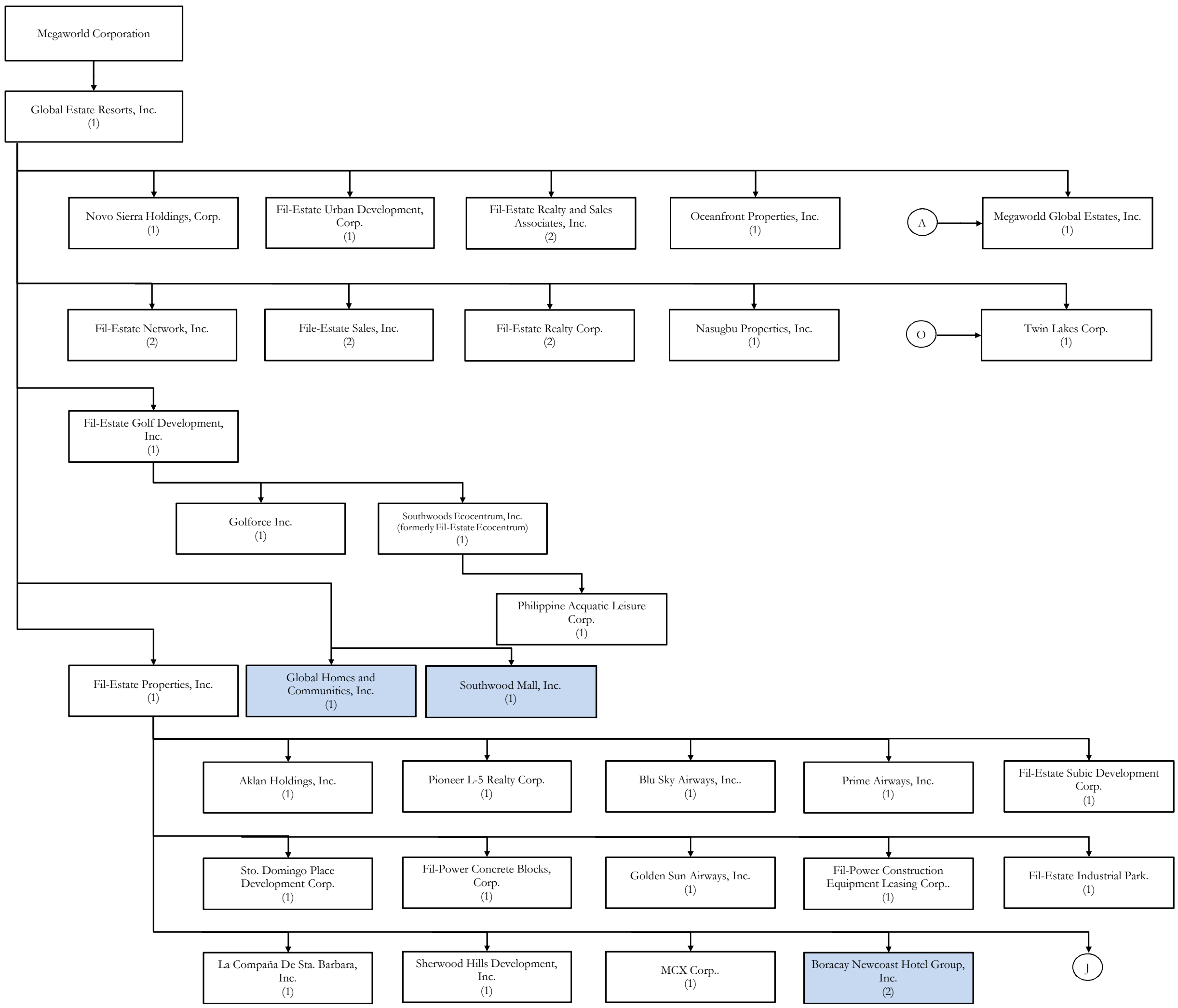
A	Megaworld Corporation	J	Twin Lakes Corporation
B	Adams Properties, Inc.	K	Megaworld Global-Estates, Inc.
C	First Centro, Inc.	L	Megaworld Central Properties, Inc.
D	Newtown Land Partners, Inc.	M	Shiok Success International, Ltd.
E	Travellers International Hotel Group, Inc.	N	Dew Dreams International, Ltd.
F	Manila Bayshore Property Holdings, Inc.	O	File-Estate Properties, Inc.
G	ResortsWorld Bayshore City, Inc.	P	Sonoma Premier Land, Inc.
H	Townsquare Development, Inc.	Q	Gilmore Property Marketing Associates, Inc.
I	Megaworld Resort Estates, Inc.	R	Emperador Inc.

EMPERADOR INC. AND SUBSIDIARIES

Schedule L-4

Map Showing the Relationship Between the Company and its Related Entities

December 31, 2014



Legend

(1) Subsidiary
(2) Associate
(3) Jointly Controlled Entity

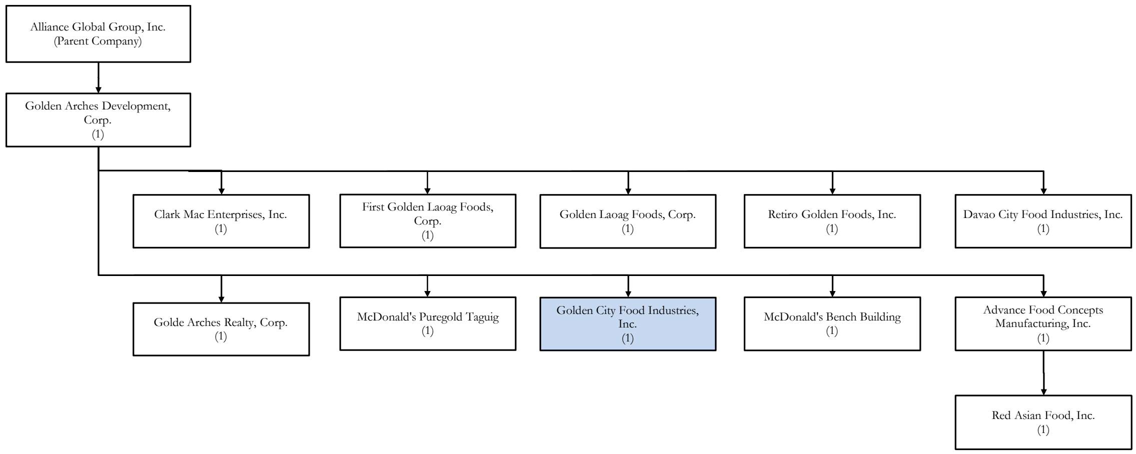
A	Megaworld Corporation	J	Twin Lakes Corporation
B	Adams Properties, Inc.	K	Megaworld Globa- Estates, Inc.
C	First Centro, Inc.	L	Megaworld Central Properties, Inc.
D	Newtown Land Partners, Inc.	M	Shiok Success International, Ltd.
E	Travellers International Hotel Group, Inc.	N	Dew Dreams International, Ltd.
F	Manila Bayshore Property Holdings, Inc.	O	File-Estate Properties, Inc.
G	ResortsWorld Bayshore City, Inc.	P	Sonoma Premier Land, Inc.
H	Townsquare Development, Inc.	Q	Gilmore Property Marketing Associates, Inc.
I	Megaworld Resort Estates, Inc.	R	Emperador Inc.

EMPERADOR INC. AND SUBSIDIARIES

Schedule L-3

Map Showing the Relationship Between the Company and its Related Entities

December 31, 2014



Legend

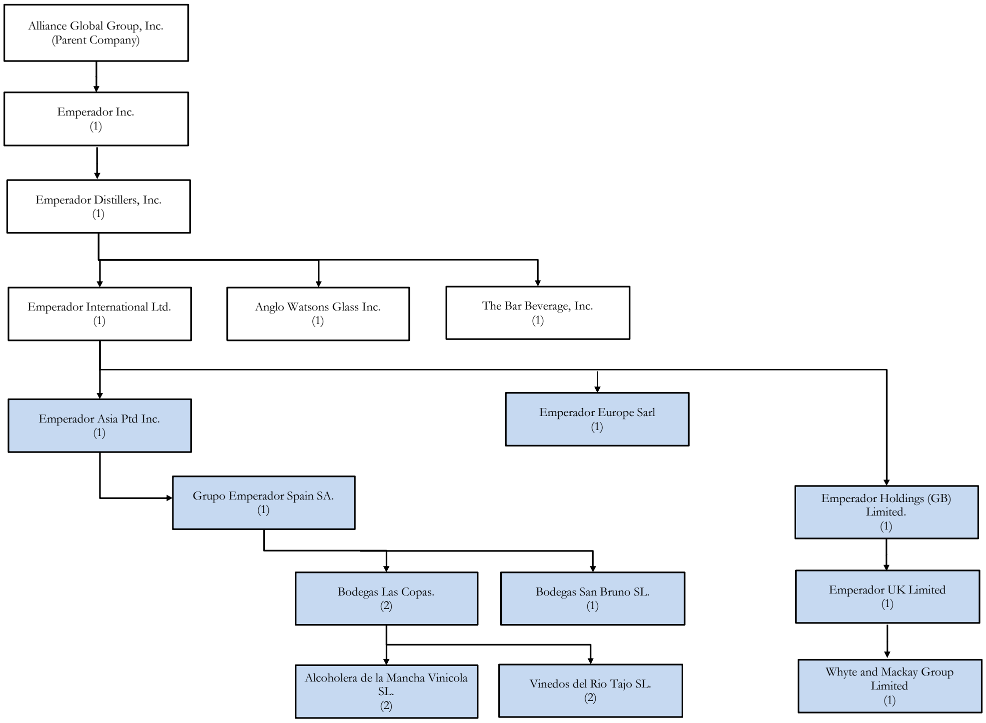
(1) Subsidiary
(2) Associate
(3) Jointly Controlled Entity

A	Megaworld Corporation	J	Twin Lakes Corporation
B	Adams Properties, Inc.	K	Megaworld Global-Estates, Inc.
C	First Centro, Inc.	L	Megaworld Central Properties, Inc.
D	Newtown Land Partners, Inc.	M	Shiok Success International, Ltd.
E	Travellers International Hotel Group, Inc.	N	Dew Dreams International, Ltd.
F	Manila Bayshore Property Holdings, Inc.	O	File-Estate Properties, Inc.
G	ResortsWorld Bayshore City, Inc.	P	Sonoma Premier Land, Inc.
H	Townsquare Development, Inc.	Q	Gilmore Property Marketing Associates, Inc.
I	Megaworld Resort Estates, Inc.	R	Emperador Inc.

EMPERADOR INC. AND SUBSIDIARIES

Schedule L-5

Map Showing the Relationship Between the Company and its Related Entities
December 31, 2014



Legend

(1) Subsidiary
(2) Associate
(3) Jointly Controlled Entity

A	Megaworld Corporation	J	Twin Lakes Corporation
B	Adams Properties, Inc.	K	Megaworld Global-Estates, Inc.
C	First Centro, Inc.	L	Megaworld Central Properties, Inc.
D	Newtown Land Partners, Inc.	M	Shiok Success International, Ltd.
E	Travellers International Hotel Group, Inc.	N	Dew Dreams International, Ltd.
F	Manila Bayshore Property Holdings, Inc.	O	File-Estate Properties, Inc.
G	ResortsWorld Bayshore City, Inc.	P	Sonoma Premier Land, Inc.
H	Townsquare Development, Inc.	Q	Gilmore Property Marketing Associates, Inc.
I	Megaworld Resort Estates, Inc.	R	Emperador Inc.

MINUTES OF THE ANNUAL MEETING OF STOCKHOLDERS OF EMPERADOR INC.
held on 23 June 2014
at the Grand Ballroom, Eastwood Richmonde Hotel, 17 Orchard Road, Eastwood City Bagumbayan, Quezon City, Metro Manila, Philippines

I. CALL TO ORDER

The Presiding Officer, Mr. Winston S. Co, called the meeting to order at 09:15 a.m.

II. CERTIFICATION OF NOTICE AND QUORUM

The Corporate Secretary, Atty. Dominic V. Isberto, informed the body that, based on the certification of the Corporation's stock transfer agent, all notices of the Annual Meeting had been sent to all stockholders of the Corporation as of 16 May 2014, the record date of the Annual Meeting. The Corporate Secretary likewise certified that there exists a quorum for the transaction of business for the Annual Meeting, there being present in person or represented by proxy, stockholders holding 13,826,189,651 shares of common stock of the Corporation representing 92.17% of the subscribed and outstanding capital stock of the Corporation.

III. APPROVAL OF MINUTES OF SPECIAL STOCKHOLDERS' MEETING HELD ON AUGUST 27, 2013

The Presiding Officer informed the stockholders that the next item on the agenda is the reading and approval of the Minutes of the Special Meeting of the Stockholders on August 27, 2013.

Mr. Joseph Sy moved for the disapproval and nullification of the minutes of the Special Stockholders' Meeting held on August 27, 2013 while the Corporation was still called Touch Solutions, Inc. (TSI) on the following grounds:

1. According to the PSE New Listing Rules under Article 5, Par. 4 in case of Private Placements on related parties, management should seek a waiver of the majority of the minority stockholders which is required in order to proceed with Private Placement, otherwise, a rights or public offering should be granted to present minority shareholders or public. In the case of TSI, the majority shareholder, Shiok Success Ltd., has granted a 90% (Php13.5 billion) private placement control to Alliance Global Group, Inc. ("AGI"). Thereafter, AGI has granted to Shiok Success Ltd. and Dew Dreams Intl. and other privileged stockholders a Private Placement of 1.5 billion shares when market prices were trading for more than Php10.00 per share. The said 1.5 billion shares private placement to Shiok Success/Dew Dreams/other related parties is a violation of free public float imposed by the SEC and PSE rules that states that there should be a minimum of 10% free public float. In this case, due to the 1.5 billion shares given to Shiok Success, the holdings of the majority stockholders is 99.9% so there was the absent of the free public float. The 1.5 billion private placement was disapproved by the PSE listing committee in September 2013 when they applied for listing. An attempt by the Shiok Success/Dew Dreams Group to sell back to AGI at the price of Php2.00 was also disapproved.

2. There is no existing document that Ms. Chia Siew Man was elected by the Board of Directors as Treasurer but she was functioning as if she is the duly nominated and elected Treasurer of TSI. On the contrary, it was Sue Chia who was duly elected as Treasurer and Director. TSI on June 13, 2013 submitted to the PSE and SEC the reorganization of the TSI Board of Directors and officers composed of Peter B. Tay, Sue Chia, Yasuteru Kawahara, Jerhameel B. Chen, Gabriel B. Huang, Cherylyn G. Prado Caoile, Gabriel A. Dee and Peter B. Tay as President, Sue Chia as Treasurer, and Gabriel A. Dee as Corporate Secretary. Ms. Chia Siew Man, a Malaysian citizen and Singapore resident, came on a tourist visa to the Philippines on June 07, 2012 and left June 09, 2012 as confirmed by the Bureau of Immigration. Ms. Chia Siew Man and

Sue Chia are Malaysian citizens and are non-residents of the Philippines. They are not qualified to hold the position of a Treasurer in accordance to SEC rule from 1991-2013. SEC Rule 1991 SEC Chairperson Rosario Lopez in an en banc resolution in 1991 resolved that a Treasurer of a listed company should be a resident of the Philippines. The SEC has been implementing the rule until first quarter of 2014. Sue Chia was elected on June 13, 2013.

3. Ms. Chia Siew Man on July 25, 2013 acted as Treasurer in receiving the amount of Php3.750 billion from AGI for 25% down payment of subscription worth Php13.5 billion or 90% of TSI shares at php1.00 par value, contrary to the statement of the AGI Corporate Secretary in the AGI ASM held on the same place last September 17, 2013 that AGI started to invest only in TSI on August 28, 2013. The July 25, 2013 affidavit confirming the Php3.750 billion paid by AGI was executed by Acting Treasurer Ms. Chia Siew Man and was notarized by Mr. Kang Gim Swee on August 21, 2013 and authenticated by Philippine Consul Catherine Ruth Torres in Singapore before AGI announced a takeover on August 28, 2013. The information of a 90% buyout by AGI could most certainly affect the trading of TSI shares and possibly more than quadruple the prices if it were fully disclosed properly on June 25, 2013. Under PSE and SEC rules, if there were any changes in the capital structure (a 90% buyout of TSI may result in the change of management), a listed company is duty bound to disclose such material information for the consumption of the stockholder and the investing public. TSI is a Philippine listed company and the payment was transacted in Singapore in Philippine pesos. AGI and TSI failed to disclose material information for the takeover to the detriment of the investing public.

4. On August 27, 2013, Special Stockholders' Meeting, the meeting was held on an unholy hour of 7 AM at an exclusive subdivision in Greenhills Roosevelt Park, an exclusive zone which is not accessible to stockholders, investing public and the media. This inconvenient time and venue was inexplicably chosen to replace a previously arranged SSM at the Club Filipino at 9 AM. Furthermore, it was announced by then Corporate Secretary Mr. Gabriel A. Dee that the quorum was only 72% instead of the 92%. The difference of the minority 20% proxies was invalidated for his reason that due to the days of rains and floods, he could not contact the brokers who executed the proxies for validation and determination of the beneficial owners. Also, the minutes of the meeting was not duly notarized. The many defects around the circumstances of the August 27 SSM must be explained by Emperador management and board.

5. On August 30, 2013, Ms. Jennifer B. Austria came out with an article titled "Emperador sets backdoor listing" and that Mr. Andrew L. Tan was behind the recent acquisition of 43.2 million shares of TSI for Php280 million by Shiok Success Ltd., a company based in British Islands and a wholly-owned unit of Capillion Corp. PTE. Ltd., and she said that Mr. Andrew Tan opted to use Shiok Success Ltd. to avoid propping the company's share prices.

Thereafter, Mr. Joseph Sy declared that he wanted all these in record.

The Corporate Secretary clarified that TSI under the old management performed a tender offer of its shares. He likewise informed the stockholders that the Securities and Exchange Commission already replied to Mr. Joseph Sy's allegations and declared that the same have no merit. He then quoted from the pertinent portions of the SEC's reply to Mr. Joseph Sy as follows: "Verification of record shows that there were no false disclosures made by the corporation prior to the increase in its authorized capital stock. The corporation appeared to be compliant and submitted all the related required disclosures prior to the increase of its capital stock." and further, "it is clear from the foregoing provision that the existing stockholders of the corporation have no pre-emptive right to subscribe to the increase of the authorized capital stock. Thus, the management of the corporation has the sole prerogative to choose to whom it will issue the additional share issuances out of increase of its authorized capital stock."

Thereafter, the Corporate Secretary noted Mr. Joseph Sy's motion, which was not seconded, and objections.

A motion was then made to dispense with the reading of the Minutes of the Special Stockholders' Meeting held on August 27, 2013 as copies thereof had earlier been furnished to all stockholders of record of the Company. Thereafter, upon motion made and duly seconded, the reading of the Minutes of the Special Stockholders' Meeting held last August 27, 2013 as dispensed with and the Minutes were approved.

IV. REPORT OF MANAGEMENT

The Chairman of the Board, Dr. Andrew L. Tan, delivered the annual report of management:

Thirty-five years of passion have brought Emperador Brandy to where it is today – being the world's largest brandy producer. With 33 million cases sold last year, our company corners close to 20% of the global brandy market. It is also the second best-selling liquor category in the world.

My fellow shareholders, it is with great pride that I share with you the record-breaking performance of our company in 2013.

From 23.6 Billion Pesos in 2012, consolidated revenues rose by 27% to almost 29.9 Billion Pesos. Net profit went up by 17% to 5.8 Billion Pesos, making Emperador Inc. the most profitable liquor company in the Philippines.

Despite the implementation of higher taxes on liquor at the beginning of 2013, Emperador Brandy leads its competitors with an impressive 7% volume growth. In Manila, seven out of ten liquor bottles sold were Emperador Brandy. We ended the year with close to 50% of the liquor market nationwide.

Another milestone was the investment made in Spain. We committed a 5.8 Billion Peso budget to purchase vineyards and brandy production facilities. In line with our premiumization strategy, this enabled our company to produce Emperador Deluxe, an imported spirit crafted in Jerez, the brandy capital of Spain.

In September of last year, we also saw the listing of Emperador Distillers, Inc. From an offer price of 8.98 Pesos, our stock price finished the year at 10.70 Pesos. This stands as a remarkable 19% gain.

Without doubt, our company is unrivaled in the local liquor industry. Moving forward, I believe that the passion and the continued support of my fellow shareholders will further drive our company to unprecedented heights.

V. OPEN FORUM

Question 1: Regarding to the net income of 5.8 billion, how much is the percentage due to local sales and how much is due to international sales? And with the acquisitions of, several worldwide, how does this change the bottomline? And another question is, will we be receiving any cash dividends this year?

Mr. Co: For the income last year, 2013, the 5.8 billion is predominantly sales or income generated from the Philippines. We believe that, moving forward, in the next couple of years, the contribution coming from the international operation particularly that from the Whyte and Mackay, the Scotland operation and its established operations will contribute significantly. We hope it will be an immediate term and maybe eventually the international operations will contribute around 30% to our revenue. With regards to the cash dividend, we have deployed basically our cash for the acquisition of Whyte and Mackay and we believe that this cash that is put to work will increase our company earnings so we will soon expect the EPS or earning per share to significantly increase over time.

Question 2: Good morning, Dr. Tan, Winston, Kingson, Ms. Katherine Tan, Mike, and the rest of the members of the Board, ladies and gentlemen. I am Jeremy Chan. It is difficult to ask questions if the company is doing well. But apparently the issues raised by Mr. Joseph Sy here, is not a good thing, you know. Some issues were raised questioning the excellent performance of Emperador. Dr. Tan, I've been reading all the business reports on the acquisitions, and what the first gentlemen (who) asked (the questions) is basically a good and true question but the thing is, the cash flows will come through investments. Let me go through the experience that I had. I've been a drinker for many years, good whiskeys, good single malts by Macallan, Glenfiddich, and others. I've been in vineyards in upstate New York and California, Martha's Vineyard there, one vineyard there. I've been to Scotland, and we have tried all this once. I never drink a bottle worth less than 200 pesos, but last year when I read this, June, I invited my friends, one of our common friends with Dr. Tan is Johnny Lim. I invited them at a restaurant, an old house that was made into a restaurant owned by the former Chairman of Comelec, Victorino Savellano. The former governor of Ilocos Sur, Davis Arellano put up the restaurant. A year later, in Sindangan, Zamboanga del Norte last Friday, I was with General Yano and the Special Forces in the place. They bought a bottle of wine, Emperador, the first time they tasted it. Very cheap. Quality. That's what my old company do. Quality and value in the Philippines. As I said last Friday, in response to the article of Wilson Lee Flores where he mentioned that Dr. Tan believes that even in the age-old tips for good restaurants, even the non-restaurateurs and entrepreneurs should follow the rule in the restaurant business. And I commend it. Dr. Tan, is to me, first and foremost, an MM which means a marketing man. I've been following up the growth of the company because I know Dr. Tan. We were in the same office building, PBCom Building in the late 80's onwards, until they moved here in Eastwood City, a big location owned before by GenTex. So I never ask questions most of the time. If I ask questions, it may be difficult to answer. I don't want to embarrass anybody. I'm here to share my experience with you guys. Believe in Emperador. Believe in all the businesses of Dr. Andrew Tan because if there is one glitch that you will notice it will be the downfall of the holding company. He will not let grievous things happen. I always share my own experience in relation to this company of Dr. Tan. Thank you so much.

Mr. Co: Thank you, Sir.

Question 3: I have another question. I'm Mr. Stephen Soliven, a minority stockholder. I was impressed by the financial report made by Punongbayan and Araullo and I should have commended the management because there is a surplus of more than 25 billion under our working capital. Twenty five billion pesos, imagine that. But when I looked at the cash and cash equivalent, and there is a note there, Note 5, I saw a short-term placement and I'm thinking if whether it will pass the acid test ratio. When I look at it, it seems that short-term placement were made to financial institutions, banks, all other entity. May I know whether these institutions are stable? And probably you can mention some. Thank you.

Mr. Co: Yes, these are money-market placements and usually they are placed in big banks, and as you have mentioned, we have significant cash in our balance sheet so we are deploying the significant amount of that for the acquisition of Whyte and Mackay company very shortly. So these money will be put to use and will generate additional income for the company. So with the synergies and integration, we expect your company Emperador Incorporated to double our income by 2017. So with all of these synergies and the integration with the Spanish and the UK operation, we believe that we can fast track our company growth and continue to be dominant in the Philippines and become a global player as well. Thank you, Sir. May we have one last question? Is there any other question out there?

Question 4: Good morning. I'm Charmaine Garcia. It truly shows that our company, Emperador, has experienced strong growth in recent years. My questions are what is the next growth area and where do you see Emperador in the next 3-5 years?

Mr. Co: Thank you for the question. As presented earlier by Kenneth, as of recent market research, Emperador Brandy commands 50% of the local liquor spirit market and he mentioned that we are not only the market leader but we are the dominant market leader. And it is our hope and our vision to continue to become a dominant liquor company in the Philippines. And the brandy segment continues to grow and we believe that we can grow the brandy business and further increase our market share in the intermediate term. And we also believe that the integration of our Spanish acquisition will improve our product portfolio. It will also improve our costs and further increase our GPM, or gross profit margin. At the same time, we will have a new segment that we will be covering which is the Whyte and Mackay company. It is one of the largest Scotch Whisky company in the world so we will promote whisky alongside the brandy category in the Philippines and to strengthen the global position of the company. And as mentioned earlier by Kenneth as well, this company they have a market reach to 50 countries around the world and this can be our distribution platform for us to bring Emperador brandy to the best of the world particularly in the western hemisphere. Yes Sir?

Question 5: Could that be the reason why you elected to appoint a Domecq who is part of the Fundador family in Jerez head your marketing to be able to attain that 33% global share which blew my mind when I read about it. If only I don't know Dr. Andrew Tan I would have a lot of questions. Could that be the reason? The former ambassador of the Philippines is also a Domecq.

Mr. Co: Yes, actually they are related. And the Domecq family for so many generations they have been in the brandy business. In fact, at one time, they owned the Fundador Brand. The family owns the Fundador brand. And Mr. Domecq who is our key officer in our Spanish operation and he is in-charge of overseeing our facility there and he is an astute marketing person as well. So he is more than able to bring our brands into more countries. And with new look at the Whyte and Mackay, you instinctively know that they are savvy marketers, especially how they market Dalmore. And Dalmore is, I would say, a jewel, you know in the portfolio of business. And they have these Constellation Collection series, 21 bottles that is worth a hundred and fifty eight thousand pounds. That is a staggering amount, right? And that is not the most expensive in the company line-up. There is a line that is even far more expensive than that. So if we calculate 158 thousand pounds, that would be close to one million pesos for twenty one bottles of Dalmore. So basically they are marketing savvy and as our Chairman he always believes in getting the best of the professional managers not only here in the Philippines but abroad, you know, so that we can continue our growth trend, our growth path, and I think we have a deep and very dedicated capable management team both in Spain and eventually in Scotland as well.

VI. AMENDMENT OF THE ARTICLES OF INCORPORATION TO CHANGE THE PRINCIPAL OFFICE ADDRESS OF THE CORPORATION

The Presiding Officer informed the stockholders that the Board of Directors approved the amendment of the Third Articles of the Articles of Incorporation to align the Corporation's principal office address with its parent company, AGI, and its principal subsidiary, Emperador Distillers, Inc. Thus, the Board approved the amendment of the principal office of the Corporation to "7th Floor, 1880 Eastwood Avenue, Eastwood City CyberPark, E. Rodriguez, Jr. Avenue, Bagumbayan, Quezon City, Metro Manila, Philippines" and submitted to the body, for its approval, said amendment.

Upon motion made and duly seconded, the stockholders approved the following resolution:

> "RESOLVED, that the Corporation amend the Third Article of the Articles of Incorporation of the Corporation to read as follows:
>
> > "THIRD: That the place where the principal office of the Corporation is to be established or located is at the 7th Floor, 1880 Eastwood Avenue, Eastwood City CyberPark, E. Rodriguez, Jr. Avenue, Bagumbayan, Quezon City, Metro Manila, Philippines;"
>
> "RESOLVED, FURTHER, that any one of the officers of the Corporation be, as each of them is hereby, authorized and directed to execute and deliver the necessary certificates and other documents with the Securities and Exchange Commission and other government agencies and perform all actions as may be necessary to fully implement the foregoing resolution."

VII. RATIFICATION OF ACTS OF THE BOARD OF DIRECTORS, BOARD COMMITTEES, AND MANAGEMENT

The Presiding Officer informed the stockholders that the next item on the agenda is the ratification of all acts and resolutions of the Board of Directors, Board Committees and Management of the Corporation up to the date of this meeting. These include, among others, the appointment of officers in the corporation, opening and maintenance of bank accounts and other bank transactions, approval and issuance of financial statements, subscription to new shares and sale of shares, appointment of proxies and nominees, designation of authorized contract signatories and representatives, corporate contracts, acquisition by the Corporation's wholly owned subsidiary, Emperador UK Limited, of Whyte & Mackay Group Limited and its subsidiaries from United Spirits (Great Britain) Limited, and other similar activities of the Company.

Upon motion made and duly seconded, the stockholders ratified all acts and resolutions of the Board of Directors, Board Committees and Management of the Corporation, including the acquisition of Whyte & Mackay Group Limited and its subsidiaries, during the period up to the date of this meeting.

VIII. APPOINTMENT OF EXTERNAL AUDITORS

The Presiding Officer informed the stockholders that the Board of Directors, upon recommendation of the Audit Committee, has resolved to re-appoint Punongbayan and Araullo as external auditors of the Corporation for the audit of the Corporation's financial statements for the year ending December 31, 2014, and now submits for approval the re-appointment of Punongbayan & Araullo as external auditors.

Upon motion made and duly seconded, the stockholders approved the following resolution:

> "RESOLVED, that the Punongbayan and Araullo be appointed as the external auditors of the Corporation for the audit of the Corporation's financial statements for the year ending December 31, 2014."

IX. ELECTION OF DIRECTORS

The Presiding Officer informed the stockholders that, for the current year 2014, the Corporation will be electing seven directors at least two of whom shall be independent directors pursuant to the Securities and Regulation Code and the Corporation's Revised Manual of Corporate Governance.

Ms. Gina Reyes, on behalf of the Nomination Committee, presented the Final List of Nominees for election as members of the Board of Directors, as follows: Andrew L. Tan, Winston S. Co, Katherine L. Tan, Kendrick Andrew L. Tan, Kingson U. Sian, and Alejo L. Villanueva, Jr. and Miguel B. Varela as the independent directors.

Ms. Reyes likewise reported that the Final List of Nominees for election as directors of the Corporation possess all the required qualifications and none of the disqualifications to hold office as directors of the Corporation.

The Corporate Secretary then informed the Presiding Officer that no further nominations shall be allowed pursuant to the Corporation's By-Laws, as amended.

Thereafter, it was moved and seconded that since there were only seven nominees and there are only seven seats in the Board, all seven nominees were considered elected by acclamation to the Board of Directors for the current year 2014.

X. OTHER MATTERS

Mr. Joseph Sy presented the time line of events of the backdoor listing of Emperador Inc. with Touch Solutions:

> "From December 2012 to January 2013, rumors in the stock market of the backdoor listing of TSI. In February 2013, Touch Solutions called for a Special Stockholders' Meeting to amend the Articles of Incorporation to change the current

purpose to a holding company from IT. On April 2013, Shiok Success bought 43.2 million shares or 70% of TSI at the price of 280 million pesos, or 6 pesos plus per share. On June 13, 2013, the reorganization of the Board of Directors composed of Mr. Peter B. Tay, Sue Chia, and Atty. Gabriel Dee, without the presence of Chia Siew Man, the Treasurer who received the 3.750 billion pesos. On July 25, it was discovered in the SEC file that the transaction between AGI happened in Singapore on July 25, 2013. A certain Chia Siew Man received the amount of 3.750 billion pesos in Singapore, and she's not even the Treasurer. On August 27, 2013, TSI called for a Special Stockholders' Meeting in an unholy hour of 7 AM in the morning in an exclusive subdivision where no one - there is only one guy who attended the Stockholders' Meeting, Mr. Stephen Soliven. We were the only two. And Mr. P. Tay and Gabriel Dee were shocked when they saw me there. And there was no mention to the stockholders that AGI had already paid 25% of 3.750 billion, so that's a part of misrepresentation. On August 28, 2013, AGI announced officially that it controlled 90% of TSI and they called for a trading suspension, which should have been done last July 25, 2013, at the expense of the stockholders. On August 30, 2013, Ms. Jennifer Austria came out with an article at the Manila Standard that Mr. Andrew Tan was behind Shiok Success. This is a message to Mr. Andrew Tan and the independent directors. Let me share to you a Bible verse James 4:17, 'If you know of something and the truth and you did not do anything about it, you sin to God'. Once in your life time, someone had to do something righteously without any condition. Days before the Special Stockholders' Meeting on August 27, 2013, there were two adjacent booth of the stockbroker related to the Management who sold heavily TSI from 10 pesos to 12 pesos and they made fun of the selling quotation by posting several 4444 - 444,400 shares selling in several quotation. In Chinese, 4444 is Sy Sy Sy Sy. Mr. Henry Sy, when I talked to him before when he was still younger, he hates the word Sy Sy Sy Sy. In English, "death death death death". In Filipino, 'patay, patay, patay, patay'. Almost similar in namesake of the former President Mr. Peter B. Tay whose name is B. Tay, 'bitay, bitay, bitay, bitay.' Thank you."

The Presiding Officer replied that the Corporation is familiar with the issues raised by Mr. Sy and reminded him that the Securities and Exchange Commission has already responded to Mr. Sy stating that the Company is compliant.

The Corporate Secretary confirmed that there are no other matters in the agenda.

XI. ADJOURNMENT

The meeting was adjourned at 10:30 a.m.

CERTIFIED CORRECT:

DOMINIC V. ISBERTO
Corporate Secretary

MINUTES OF THE SPECIAL MEETING OF STOCKHOLDERS
OF EMPERADOR INC.
held on 15 December 2014
at the Grand Ballroom, Eastwood Richmonde Hotel, 17 Orchard Road, Eastwood City
Bagumbayan, Quezon City, Metro Manila, Philippines

I. CALL TO ORDER

The Presiding Officer, Mr. Winston S. Co, called the meeting to order at 09:10 a.m.

II. CERTIFICATION OF NOTICE AND QUORUM

The Corporate Secretary, Atty. Dominic V. Isberto, informed the body that, based on the certification of the Corporation's stock transfer agent, all notices of the Special Meeting had been sent to all stockholders of the Corporation as of 20 November 2014, the record date of the Special Meeting. The Corporate Secretary likewise certified that there exists a quorum for the transaction of business for the Special Meeting, there being present in person or represented by proxy, stockholders holding 13,747,021,410 shares of common stock of the Corporation representing 91.65% of the subscribed and outstanding capital stock of the Corporation.

III. RATIFICATION OF ISSUANCE OF SHARES AND EQUITY LINKED SECURITIES TO ARRAN INVESTMENT PRIVATE LIMITED

The Presiding Officer informed the stockholders that the Board of Directors approved a private placement transaction with Arran Investment Private Limited ("AIPL"), an affiliate of GIC Private Limited, Singapore's sovereign wealth fund, which will be taken from the unissued shares of the Company.

Mr. Joseph Sy manifested that he would like to commend the present Board of Directors and the Company for holding this stockholders' meeting during office hours at a public place, contrary to the stockholders' meeting at the time of Touch Solutions, Inc. which was held at "an unholy hour of seven in the morning at Greenhills" where he had to wake up at 5 am just to be able to attend the said meeting.

Thereafter, upon motion made and duly seconded, the stockholders ratified the following resolutions of the Board of Directors of the Corporation which was adopted last November 07, 2014:

> "RESOLVED, as it is hereby RESOLVED, that the Board of Directors of the Corporation approve the issuance of common shares to Arran Investment Private Limited (the 'Investor'), which shall be issued from the unissued shares of the Corporation, as follows:
>
> 1) the subscription by AIPL to One Billion One Hundred Twenty Million (1,120,000,000) common shares each with a par value of One Peso (Php1.00) at a subscription price of PESOS: Twelve Billion Three Hundred Twenty Million (Php12,320,000,000.00);
>
> 2) the issuance to AIPL of equity linked securities in the principal amount of PESOS: Five Billion Two Hundred Eighty Million (Php5,280,000,000.00) which shall be convertible into 480,000,000 common shares each with a par value of One Peso (Php1.00);
>
> 3) the grant to AIPL to an investment option consisting of: (a) the option to subscribe to Two Hundred Eighty Million (280,000,000) common shares each with a par value of One Peso (Php1.00) at a subscription price of PESOS: Three Billion Eighty Million (Php3,080,000,000.00), and (b) equity linked securities in the principal amount of PESOS: One Billion Three Hundred Twenty Million (Php1,320,000,000.00) which shall be

convertible into 120,000,000 common shares each with a par value of One Peso (Php1.00); and,

4) up to a maximum of 2,598,416,478 common shares each with a par value of One Peso (Php1.00) corresponding to the interest payable to AIPL under the equity linked securities, at an issue price equal to the thirty (30)-trading day volume-weighted average share price (VWAP) of the Corporation's shares ending on the date that is one trading day prior to the payment of the interest to AIPL;

in connection with the investment of the Investor in the shares and equity linked securities of the Corporation; and the execution, delivery and performance of the Subscription Agreement for the shares, the Investor Rights Agreement, the Equity Linked Securities Instrument and other agreements and documents that may be necessary to implement the foregoing, under such terms and conditions as determined by its authorized representatives designated herein;

"RESOLVED, FURTHER, that any one from the Chairman, ANDREW L. TAN, the President and Director, WINSTON S. CO, or the Corporate Counsel, ANNA MICHELLE T. LLOVIDO, be authorized , on behalf of the Corporation, to: (1) negotiate, sign, enter into, execute, and deliver the Subscription Agreement for the shares, the Investor Rights Agreement, the Equity Linked Securities Instrument, and such other certifications, documents or instruments that are required or necessary under such agreements; (2) sign all notices, certifications and other filings that are required to be made with the Securities and Exchange Commission and any other agency relative to the subscription and issuance of the shares to cause the listing of the shares with the Philippine Stock Exchange; and (3) do and perform all acts and exercise all powers which may be required or desirable for the consummation of the transaction contemplated herein and in order to carry the foregoing resolutions into effect."

IV. APPROVAL OF EMPLOYEE STOCK OPTION PLAN

The Presiding Officer informed the stockholders that the Board of Directors approved an Employee Stock Option Plan for qualified employees of the Corporation and its subsidiaries that was approved last November 07, 2014.

Upon motion made and duly seconded, the stockholders ratified the following resolutions of the Board of Directors of the Corporation which was adopted last November 07, 2014:

"RESOLVED, that the Board of Directors of the Corporation approve, as it hereby approves, an Employee Stock Option Plan (the "Plan") for qualified employees of the Corporation and its subsidiaries;

"RESOLVED FURTHER, that the Plan shall have the following principal features:

1) Under the Plan, stock options may be granted within ten (10) years from approval by stockholders of the Corporation owning at least 2/3 of its outstanding capital stock;

2) The exercise price shall be at a 15% discount from the volume weighted average closing price (VWAP) of the Corporation's common shares for the nine months immediately preceding the date of grant; however, for the first batch of options to be granted, the exercise price shall be at PHP7.00/share;

3) The Corporation shall reserve up to 1,000,000,000 common shares representing 5% of the authorized capital stock for issuance pursuant to the Plan;

4) Stock options may be exercised by the grantee beginning on his 60^{th} birthday subject to the terms and conditions of the Plan;

"RESOLVED FURTHER, that the Plan shall be administered by the Compensation and Remuneration Committee of the Board, which shall determine the eligible participants of the Plan for a particular calendar year as well as the number of shares to be covered by each option so granted, taking into consideration their position and responsibilities, nature and value of their services and accomplishments, and their present and potential contribution to the success of the Corporation, and such other factors as the Committee may deem relevant;

"RESOLVED, FINALLY, that the Plan shall be deemed adopted upon its approval by shareholders of the Corporation owning at least two-thirds (2/3) of outstanding capital stock, excluding treasury shares."

V. OTHER MATTERS

Mr. Joseph Sy manifested that he received a document from the Securities and Exchange Commission (SEC) regarding the issues and concerns he raised during the annual meeting last June 2014 and the complaint he filed regarding the actions of the old management under Touch Solutions, Inc. The Corporate Secretary noted the manifestation of Mr. Sy and informed him that neither he nor the Company has received a copy of the document from the SEC and that they were not aware of this matter that was mentioned by Mr. Sy. He further informed Mr. Sy that he or the Company has not received any other document regarding an update of the complaint filed with by Mr. Sy with the SEC.

Thereafter, the Corporate Secretary confirmed that there are no other matters in the agenda.

VI. ADJOURNMENT

The meeting was adjourned at 10:30 a.m.

CERTIFIED CORRECT:

DOMINIC V. ISBERTO
Corporate Secretary

SECRETARY'S CERTIFICATE

I, **DOMINIC V. ISBERTO**, of legal age, Filipino, with office address at 28th Floor, The World Centre, 330 Sen. Gil Puyat Avenue, Makati City, Philippines, after having been sworn in accordance with law, depose and state that:

1. I am the Corporate Secretary of **EMPERADOR INC.** (the "Corporation"), a corporation duly organized under Philippine laws with office address at 7th Floor 1880 Eastwood Avenue, Eastwood City CyberPark, 188 E. Rodriguez Jr. Avenue, Bagumbayan, Quezon City, Metro Manila, Philippines.

2. I hereby certify that none of the following directors and/or officers of the Corporation currently works in any government institution or entity:

ANDREW L. TAN	Chairman
WINSTON S. CO	President
KATHERINE L. TAN	Director and Treasurer
KENDRICK ANDREW L. TAN	Director
KINGSON U. SIAN	Director
MIGUEL B. VARELA	Independent Director
ALEJO L. VILLANUEVA, JR.	Independent Director
DOMINIC V. ISBERTO	Corporate Secretary
ROLANDO D. SIATELA	Assistant Corporate Secretary
DINA D. INTING	Compliance Officer and Corporate Information Officer

APR 2 1 2015

IN WITNESS WHEREOF, I have hereunto set my hand this __ day of April 2015 at Makati City, Philippines.

DOMINIC V. ISBERTO
Corporate Secretary

APR 2 1 2015

MAKATI CITY

SUBSCRIBED AND SWORN to before me this __ day of April 2015 at ______ City, Philippines, affiant exhibiting to me his Social Security System Identification No. 33-1952824-1.

NOTARY PUBLIC

ATTY. VIRGILIO R. BATALLA
NOTARY PUBLIC FOR MAKATI CITY
APPOINTMENT NO. M-32
UNTIL DECEMBER 31, 2016
ROLL OF ATTY. NO.48348
MCLE COMPLIANCE NO. IV-0016333/4-10-2013
IBP NO. 705762 – LIFETIME MEMBER
PTR. NO. 474 - 6510 JAN 05, 2015
EXECUTIVE BLDG. CENTER
MAKATI AVE., COR. JUPITER

Doc. No. 187;
Page No. 39;
Book No. 487;
Series of 2015.