CR07169-2016

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q

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

1. For the quarterly period ended
   Sep 30, 2016
2. SEC Identification Number
   A200117595
3. BIR Tax Identification No.
   214-815-715-000
4. Exact name of issuer as specified in its charter
   EMPERADOR INC.
5. Province, country or other jurisdiction of incorporation or organization
   METRO MANILA, PHILIPPINES
6. Industry Classification Code(SEC Use Only)

7. Address of principal office
   7th Floor, 1880 Eastwood Avenue, Eastwood City CyberPark, 188 E. Rodriguez Jr. Ave., Bagumbayan, Quezon City
   Postal Code
   1110
8. Issuer's telephone number, including area code
   632-70920-38 to -41
9. Former name or former address, and former fiscal year, if changed since last report
   N/A
10. Securities registered pursuant to Sections 8 and 12 of the SRC or Sections 4 and 8 of the RSA

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

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

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

Yes No

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

Yes No

EMPERADOR INC.

Emperador Inc.
EMP

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

For the period ended	Sep 30, 2016
Currency (indicate units, if applicable)	Philippine Peso

Balance Sheet

	Period Ended	Fiscal Year Ended (Audited)
	Sep 30, 2016	Dec 31, 2015
Current Assets	38,635,577,977	59,193,040,471
Total Assets	88,905,370,198	98,258,632,558
Current Liabilities	11,380,975,268	39,488,876,151
Total Liabilities	41,378,048,883	48,172,981,524
Retained Earnings/(Deficit)	15,172,374,205	12,971,086,976
Stockholders' Equity	47,527,321,315	50,085,651,034
Stockholders' Equity - Parent	47,521,571,315	50,079,901,034

Book Value per Share	2.95	3.11

Income Statement

	Current Year (3 Months)	Previous Year (3 Months)	Current Year-To-Date	Previous Year-To-Date
Operating Revenue	9,420,161,819	10,747,628,668	27,211,743,545	28,865,142,124
Other Revenue	102,570,150	47,950,380	669,087,889	252,245,238
Gross Revenue	9,522,731,969	10,795,579,048	27,880,831,434	29,117,387,362
Operating Expense	7,339,169,984	8,929,936,477	21,309,161,801	22,764,857,286
Other Expense	286,335,555	112,489,884	637,151,085	413,510,677
Gross Expense	7,625,505,539	9,042,426,361	21,946,312,886	23,178,367,963
Net Income/(Loss) Before Tax	1,897,226,430	1,753,152,687	5,934,518,548	5,939,019,399
Income Tax Expense	413,746,500	310,673,595	1,012,175,319	1,235,654,571
Net Income/(Loss) After Tax	1,483,479,930	1,442,479,092	4,922,343,229	4,703,364,828
Net Income Attributable to Parent Equity Holder	1,483,479,930	1,442,479,092	4,922,343,229	4,703,364,828
Earnings/(Loss) Per Share (Basic)	0.09	0.09	0.31	0.29
Earnings/(Loss) Per Share (Diluted)	0.09	0.09	0.31	0.29

Other Relevant Information

Please see attached copy of the SEC Form 17-Q for the period ended 30 September 2016.

Filed on behalf by:

Name	Erika Marie Tugano
Designation	Authorized Representative

A	2	0	0	1	1	7	5	9	5

S.E.C. Registration Number

EMPERADOR INC.

(Company's Full Name)

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

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

DINA D.R. INTING

Contact Person

709-2038 to 41

Company Telephone Number

1	2		3	1		1	7	-	Q		0	5		3rd Monday

Month Day
Fiscal Year

FORM TYPE
(**QUARTERLY REPORT FOR SEPTEMBER 30,2016)**

Month Day
Annual Meeting

Registration of Securities

Secondary License Type, If Applicable

Dept. Requiring this Doc.

Amended Articles Number/Section

Total Amount of Borrowings

Total No. of Stockholders

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I.D.

Cashier

S T A M P S

Remarks = pls. use black ink for scanning purposes

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q

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

1. For the quarterly period ended...........**September 30, 2016**

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

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

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

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

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

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

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

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

Title of each Class	Number of shares of common stock outstanding
COMMON	**16,120,000,000**

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

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

12. Indicate by check mark whether the registrant:

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

    Yes [✔] No [ ]

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

    Yes [✔] No [ ]

PART I - FINANCIAL INFORMATION

1. Financial Statements

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

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

The interim consolidated financial statements (ICFS) have been prepared in accordance with PFRSs and Philippine Accounting Standard 34, *Interim Financial Reporting*. As such, they do not include all of the information and disclosures required for full annual consolidated financial statements, and thus should be read in conjunction with the audited consolidated financial statements of the Group as at and for the year ended December 31, 2015 (ACFS). The accounting policies and methods of computations used are consistent with those applied in the audited consolidated financial statements of the Group as at and for the year ended December 31, 2015. The ICFS have been prepared using the measurement bases specified by PFRS for each type of asset, liability, income and expenses.

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

Results of Operations – First Nine Months
The Group ended the nine-month period with net profit of P4.9 billion, up 4.7% from a year ago, achieved from higher gross margins from total revenues of P27.9 billion.

Revenues were reported at P27.9 billion this year as compared to P29.1 billion a year ago, a 4.2% slowdown which was attributed to the termination of distribution of an agency brand from the Scotch whisky business last year-end. Own Scotch whisky labels, led by Dalmore and Jura, were driving offshore growth particularly in USA, Latin America, Asia and Europe. The brandy business, which included Emperador and Fundador brands, on the other hand, turned over revenues higher by 9.9% year-on-year. The largest and oldest Spanish brandy and sherry business was folded into the Group beginning March this year. With Bodegas Fundador and Whyte and Mackay, the Group has diversified its product portfolio and international reach.

Gross profit margins in the interim periods improved to 34.1% year-to-date and 32.6% for third quarter, better from a year ago.

Other operating expenses were up 2.1% year-on-year, to P3.4 billion. The Scotch whisky segment had reduced expenses, attributable to the timing and phasing of expenses. The brandy segment, on the other hand, had increased expenses, particularly in advertising and promotional campaigns of the new products and expenses attributed to Bodegas Fundador, particularly professional fees, representation and travel.

Other income rose by P417 million from higher interest income and foreign exchange gains as compared to a year ago. Other charges increased by P224 million from interest expense on loans.

Tax expense was down by 18.1% due to lower taxable income.

EBITDA, which is computed as profit before interest expense, tax, depreciation and amortization, amounted to P7.2 billion in 2016 and P6.8 billion in 2015 representing 25.7% and 23.5% margin in the respective periods.

Financial Condition

Total assets amounted to P88.9 billion as at September 30, 2016 which is P9.4 billion lower than P98.3 billion at December 31, 2015. The Group is strongly liquid with current assets exceeding current liabilities 3.39 times by the end of the interim period. Working capital or liquidity was generally sourced internally from operations. Current assets amounted to P38.6 billion while current liabilities amounted to P11.4 billion at end of interim period.

Cash and cash equivalents dipped by 69.7% or P20.3 billion over the nine-month period with the completion of the Bodegas Fundador acquisition, Tradewind acquisition, the debt repayments, and dividend payments.

Trade and other receivables fell by 37.3% or P5.1 billion, primarily due to higher collections from customers and related parties.

Inventories increased 23.9% or P3.8 billion, primarily from the maturing inventories of Bodegas Fundador and WMG. There is also increased production of finished goods in lead up to the coming Christmas season.

Prepayments and other current assets went up by 299.4% or P988 million mainly due to an increase in creditable withholding taxes and timing of prepayments and subsequent charging to profit or loss of rent, advertising and overheads.

Property, plant and equipment were up by 42.9% or P6.1 billion primarily from the acquired assets of Bodegas Fundador and Tradewind.

Intangible assets rose by 45.3% or P8.0 billion from the four acquired trademarks (Fundador, Terry Centenario, Harveys and Tres Cepas) and goodwill in the acquisition of Bodegas Fundador.

Other non-current assets fell by 92.3% or P2.9 billion with the completion of the Bodegas Fundador acquisition. The P2.85 billion deposit paid last year for the acquisition was applied and closed upon completion in February.

Total Interest-bearing loans and borrowings went down by 10.0% or P2.4 billion as short-term loans were paid and scheduled for refinancing. The new and refinanced loans have five-year term.

Trade and other payables were reduced by 35.4% or P5.4 billion as liabilities were settled during the period.

Income tax payable shrank 7.9% or P33 million due to timing of payment, as the annual local taxes were settled in April.

Accrued interest payable represents accrual of interest on the equity-linked debt securities, which are not yet due and payable.

Provisions went down by 32.6% or P258 million from the onerous lease and dilapidations at WMG books, due to dilapidation payments for the head office which is now vacated.

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

Retirement benefit obligations escalated by 345.6% or P1.6 billion from the additions booked by WMG.

Accumulated translation adjustments refer to the difference resulting in the translation of the foreign subsidiaries' financial statements to Philippine pesos. Monetary assets and liabilities are translated at the closing rate and income and expenses at average exchange rates. For the interim period, there was P3.2 billion additional loss from such monetary translations, brought about by the stronger foreign currencies vis-à-vis the Philippine peso.

Revaluation reserves were reduced by P1.5 billion primarily due to the actuarial loss on retirement benefit obligation booked by WMG.

Five Key Performance Indicators

	M9 2016	M9 2015	Q3 2016	Q3 2015	Q2 2016	Q2 2015	Q1 2016	Q1 2015
Revenues	27,881	29,117	9,523	10,795	9,391	9,427	8,967	8,895
Net profit	4,922	4,703	1,483	1,442	2,034	1,860	1,404	1,401
Revenue growth	-4.2%	45.3%	-11.8%	59.0%	-0.4%	69.8%	0.8%	15.6%
Net profit growth	4.7%	3.0%	2.8%	-4.4%	9.4%	38.7%	0.3%	-18.4%
Net profit rate	17.6%	16.2%	15.6%	13.4%	21.7%	19.7%	15.7%	15.8%
Return on assets	5.5%	6.7%	1.7%	2.1%	2.1%	2.7%	1.4%	1.6%
	Sep 30, 2016		Dec 31, 2015		Jun 30, 2016		Mar 31, 2016	
Total assets	88,905		98,259		99,386		97,475	
Total current assets	38,636		59,193		49,341		47,478	
Total current liabilities	11,381		39,489		37,455		38,164	
Current ratio	3.39x		1.50x		1.32x		1.24x	
Quick ratio	1.53x		1.08x		0.78x		0.75x	

- 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.

Financial Soundness Indicators

Please see submitted schedule.

Other Required Disclosures

As at September 30, 2016, except for what has been noted, there were no other known items –such as trends, demands, commitments, events or uncertainties- affecting assets, liabilities, equity, sales, revenues, net profit or cash flows that were unusual because of their nature, size, or incidents, and that will result in or that are reasonably likely to result in the liquidity increasing or decreasing in any material way, or that would have a material favorable or unfavorable impact on net sales or revenues or income from continuing operations.

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

There are no other known trends or demands, commitments, events or uncertainties that will result in or that are reasonably likely to result in the Group's liquidity increasing or decreasing in any material way. The Group does not have nor anticipate having any cash flow or liquidity problems within the year. The Group is not in default or breach of any note, lease or other indebtedness or financing arrangement requiring it to make payments.

There are no other known events that will trigger direct or contingent financial obligation that is currently considered material to the Group, including any default or acceleration of an obligation. There are no other material off-balance sheet transactions, arrangements, obligations, and other relationships with unconsolidated entities or other persons created during the reporting period.

There are no other known trends, events or uncertainties that have had or that are reasonably expected to have a material favorable or unfavorable impact on net sales or revenues or income from continuing operations. There are also no known events that will cause material change in the relationship between costs and revenues.

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

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

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

EMPERADOR INC. AND SUBSIDIARIES
SCHEDULE OF FINANCIAL SOUNDNESS INDICATORS
SEPTEMBER 30, 2016 and 2015

	9/30/2016	12/31/2015
Current ratio	3.39 : 1	1.50 : 1
Quick ratio	1.53 : 1	1.08 : 1
Liabilities-to-equity ratio	0.87 : 1	0.96 : 1
Asset -to-equity ratio	1.87 : 1	1.96 : 1
		9/30/2015
Net profit margin	17.65%	16.15%
Return on assets	5.54%	6.71%
Return on equity/investment	10.36%	9.84%
Interest rate coverage ratio	10.32	15.42

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

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

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

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

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

EMPERADOR INC. AND SUBSIDIARIES
AGING SCHEDULE OF TRADE AND OTHER RECEIVABLES
SEPTEMBER 30, 2016
(Amounts in Thousand Philippine Pesos)

Trade Receivables	
Current	4,913,548
1 to 30 days	575,204
31 to 60 days	455,258
Over 60 days	1,510,217
Total	7,454,227
Advances to Related Parties	76,936
Other receivables	994,986
Balance at September 30, 2016	**8,526,149**

EMPERADOR INC. AND SUBSIDIARIES
(A Subsidiary of Alliance Global Group, Inc.)
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
SEPTEMBER 30, 2016 AND DECEMBER 31, 2015
(Amounts in Philippine Pesos)

	Notes	Unaudited September 30, 2016	Audited December 31, 2015
A S S E T S			
CURRENT ASSETS			
Cash and cash equivalents	5	P 8,850,386,172	P 29,177,542,237
Trade and other receivables - net	6	8,526,149,790	13,592,915,689
Financial assets at fair value through profit or loss		-	2,654,900
Inventories - net	7	19,940,441,966	16,089,751,648
Prepayments and other current assets		1,318,600,049	330,175,997
Total Current Assets		38,635,577,977	59,193,040,471
NON-CURRENT ASSETS			
Investment in a joint venture	11	3,818,427,441	3,873,264,431
Property, plant and equipment - net	8	20,391,340,489	14,267,074,361
Intangible assets - net	9	25,816,827,365	17,768,351,472
Other non-current assets - net	10	243,196,926	3,156,901,823
Total Non-current Assets		50,269,792,221	39,065,592,087
TOTAL ASSETS		P 88,905,370,198	P 98,258,632,558
LIABILITIES AND EQUITY			
CURRENT LIABILITIES			
Interest-bearing loans and borrowings	12	P 1,195,898,284	P 23,899,762,792
Trade and other payables	14	9,796,494,520	15,167,221,745
Income tax payable		388,582,464	421,891,614
Total Current Liabilities		11,380,975,268	39,488,876,151
NON-CURRENT LIABILITIES			
Interest-bearing loans and borrowings	12	20,302,512,000	
Equity-linked debt securities	13	5,262,670,171	5,259,137,443
Accrued interest payable	13	491,618,630	283,528,767
Provisions		535,764,382	794,258,510
Deferred tax liabilities - net		1,336,371,070	1,883,012,945
Retirement benefit obligation		2,068,137,362	464,167,708
Total Non-current Liabilities		29,997,073,615	8,684,105,373
Total Liabilities		41,378,048,883	48,172,981,524
EQUITY			
Equity attributable to owners of the parent company		47,521,571,315	50,079,901,034
Non-controlling interest		5,750,000	5,750,000
Total Equity		47,527,321,315	50,085,651,034
TOTAL LIABILITIES AND EQUITY		P 88,905,370,198	P 98,258,632,558

- -

See Notes to Consolidated Financial Statements.

EMPERADOR INC. AND SUBSIDIARIES
(A Subsidiary of Alliance Global Group, Inc.)
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE PERIODS ENDED SEPTEMBER 30, 2016 AND 2015
(Amounts in Philippine Pesos)

		September 30, 2016		September 30, 2015	
	Notes	Nine Months	Quarter	Nine Months	Quarter
REVENUES	15	P 27,880,831,434	P 9,522,731,969	P 29,117,387,362	P 10,795,579,048
COSTS AND EXPENSES					
Costs of goods sold	16	17,937,920,804	6,352,617,928	19,463,181,045	7,580,965,546
Selling and distribution expenses	17	2,199,731,944	724,375,964	2,320,492,689	989,304,397
General and administrative expenses	17	1,171,509,053	262,176,092	981,183,552	359,666,534
Other charges	6,12,13	637,151,085	286,335,555	413,510,677	112,489,884
		21,946,312,886	7,625,505,539	23,178,367,963	9,042,426,361
PROFIT BEFORE TAX		5,934,518,548	1,897,226,430	5,939,019,399	1,753,152,687
TAX EXPENSE	18	1,012,175,319	413,746,500	1,235,654,571	310,673,595
NET PROFIT		4,922,343,229	1,483,479,930	4,703,364,828	1,442,479,092
OTHER COMPREHENSIVE INCOME (LOSS)					
Item that will be reclassified subsequently to profit or loss					
Translation gain (loss)		(3,241,829,150)	(1,922,877,086)	(628,604,633)	(10,593,517)
Items that will not be reclassified subsequently to profit or loss					
Net actuarial gain (loss) on retirement benefit obligation		(1,515,082,840)	(831,538,925)	223,725,600	(125,690,400)
		(4,756,911,990)	(2,754,416,011)	(404,879,033)	(136,283,917)
TOTAL COMPREHENSIVE INCOME		P 165,431,239	(P 1,270,936,081)	P 4,298,485,795	P 1,306,195,175
Earnings per share - Basic and Diluted	20	P 0.31	P 0.09	P 0.29	P 0.09

See Notes to Consolidated Financial Statements.

EMPERADOR INC. AND SUBSIDIARIES
(A Subsidiary of Alliance Global Group, Inc.)
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2016 AND 2015
(Amounts in Philippine Pesos)

		Attributable to Owners of the Parent Company										
							Retained Earnings					
	Note	Capital Stock	Additional Paid-in Capital	Accumulated Translation Adjustment	Revaluation Reserves	Share Options Outstanding	Appropriated	Unappropriated	Total	Total	Noncontrolling Interest	Total Equity
Balance at January 1, 2016		P 16,120,000,000	P 22,348,856,023	(P 1,404,255,536)	P 40,162,823	P 4,050,748	P 550,000,000	P 12,421,086,976	P 12,971,086,976	P 50,079,901,034	P 5,750,000	P 50,085,651,034
Aquired from new subsidiary					(2,704,958)					(2,704,958)		(P 2,704,958)
Total comprehensive income for the period		-	-	(3,241,829,150)	(1,515,082,840)	-	-	4,922,343,229	4,922,343,229	165,431,239	-	P 165,431,239
Cash dividends declared during the period	23	-	-	-	-	-	-	(2,721,056,000)	(2,721,056,000)	(2,721,056,000)	-	(2,721,056,000)
Balance at September 30, 2016		**P 16,120,000,000**	**P 22,348,856,023**	**(P 4,646,084,686)**	**(P 1,477,624,975)**	**P 4,050,748**	**P 550,000,000**	**P 14,622,374,205**	**P 15,172,374,205**	**P 47,521,571,315**	**P 5,750,000**	**P 47,527,321,315**
Balance at January 1, 2015		P 16,120,000,000	P 22,348,856,023	(P 685,584,783)	(P 310,304,679)	-	-	P 8,429,030,690	P 8,429,030,690	P 45,901,997,251	-	P 45,901,997,251
Total comprehensive income for the period		-	-	(628,604,633)	223,725,600	-	-	4,703,364,828	4,703,364,828	4,298,485,795	-	4,298,485,795
Cash dividends declared during the period	23	-	-	-	-	-	-	(2,418,000,000)	(2,418,000,000)	(2,418,000,000)	-	(2,418,000,000)
Appropriations during the year	23	-	-	-	-	-	-	-	-	-	-	-
Balance at September 30, 2015		**P 16,120,000,000**	**P 22,348,856,023**	**(P 1,314,189,416)**	**(P 86,579,079)**	**-**	**-**	**P 10,714,395,518**	**P 10,714,395,518**	**P 47,782,483,046**	**-**	**P 47,782,483,046**

See Notes to Consolidated Financial Statements.

EMPERADOR INC. AND SUBSIDIARIES
(A Subsidiary of Alliance Global Group, Inc.)
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2016 AND 2015
(Amounts in Philippine Pesos)

	Notes	September 30, 2016	September 30, 2015
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		**P 5,934,518,548**	P 5,939,019,399
Adjustments for:			
Interest expense		**636,738,796**	411,876,492
Depreciation and amortization	8	**522,523,438**	403,367,777
Amortization of trademarks	9	**77,154,501**	77,154,501
Earnings Before Interest, Taxes, Depreciation and Amortization		**7,170,935,283**	6,831,418,169
Interest income		**(239,738,985)**	(85,243,757)
Share in net profit of joint venture	11	**(38,845,488)**	(98,326,716)
Impairment losses	6	**316,870**	1,634,185
Gain on sale of property, plant and equipment	8	**(1,094,091)**	(1,519,806)
Operating profit before working capital changes		**6,891,573,589**	6,647,962,075
Decrease in trade and other receivables		**3,560,000,707**	1,329,940,379
Decrease in financial instruments at fair value through profit or loss		**2,654,900**	806,588,558
Increase in inventories		**(1,242,934,538)**	(293,270,109)
Decrease (increase) in prepayments and other current assets		**(992,909,107)**	80,228,519
Decrease (increase) in other non-current assets		**(502,012,301)**	87,642,394
Decrease in trade and other payables		**(7,180,539,583)**	(7,642,293,856)
Increase (decrease) in retirement benefit obligation		**74,919,156**	(343,273,252)
Cash generated from (used in) operations		**610,752,823**	673,524,708
Cash paid for income taxes		**(976,453,147)**	(1,360,438,533)
Net Cash From (Used in) Operating Activities		**(365,700,324)**	(686,913,825)
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of an offshore business unit	1	**(11,850,742,240)**	-
Acquisition of a local subsidiary	1	**(1,624,999,996)**	-
Acquisitions of property, plant and equipment	8	**(1,209,794,625)**	(2,070,079,790)
Dividends from a joint venture	11	**93,682,478**	-
Interest received		**239,738,985**	107,720,706
Proceeds from sale of property, plant and equipment	8	**9,540,882**	2,977,332
Net Cash Used in Investing Activities		**(14,342,574,516)**	(1,959,381,752)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends Paid		**(2,721,056,000)**	(2,418,000,000)
Proceeds from new borrowing	12	**1,500,000,000**	341,388,900
Repayment of borrowings	12	**(3,982,376,508)**	(23,827,219,465)
Interest paid		**(420,609,380)**	(156,977,731)
Net Cash Used in Financing Activities		**(5,624,041,888)**	(26,060,808,296)
NET DECREASE IN CASH AND CASH EQUIVALENTS		**(20,332,316,728)**	(28,707,103,873)
CASH AND CASH EQUIVALENTS FROM AN ACQUIRED SUBSIDIARY	1	**5,160,663**	
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		**29,177,542,237**	35,234,629,567
CASH AND CASH EQUIVALENTS AT END OF YEAR		**P 8,850,386,172**	P 6,527,525,694

See Notes to Consolidated Financial Statements.

EMPERADOR INC. AND SUBSIDIARIES
(A Subsidiary of Alliance Global Group, Inc.)
NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2016
(With Comparative Figures for December 31, 2015 and September 30, 2015)
(Amounts in Philippine Pesos)

1. CORPORATE INFORMATION AND UPDATE

Emperador Inc. (EMP or the Parent Company or the Company) is a holding company which operates an integrated business of manufacturing, bottling and distributing distilled spirits and other alcoholic beverages from the Philippines and Europe, through its wholly-owned subsidiaries. At present, the Group has a wider range of products in its portfolio - from value to super premium – and an international reach to 100 countries.

Through **Emperador Distillers, Inc.** (“EDI”), EMP has established its identity in the Philippine alcoholic beverages business with high quality liquor products - predominated by own brand ‘Emperador Brandy’ which makes EDI the Philippines’ largest liquor company and the world’s largest brandy producer; ‘Andy Player Whisky’ which was re-launched in October 2015; ‘The Bar’ which is the Philippines’ first flavored alcoholic drink; ‘Smirnoff Mule Vodka’ which is a licensed ready-to-drink product launched in April 2015; and other new products concocted and launched during the year. It also distributes the products from Whyte and Mackay, Fundador and Ernest and Gallo wines.

Through **Whyte and Mackay Group Limited** (“WMG” or “Whyte and Mackay”) of United Kingdom, EMP operates a 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, which include the British luxury brand ‘The Dalmore Single Highland Malt’, ‘Jura Premium Single Malt’, and ‘Whyte & Mackay Blended Scotch Whisky’, are distributed in over 50 countries.

Through **Bodegas Fundador S.L.U**. (“Bodegas Fundador”) of Spain, a wholly-owned subsidiary of **Grupo Emperador Spain**, EMP concluded on February 29, 2016 the purchase of the brandy and sherry business from Beam Spain, S.L. which include four iconic brands - ‘Fundador Brandy de Jerez’, the first Spanish brandy to be marketed; ‘Terry Centenario’, the largest brandy in Spain; ‘Tres Cepas’, a market leader in Equatorial Guinea; and ‘Harveys’, the no. 1 selling sherry wine in the world and the leader in UK where it holds the distinction of being the only sherry wine that can be served to the Queen in Buckingham Palace. This recent acquisition fortified EMP’s brandy business and sherry wine business in Spain and United Kingdom, making it the largest brandy company in the world. Bodegas Fundador has the largest and oldest brandy facility in Spain. The purchase is valued at P14.7 billion, including taxes, and consists of: (In Million Pesos)

Tangible assets acquired -	
Property, plant and equipment	P 4,137
Inventories	2,457
Intangible assets acquired -	
Trademarks	6,663
Goodwill	1,463
Total cash paid	P 14,720

On March 11, 2016, EDI acquired full control of **Tradewind Estates, Inc**. which owns the land and main building where the Laguna plant stands.

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

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

The consolidated financial statements of the Group as of and for the period ended September 30, 2016 (including the comparative consolidated financial statements as of December 31, 2015 and for the interim period ended September 30, 2015) were authorized for issue by the Parent Company's Board of Directors through the Audit Committee on November 8, 2016.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of Preparation of Consolidated Financial Statements

(a) Statement of Compliance with Philippine Financial Reporting Standards

These interim consolidated financial statements have been prepared in accordance with Philippine Accounting Standard (PAS) 34, *Interim Financial Reporting*. They do not include all of the information required in annual financial statements in accordance with PFRS, and should be read in conjunction with the Group's audited consolidated financial statements as of and for the year ended December 31, 2015.

The significant accounting policies and methods of computations used in the preparation of these interim consolidated financial statements are consistent with those applied in the most recent annual consolidated financial statements as of and for the year ended December 31, 2015, except for the application of adopted standards that became effective on January 1, 2016, as discussed in Note 2.2.

Certain accounts in the 2015 interim consolidated statement of comprehensive income were reclassified to conform with the annual consolidated financial statement presentation that year.

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

2.2 Adoption of Amended PFRS and Interpretation

Effective 2016 that are relevant to the Group

There are new PFRS, amendments and annual improvements to existing standards effective for annual periods subsequent to 2015 which are adopted by the FRSC. Management will adopt the relevant pronouncements in accordance with their transitional provisions, and, unless otherwise stated, none of the following are expected to have significant impact on the Group's consolidated financial statements. See 2015 Note 2.2(b)]

(i) PAS 1 (Amendment), *Presentation of Financial Statements – Disclosure Initiative* (effective from January 1, 2016)
(ii) 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).
(iii) PAS 28 (Amendment), *Investments in Associates and Joint Ventures – Investment Entities – Applying the Consolidation Exception* (effective from January 1, 2016)
(iv) PFRS 10 (Amendment), *Consolidated Financial Statements,* PFRS 12, *Disclosure of Interests in Other Entities,* and PAS 28 (Amendment), *Investments in Associates and Joint Ventures – Investment Entities – Applying the Consolidation Exception* (effective from January 1, 2016)

(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 date deferred indefinitely)

(vi) PFRS 11 (Amendment), *Joint Arrangements – Accounting for Acquisitions of Interest in Joint Operations* (effective from January 1, 2016)
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). Management is currently assessing the impact of PFRS 9 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 (2012-2014 Cycle) (effective from January 1, 2016). Among the improvements, the following amendments are relevant to the Group but management does not expect these to have material impact on the Group's consolidated financial statements:

- PAS 19 (Amendment), *Employee Benefits – Discount Rate.*
- PFRS 7 (Amendment), *Financial Instruments – Disclosures.*

2.3 Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Group's executive committee; its chief operating decision-maker. Each of these operating segments is managed separately as each of these product lines requires different processes and other resources as well as marketing approaches. All inter-segment transfers are carried out at arm's length prices.

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

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

3. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

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

3.1 Critical Management Judgments in Applying Accounting Policies

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

3.2 Key Sources of Estimation Uncertainty

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

4. SEGMENT INFORMATION

The Group is organized into two business segments, Emperador and WMG, which represent the two major distilled spirits categories where the Group operates, namely the brandy and Scotch whisky. This is also the basis of the Group's executive committee for its strategic decision-making activities.

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

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

4.1. Analysis of Segment Information

Segment information for the years ended September 30, 2016 and 2015 (in thousands) are as follows:

	EMPERADOR		WMG		Total	
	2016	2015	**2016**	2015	**2016**	2015
REVENUES	**P 20,178,400**	P 18,355,153	**P 7,702,431**	P 10,762,235	**P 27,880,831**	P 29,117,388
COSTS AND EXPENSES						
Costs of goods sold	**12,442,057**	10,860,064	**5,495,864**	8,603,117	**17,937,921**	19,463,181
Selling and distribution	**1,609,617**	1,634,007	**590,115**	686,486	**2,199,732**	2,320,493
General and administrative	**323,977**	69,374	**847,532**	911,809	**1,171,509**	981,183
Other charges	**555,704**	359,220	**81,447**	54,290	**637,151**	413,510
	14,931,355	12,922,665	**7,014,958**	10,255,702	**21,946,313**	23,178,367
SEGMENT PROFIT BEFORE TAX	**5,247,045**	5,432,488	**687,473**	506,533	**5,934,518**	5,939,021
TAX EXPENSE	**1,018,409**	1,223,351	**(6,233)**	12,304	**1,012,176**	1,235,655
SEGMENT NET PROFIT	**P 4,228,636**	P 4,209,137	**P 693,706**	P 494,229	**4,922,342**	P 4,703,366
	Sep30,2016	Dec31,2015	**Sep30,2016**	Dec31,2015	**Sep30,2016**	Dec31,2015
Total assets	**P 48,436,425**	P54,832,345	**P 40,468,945**	P43,426,288	**P 88,905,370**	P98,258,633
Total liabilities	**P 31,419,091**	P37,762,618	**P 9,958,958**	P10,410,364	**P 41,378,049**	P48,172,982

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

5. CASH AND CASH EQUIVALENTS

This account includes the following components:

		September 30, 2016 (Unaudited)		December 31, 2015 Audited
Cash on hand and in banks	**P**	**1,807,561,169**	P	16,296,974,597
Short-term placements		**7,042,825,003**		12,880,567,640
	P	**8,850,386,172**	P	29,177,542,237

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 1.25% to 2.75% in the nine months ended of 2016 (see Note 15).

6. TRADE AND OTHER RECEIVABLES

Details of this account are as follows

			September 30, 2016 (Unaudited)		December 31, 2015 (Audited)
Trade receivables	19.4	**P**	**7,511,444,149**	P	11,627,694,408
Advances to related parties	19.6		**76,935,925**		1,628,798,800
Advances to suppliers			**825,534,965**		336,354,121
Advances to officers and employees	19.5		**24,377,589**		21,491,459
Accrued interest receivable			**137,356**		201,972
Other receivables			**144,936,103**		35,274,356
			8,583,366,087		13,649,815,116
Allowance for impairment			**(57,216,297)**		(56,899,427)
		P	**8,526,149,790**	P	13,592,915,689

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 22.2).

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.

		September 30, 2016 (Unaudited)		December 31, 2015 (Audited)
Balance at beginning of year	**P**	**56,899,427**	P	78,318,123
Impairment losses		**316,870**		3,426,329
Collections		**-**		(24,845,025)
	P	**57,216,297**	P	56,899,427

Certain receivables previously provided with allowance for impairment were collected which reduced the allowance for impairment by the same amount and were recognized as part of Other revenues under the Revenues account in the interim consolidated statement of comprehensive income (see Note 15).

Impairment losses on trade and other receivables are presented as part of Other Charges in the interim consolidated statements of comprehensive income.

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

7. INVENTORIES

Inventories as of September 30, 2016 and December 31, 2015, 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 in the succeeding page.

	Notes		September 30, 2015 (Unaudited)		December 31, 2015 (Audited)
Finished goods	1, 19.1	**P**	**2,893,568,317**	P	2,326,981,897
Work-in-process	1, 8		**13,796,493,475**		11,494,183,891
Raw materials	1, 19.1		**2,439,869,101**		1,858,531,561
Packaging materials	1		**576,355,512**		399,369,933
Machinery spare parts, Consumables and factory supplies	1		**359,506,671**		155,653,361
			20,065,793,076		16,234,720,643
Allowance for inventory write-down			**(125,351,110)**		(144,968,995)
		P	**19,940,441,966**	P	16,089,751,648

The maturing liquid stock inventory is presented as part of work-in-process inventories, and is stored in various locations across Scotland and Spain.

An analysis of the cost of inventories included in costs of goods sold for the period ended September 30, 2016 and 2015 is presented in Note 16.

8. PROPERTY, PLANT AND EQUIPMENT

The gross carrying amounts and accumulated depreciation and amortization of property, plant and equipment as of September 30, 2016 and December 31, 2015 are shown below.

		September 30, 2016 (Unaudited)		December 31, 2015 Audited
Cost	**P**	**27,685,200,452**	P	21,373,460,736
Accumulated depreciation and amortization		**(7,293,859,963)**		(7,106,386,375)
Net carrying amount	**P**	**20,391,340,489**	P	14,267,074,361

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

	Note		September 30, 2016 (Unaudited)		December 31, 2015 Audited
Balance at beginning of period, net of accumulated depreciation and amortization		**P**	**14,267,074,361**	P	11,467,808,296
Acquired from business unit and subsidiary	1		**5,596,471,143**		-
Additions during the period			**1,209,794,625**		3,544,640,919
Disposals during the period			**(8,446,791)**		(10,155,278)
Depreciation/amortization charges for the period			**(673,552,849)**		(735,219,576)
Balance at the end of the period, net of accumulated depreciation and amortization		**P**	**20,391,340,489**	P	14,267,074,361

The construction of a distillery plant located at Balayan, Batangas is still ongoing as of September 30, 2016 as well as the upgrade of IT system and buildings in UK.

The amount of depreciation and amortization is allocated as follows:

	Notes		For the Nine months Ended September 30, 2016 (Unaudited)		September 30, 2015 (Unaudited)
Cost of goods sold	16	**P**	**476,333,749**	P	268,600,209
Selling and Distribution Expenses	17		**24,223,861**		22,211,249
Administrative expenses	17		**21,965,828**		112,556,319
		P	**522,523,438**	P	403,367,777

For the period September 30, 2016 and 2015, depreciation expense amounting to P151.0 million and P144.8 million were capitalized to form part of the work-in-process inventory. Such capitalized amounts represent depreciation expense on barrels and warehouse buildings wherein the maturing bulk stocks of whisky are held, which can reach periods of up to 60 years.

9. INTANGIBLE ASSETS

This account is composed of the following:

	Note		September 30, 2016 (Unaudited)		December 31, 2015 (Audited)
Trademarks	1	**P**	**16,681,275,707**	P	10,095,457,168
Goodwill	1		**9,135,551,658**		7,672,894,304
		P	**25,816,827,365**	P	17,768,351,472

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

	Note		September 30, 2016 (Unaudited)		December 31, 2015 (Audited)
Balance at beginning		**P**	**123,313,026**	P	226,185,694
Amortization	17		**(77,154,501)**		(102,872,668)
Balance at end of year		**P**	**46,158,525**	P	123,313,026

Management believes that the trademarks are not impaired as of September 30, 2016 and December 31, 2015 as the Group's products that carry such brands and trademarks are still performing very well in the market; hence, no impairment is necessary to be recognized in the periods presented.

10. OTHER NON-CURRENT ASSETS

This account is composed of the following:

	Note		September 30, 2016 (Unaudited)		December 31, 2015 (Audited)
Deposit for asset acquisition	1	**P**	**-**	P	2,848,690,163
Deferred input VAT			**193,767,187**		258,615,169
Refundable security deposits – net	19.3		**42,137,795**		41,422,457
Other assets			**7,291,944**		8,174,034
		P	**243,196,926**	P	3,156,901,823

11. INVESTMENT IN A JOINT VENTURE

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

			September 30, 2016 (Unaudited)		December 31, 2015 Audited
Acquisition cost		**P**	**3,703,721,965**	P	3,703,721,965
Accumulated equity in net earnings, beg			**169,542,466**		39,534,826
Dividend received			**(93,682,478)**		
Equity share in net profit for the period	15		**38,845,488**		130,007,640
Accumulated equity in net earnings, end			**114,705,476**		169,542,466
		P	**3,818,427,441**	P	3,873,264,431

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

12. INTEREST-BEARING LOANS AND BORROWINGS

The Group has foreign-currency denominated loans offshore which amounted to P20.0 billion and P23.9 billion as of September 30, 2016 and December 31, 2015, respectively, and a newly drawn P1.5 billion peso-denominated five-year loan as of September 30, 2016. These loans are generally unsecured and bear interest ranging from 0.65% to 1.4% per annum for the offshore loans and 5.5% per annum for the peso loan. Refinancing of a maturing GBP loan to a five-year term is currently underway and expected to be finalized mid-November, that is why it is presented as non-current liability in the consolidated statement of financial position.

Interest expense on these loans amounted to P338 million in the current interim period (P139.3 million in 2015), which is presented as part of Other Charges, while accrued interest thereon amounted to P28.2 million and P29.7 million as of end-September 2016 and yearend-2015, respectively, which are presented as part of Accrued expenses under the Trade and Other Payables account (see Note 14). The Group complies with the financial covenants on these loans and borrowings.

13. EQUITY-LINKED DEBT SECURITIES

The equity-linked debt securities instrument (ELS) amounting to P5.3 billion were issued to Arran Investment Private Limited (Arran or Investor) in 2014, as part of its investment in EMP. The ELS may be converted into 480.0 million common shares (conversion shares) of EMP.

Interest expense for the interim periods ended September 30, 2016 and 2015 amounted to P289.1 million and P271.6 million, respectively, and are presented as part of Other Charges in the interim consolidated statements of comprehensive income. The related interest payable amounting to P491.6 million and P283.5 million as of September 30, 2016 and December 31, 2015, respectively, are presented as Accrued Interest Payable under Non-current liabilities in the interim consolidated statements of financial position.

The documentary stamp taxes (DST) paid 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 P3.5 million and P1.0 million in the nine months ended of 2016 and 2015, respectively, and presented as part of Other Charges in the interim consolidated statements of comprehensive income.

There were no related collaterals on the ELS.

14. TRADE AND OTHER PAYABLES

The breakdown of this account is as follows:

	Notes		September 30, 2016 (Unaudited)		December 31, 2015 (Audited)
Trade payables	19.1, 19.2 19.3, 19.7	**P**	**3,685,015,983**	P	6,460,787,974
Advances from related parties	19.6		**2,222,123,780**		4,672,827,792
Accrued expenses	12		**3,255,880,946**		3,488,704,748
Output VAT payable			**405,581,591**		507,067,987
Others			**227,892,220**		37,833,244
		P	**9,796,494,520**	P	15,167,221,745

15. REVENUES

			For the Nine months Ended		
			September 30, 2016 (Unaudited)		September 30, 2015 (Unaudited)
Sale of goods	19.4	**P**	**27,211,743,545**	P	28,865,142,124
Other revenues – net	5,6,11		**669,087,889**		252,245,238
		P	**27,880,831,434**	P	29,117,387,362

16. COSTS OF GOODS SOLD

			For the Nine months Ended		
			September 30, 2016 (Unaudited)		September 30, 2015 (Unaudited)
Finished goods, beginning	7	**P**	**2,326,981,897**	P	2,109,429,719
Addition due to acquired business unit	1		**72,932,543**		-
Finished goods purchased	19.1		**1,700,899,674**		1,482,389,475
Costs of goods manufactured					
Raw and packaging materials, beginning	7		**2,257,901,494**		3,237,689,432
Addition due to acquired business unit	1		**56,943,753**		
Net purchases	19.1		**14,876,708,924**		16,586,122,003
Raw and packaging materials, end	7		**(3,016,224,613)**		(3,002,807,154)
Raw materials used			**14,175,329,558**		16,821,004,281
Work-in-process, beginning	7		**11,494,183,891**		9,901,698,258
Work-in-process acquired during the year	1		**2,326,850,106**		
Direct labor			**478,238,391**		259,015,943
Manufacturing overhead					
Depreciation and amortization	8		**476,333,749**		268,600,209

Labor		**265,157,916**	255,900,285
Rentals	19.3	**218,776,713**	191,125,365
Outside services	19.7	**238,780,432**	180,777,582
Fuel and lubricants		**204,007,808**	210,597,880
Communication, light and water		**172,336,846**	151,716,652
Repairs and Maintenance		**141,435,571**	89,717,925
Taxes and licenses		**66,459,079**	29,348,870
Consumables and Supplies	1	**61,366,763**	67,226,696
Insurance		**34,762,286**	24,118,962
Commission		**36,396,880**	22,808,226
Transportation		**18,306,211**	14,479,450
Waste disposal		**12,611,571**	12,531,422
Gasoline and oil		**5,118,035**	6,063,426
Meals		**3,396,043**	3,425,038
Miscellaneous		**97,320,633**	36,350,536
Work-in-process, end	7	**(13,796,493,475)**	(10,853,254,559)
		2,555,345,449	872,248,166
Finished goods, end	7	**(2,893,568,317)**	(1,821,890,596)
		P 17,937,920,804	P 19,463,181,045

17. OTHER OPERATING EXPENSES

	Notes	**For the Nine months Ended September 30, 2016 (Unaudited)**	September 30, 2015 (Unaudited)
Advertising		**P 1,081,216,885**	P 1,040,325,779
Salaries and employee benefits		**685,922,155**	586,550,285
Freight out		**388,193,162**	585,760,086
Professional fees and outside services		**324,688,627**	233,924,008
Representation		**150,494,981**	106,239,090
Travel and transportation		**137,369,330**	108,993,931
Other Services		**116,107,450**	105,999,932
Taxes and licenses		**87,025,139**	53,373,192
Rentals	19.3	**64,462,682**	98,282,233
Amortization of trademarks	9	**77,154,501**	77,154,501
Consumables and supplies		**22,944,707**	21,945,194
Depreciation & amortization	8	**46,189,689**	134,767,568
Fuel and oil		**33,758,060**	37,594,827
Meals		**31,126,257**	28,344,620
Repairs and maintenance		**29,881,849**	28,987,109
Utilities		**17,815,294**	20,443,318
Insurance		**6,827,852**	7,061,807
Miscellaneous		**70,062,377**	24,313,829
Trading fees		**-**	1,614,932
		P 3,371,240,997	P 3,301,676,241

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

	For the Nine months Ended			
		September 30, 2016 (Unaudited)		September 30, 2015 (Unaudited)
Selling and Distribution expenses	**P**	**2,199,731,944**	P	2,320,492,689
General and Administrative expenses		**1,171,509,053**		981,183,552
	P	**3,371,240,997**	P	3,301,676,241

18. TAXES

The Group is subject domestically to the higher of RCIT at 30% of net taxable income or minimum corporate income tax (MCIT) which is at 2% of gross profit, as defined under the tax regulations. In September 30, 2016 and 2015, the Group opted to claim itemized deductions in computing its income tax due.

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

19. RELATED PARTY TRANSACTIONS

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

The summary of the Group's transactions with its related parties in September 30, 2016 and 2015 and the related outstanding balances as of September 30, 2016 and December 31, 2015 are as follows:

		Amount of Transaction For the Nine months Ended		**Outstanding Receivable (Payable) as of**	
	Notes	**September 30, 2016**	**September 30, 2015**	**September 30, 2016**	December 31, 2015
Ultimate Parent Company:					
Lease of properties	19.3	**6,000,000**	6,000,000	**(8,742,366)**	(11,462,366)
Advances granted (collected)	19.6	**(1,478,064,075)**	(355,000,000)	**76,935,925**	1,555,000,000
Related Parties Under Common Ownership:					
Purchase of raw materials	19.1	**2,196,603,717**	1,745,785,282	**(1,016,197,714)**	(1,200,024,526)
Purchase of finished goods	19.1	**5,870,731**	3,390,752	**-**	(207,002)
Lease of properties	19.3	**19,362,630**	61,949,459	**(259,472)**	(88,221,500)
Advances paid (obtained)	19.6	**2,449,447,551**	(6,715,187,726)	**(2,219,053,065)**	(4,668,500,616)
Acquisition of machineries and equipment	19.2	**191,584,700**	-	**-**	(191,584,700)
Sale of goods	19.4	**33,609,841**	5,633,711	**25,942,271**	35,027,581
Management Services	19.7	**51,000,000**	101,250,000	**-**	(102,975,000)
Advances granted (collected)	19.6	**(73,798,800)**	(321,501,200)	**-**	73,798,800
Stockholder -					
Advances paid (obtained)	19.6	**1,256,461**	15,759	**(3,070,715)**	(4,327,176)
Issuance of ELS	13			**(5,280,000,000)**	(5,280,000,000)
Officers and Employees -					
Advances granted (payment)	19.5	**2,886,130**	8,587,216	**24,377,589**	21,491,459

The Group's outstanding receivables from and payables to related parties arising from the above transactions are unsecured, noninterest-bearing and payable on demand, unless otherwise stated. No impairment loss was recognized for the nine months Ended September 30, 2016 and 2015 for related party receivables.

19.1 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 through AGL. 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.

These transactions are payable within 30 days. The outstanding balances as of September 30, 2016 and December 31, 2015 are shown as part of Trade Payables under the Trade and Other Payables account in the interim consolidated statements of financial position (see Note 14).

19.2 Acquisition of Machinery and Equipment

In 2010, the Group purchased certain machinery and equipment from TEI for P285.4 million. Outstanding balance of P191.6 million were paid during the first quarter of 2016 .

19.3 Lease Agreements

Total rental expense arising from the lease contract with TEI as the lessor amounted to P43.7 million for the nine months period ended September 30, 2015, and presented as part of Rentals under the Costs of Goods Sold account in the interim consolidated statements of comprehensive income (see Note 16). As of December 31, 2015, unpaid rentals relating to this lease agreement amounted to P88.2 million, and is presented as part of Trade payables under the Trade and Other Payables account (see Note 14). TEI became a wholly-owned subsidiary in 2016 and thus intercompany transactions and balances as of and for the interim period ended September 30, 2016 were eliminated in the consolidation.

Total rental expense from the lease contract with Megaworld for head office spaces for the nine months ended September 30, 2016 and 2015 amounted to P19.4 million, and P18.2 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 interim consolidated statements of comprehensive income (see Note 16 & 17). There are no unpaid rentals related to this lease agreement as of September 30, 2016 and December 31, 2015.

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 interim consolidated statements of financial position with carrying amounts of P8.0 million and P22.1 million as of September 30, 2016 and December 31, 2015, respectively (see Note 10).

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 P6.0 million for the nine months ended September 30, 2016 and 2015 were charged to operations under Cost of Goods Sold in the interim consolidated statements of comprehensive income (see Note 16). The outstanding liability from this transaction is shown as Trade payables under the Trade and Other Payables account in the interim consolidated statements of financial position (see Note 14).

19.4 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 nine months. These receivables are presented as part of Trade receivables under the Trade and Other Receivables account in the interim consolidated statements of financial position (see Note 6).

19.5 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 interim consolidated statements of financial position (see Note 6).

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

		September 30, 2016 (Unaudited)		December 31, 2015 (Audited)
Balance at the beginning	**P**	**21,491,459**	P	10,720,071
Additions		**2,886,130**		20,619,238
Payments		**-**		(9,847,850)
Balance at the end	**P**	**24,377,589**	P	21,491,459

19.6 Advances to (from) Related Parties

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

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

		September 30, 2016 (Unaudited)		December 31, 2015 (Audited)
Balance at the beginning	**P**	**4,672,827,792**	P	11,210,404,733
Additions				
Payments		**(2,450,704,015)**		(6,537,576,941)
Balance at the end	**P**	**2,222,123,777**	P	4,672,827,792

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. The outstanding receivable amounted to P179.5 million and P1.6 billion as of September 30, 2016 and December 31, 2015, respectively, and presented as part of Advances to related parties under the Trade and Other Receivables account in the interim consolidated statements of financial position (see Note 6).

19.7 Management Services

EDI has a management agreement with TEI, for 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. It also has another management agreement with Condis in relation to EDI's operation, management and maintenance of its distillery plant.

Total management fees incurred are presented as part of Outside services under the Costs of Goods Sold account in the interim consolidated statements of comprehensive income (see Note 16). The outstanding liability arising from management is presented as part of Trade payables under the Trade and Other Payables account in the interim consolidated statement of financial position (see Note 14). The related liabilities are unsecured and noninterest-bearing.

Transactions with TEI and balances as of and for the interim period ended September 30, 2016 were eliminated in the consolidation

20. EARNINGS PER SHARE

Earnings per share were computed as follows:

	September 30, 2016 (Unaudited)	September 30, 2015 (Unaudited)
Net profit	**P 4,922,343,229**	P 4,703,364,828
Divided by the weighted average number of outstanding common shares	**16,120,000,000**	16,120,000,000
	P 0.31	P 0.29

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

The weighted average number of outstanding common shares for September 30, 2016 and 2015 pertains to the common shares of EMP.

21. COMMITMENTS AND CONTINGENCIES

The Group entered into non-cancellable leases covering certain manufacturing plant facilities, storage tanks and office spaces. The leases are for periods ranging from one to 50 years which are renewable thereafter upon mutual agreement of both parties. Several warehouse lease agreements with different lessors were likewise executed with lease period ranging from one to three years, which are renewable thereafter upon mutual agreement between the parties. The future minimum rentals payable under these operating leases as of September 30, 2016 and December 31, 2015 are as follows:

	September 30, 2016 (Unaudited)	December 31, 2015 (Audited)
Within one year	**P 58,413,814**	P 138,060,125
After one year but not more than five years	**52,961,997**	328,006,684
More than five years	**-**	232,800,000
	P 111,375,811	P 698,866,809

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.

22. 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.

22.1 Market Risk

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

(a) Foreign Currency Risk

Most of the Group's transactions are carried out in Philippine pesos, US dollars, Euros, and UK pounds, which are the entities' functional currencies. Exposures to currency exchange rates arise from the Group's foreign currency-denominated transactions at each entity level. EDI holds US dollar denominated cash and cash equivalents as of September 30, 2016 and December 31, 2015.

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

	September 30, 2016 (Unaudited)	December 31, 2015 (Audited)
Financial assets	**P 1,038,916**	P 1,525,900
Financial liabilities	**-**	(1,256,461)
Net assets (liabilities)	**P 1,038,916**	P 269,439

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

	Reasonably possible change in rate	Effect in profit before tax	Effect in equity
September 30, 2016	**4.28%**	**P 44,480**	**P 31,136**
December 31, 2015	3.47%	P 9,350	P 6,545

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 September 30, 2016 and December 31, 2015, 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.

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.

22.2 Credit Risk

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

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

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

	Notes		**September 30, 2016 (Unaudited)**		December 31, 2015 (Audited)
Cash and cash equivalents	5	**P**	**8,850,386,172**	P	29,177,542,237
Trade and other receivables – net	6		**7,700,614,825**		13,256,561,568
Refundable security deposits	10		**42,137,795**		41,422,457
		P	**16,593,138,972**	P	42,475,526,262

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 P825.5 million and P336.4 million as of September 30, 2016 and December 31, 2015, respectively (see Note 6).

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

	September 30, 2016 (Unaudited)	December 31, 2015 (Audited)
Not more than 3 months	P 1,030,462,345	P 1,720,342,929
More than 3 months but not more than nine months	1,510,217,099	734,704,966
	P 2,540,679,444	P 2,455,047,895

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

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

22.3 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 nine-month and one-year period are identified monthly.

As at September 30, 2016 and December 31, 2015, the Group's financial liabilities are presented below.

	September 30, 2016 (Unaudited)		
	Within 6 Months	6 to 12 Months	1 to 5 Years
Interest-bearing loans and borrowings	P 223,897,203	P 1,423,383,182	22,007,818,701
Trade and other payables	9,330,108,164	-	-
ELS	-	-	6,738,766,650
	P 9,554,005,367	P 1,423,383,182	P28,746,585,351

	December 31, 2015 (Audited)		
	Within 6 Months	6-12 Months	1-5 Years
Interest-bearing loans and borrowings	P 5,689,201,950	P 18,539,668,551	P -
Trade and other payables	14,630,899,514	-	-
ELS	-	-	6,738,766,650
	P 20,320,101,464	P 18,539,668,551	P 6,738,766,650

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

23. CATEGORIES AND OFFSETTING OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

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

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

	Notes	September 30, 2016 (Unaudited) Carrying Values	Fair Values	December 31, 2015 (Audited) Carrying Values	Fair Values
Financial Assets					
Loans and receivables:					
Cash and cash equivalents	5	**8,850,386,172**	**8,850,386,172**	29,177,542,237	29,177,542,237
Trade and other receivables	6	**7,700,614,825**	**7,700,614,825**	13,256,561,568	13,256,561,568
Refundable security deposits	10	**42,137,795**	**42,137,795**	41,422,457	41,422,457
FVTPL financial assets		**-**	**-**	2,654,900	2,654,900
		P 16,593,138,792	**P 16,593,138,792**	P 42,478,181,162	P 42,478,181,162
Financial Liabilities					
Financial liabilities at amortized cost:					
Interest-bearing loans and borrowings	12	**1,195,898,284**	**1,195,898,284**	23,899,762,792	23,899,762,792
Trade and other payables	14	**9,330,108,164**	**9,330,108,164**	14,630,899,514	14,630,899,514
ELS	13	**5,262,670,171**	**5,262,670,171**	5,259,137,443	5,259,137,443
Accrued interest payable		**491,618,630**	**491,618,630**	283,528,767	283,528,767
FVTPL liability		**-**	**-**	-	-
		P 16,280,295,249	**P 16,280,295,249**	P 44,073,328,516	P 44,073,328,516

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

23.2 Offsetting of Financial Assets and Financial Liabilities

Currently, the Group's other financial assets and financial liabilities are settled on a gross basis because there is no relevant offsetting arrangement on them as of September 30, 2016 and December 31, 2015. In subsequent reporting periods, each party to the financial instruments (particularly those involving related parties) may decide to enter into an offsetting arrangement in the event of default of the other party.

24. FAIR VALUE MEASUREMENT AND DISCLOSURES

24.1 Fair Value Hierarchy

In accordance with PFRS 13, 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.

24.2 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 interim consolidated statements of financial position on a recurring basis.

	September 30, 2016 (Unaudited)	December 31,2015 (Audited)	
	Level 1	Level 2	Level 3
Financial assets –			
FVTPL	**P -**	P 2,654,900	P -

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

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

	Level 1	**Level 2**	**Level 3**	**Total**
Financial assets:				
Cash and cash equivalents	P 8,850,386,172	P -	P -	P 8,850,386,172
Trade and other receivables	-	-	7,700,614,825	7,700,614,825
Refundable security deposits	-	-	42,137,795	42,137,795
	P 8,850,386,172	P -	P 7,742,752,620	P 16,593,138,792
Financial liabilities –				
Interest-bearing loans and borrowings	P -	P -	P 1,195,898,284	P 1,195,898,284
Trade and other payables	-	-	9,330,108,164	9,330,108,164
ELS	-	-	5,262,670,171	5,262,670,171
Accrued interest payable	-	-	491,618,630	491,618,630
	P -	P -	P 16,280,295,249	P 16,280,295,249

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.

25. CAPITAL MANAGEMENT OBJECTIVES, POLICIES AND PROCEDURES

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

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

		September 30, 2016 (Unaudited)		December 31, 2015 (Audited)
Total liabilities	**P**	**41,378,048,883**	P	48,172,981,524
Total equity		**47,527,321,315**		50,085,651,034
Debt-to-equity ratio	**P**	**0.87 : 1.00**	P	0.96 : 1.00

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

SIGNATURES

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

Issuer: **EMPERADOR INC.**

By:

DINA D.R. INTING
Chief Financial Officer,
Corporate Information Officer
& Duly Authorized Officer
(Principal Financial/Accounting Officer)
November 8, 2016