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**	

Month Day
Fiscal Year

FORM TYPE
(**QUARTERLY REPORT FOR MARCH 31, 2017)**

0	**5**	**3rd Monday**

Month Day
Annual Meeting

Registration of Securities

Secondary License Type, If Applicable

Dept. Requiring this Doc.

Amended Articles Number/Section

Total Amount of Borrowings

Total No. of Stockholders

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I.D.

Cashier

STAMPS

Remarks = pls. use black ink for scanning purposes

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q

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

1. For the quarterly period ended...........**March 31, 2017**

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, 2016 ("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, 2016. 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 Three Months

The Group posted net profit of P1.5 billion in the first quarter, up 7% from a year ago, which was achieved from higher gross margins on total revenues of P9.0 billion. Net profit margin improved to 17% this year from 16% last year.

The P9.0 billion revenues were split between the two segments at 73% Brandy and 27% Scotch Whisky (alternately, "WMG"). Revenues from the Scotch Whisky business grew 12% from a year ago, driven by own Scotch whisky labels The Dalmore and Jura which were particularly stronger within UK, Travel Retail and Latin America. The Dalmore sales also expanded in Asia, Canada and Greater Europe. The brandy business, which combined Philippines' Emperador and Spain's Bodegas Fundador brands, on the other hand, sustained revenues from a year ago. The largest and oldest Spanish brandy and sherry business was folded into the Group beginning March 2016. The distribution in UK of Harveys Sherry (the number one brand in the world and UK) and Fundador Brandy is now being handled by WMG while distribution in the Philippines of The Dalmore, Jura, Fundador and Tres Cepas is now being handled by EDI. The relatively new products, Andy Cola, Smirnoff Mule and Raffa Sparkling, experienced sales volume expansions this quarter from a year ago. In addition, the Emperador Light small bottle gets media promotions starting February with the "Bunso" campaign ads.

Gross profit margins ("GPM") in the interim period improved due to cost efficiencies. The current GPMs of the brandy and Scotch whisky segments were posted at 35% and 29%, respectively, as compared to 32% and 28%, respectively, last year. On a consolidated level, GPM was up at 34% from 31% a year ago.

Other operating expenses were up 11% to P1.1 billion from P990 million a year ago. Both segments had increased expenses in advertising and promotions and depreciation.

Other income decreased by P99 million from lower interest income and foreign exchange gains as compared to a year ago. Other charges slightly decreased by P34 million from interest provisions and foreign exchange losses of last year.

Tax expense was up by 15% due to higher taxable income, particularly with the one-full quarter results coming from Bodegas Fundador.

EBITDA, which is computed as profit before interest expense, tax, depreciation and amortization, amounted to P2.1 billion and P2.0 billion in 2017 and 2016, respectively, representing 24% and 22% margins in the respective periods.

Financial Condition

Total assets amounted to P96.5 billion at March 31, 2017 which increased P2.2 billion from P94.3 billion at December 31, 2016. The Group is strongly liquid with current assets exceeding current liabilities 2.8 times by the end of the interim period.

Cash and cash equivalents rose 14% or P1.5 billion over the three-month period mainly from operations, particularly the collection of receivables.

Trade and other receivables fell by 16% or P1.7 billion, primarily due to collections from customers who at yearend had larger balances due to purchases in the lead to the Christmas period.

Inventories increased 3% or P583 million, from the maturing inventories of Spanish brandy and Scotch whisky.

Prepayments and other current assets went up 25% or P144 million mainly due to timing of prepayments and subsequent charging to profit or loss of rent and overheads.

Property, plant and equipment were up 11% or P2.3 billion due to the acquired assets in Spain as well as ongoing construction projects in Scotland, UK and in local distillery and glass plants.

Other non-current assets fell 36% or P461 million with the completion of purchases with deposits at yearend.

Current Interest-bearing loans and borrowings escalated 18% or P477 million from new loan incurred while non-current Interest-bearing loans increased slightly by 1% or P179 million from translation of foreign-currency denominated loans to current rate.

Trade and other payables climbed 32% or P2.7 billion primarily from the set-up of P3.0 billion dividends which was approved and declared on March 15, 2017, payable on April 21 to stockholders of record as of April 3.

Financial liabilities at fair value through profit or loss were reduced by P6 million or 21%, due to marked-to-market valuation.

Income tax payable ballooned 40% or P261 million primarily due to timing of payment of 2016 annual domestic taxes which would be due and payable in April 2017.

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

Retirement benefit obligations decelerated 11% or P109 million from actuarial gains booked this interim period.

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.

Revaluation reserves were reduced by P82 million primarily due to the actuarial gain on retirement benefit obligation.

Five Key Performance Indicators

	Q1 2017	Q1 2016
Revenues	8,979	8,967
Net profit	1,498	1,405
Revenue growth	0.13%	0.8%
Net profit growth	6.6%	0.3%
Net profit rate	16.7%	15.7%
Return on assets	1.5%	1.4%
	Mar31, 2017	Dec31, 2016
Total assets	96,478	94,302
Total current assets	42,748	42,290
Total current liabilities	15,378	11,913
Current ratio	2.78x	3.55x
Quick ratio	1.35x	1.76x

- 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 March 31, 2017, except for what has been noted, there were no other known items – such as trends, demands, commitments, events or uncertainties- affecting assets, liabilities, equity, sales, revenues, net profit or cash flows that were unusual because of their nature, size, or incidents, and that will result in or that are reasonably likely to result in the liquidity increasing or decreasing in any material way, or that would have a material favorable or unfavorable impact on net sales or revenues or income from continuing operations.

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

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

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

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

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

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

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

EMPERADOR INC. AND SUBSIDIARIES
SCHEDULE OF FINANCIAL SOUNDNESS INDICATORS
MARCH 31, 2017 AND 2016

	3/31/2017	12/31/2016
Current ratio	2.78 : 1	3.55 : 1
Quick ratio	1.35 : 1	1.76 : 1
Liabilities-to-equity ratio	0.9 : 1	0.81 : 1
Asset -to-equity ratio	1.9 : 1	1.81 : 1
		3/31/2016
Net profit margin	16.68%	15.66%
Return on assets	1.55%	1.44%
Return on equity/investment	2.95%	2.77%
Interest rate coverage ratio	11.64	11.16

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 the assets are owned by the company. It is computed as total assets divided by much of stockholders'equity.

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

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

EMPERADOR INC. AND SUBSIDIARIES
AGING SCHEDULE OF TRADE AND OTHER RECEIVABLES
MARCH 31, 2017
(Amounts in Thousand Philippine Pesos)

Trade Receivables	
Current	5,862,135.62
1 to 30 days	641,086
31 to 60 days	119,877
Over 60 days	1,702,292
Total	8,325,391
Other receivables	713,421
Balance at March 31, 2017	**9,038,812**

EMPERADOR INC. AND SUBSIDIARIES
(A Subsidiary of Alliance Global Group, Inc.)
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
MARCH 31, 2017 AND DECEMBER 31, 2016
(Amounts in Philippine Pesos)

	Notes		March 31, 2017 (UNAUDITED)		December 31, 2016 (AUDITED)
A S S E T S					
CURRENT ASSETS					
Cash and cash equivalents	5	P	11,644,851,945	P	10,173,907,748
Trade and other receivables - net	6		9,038,812,153		10,779,489,916
Inventories - net	7		21,337,873,388		20,754,501,639
Prepayments and other current assets			726,122,960		582,070,440
Total Current Assets			42,747,660,446		42,289,969,743
NON-CURRENT ASSETS					
Investment in a joint venture	11		3,912,197,336		3,999,150,056
Property, plant and equipment - net	8		23,224,503,900		20,949,282,168
Intangible assets - net	9		25,782,059,962		25,791,110,856
Other non-current assets - net	10		812,056,109		1,272,887,433
Total Non-current Assets			53,730,817,307		52,012,430,513
TOTAL ASSETS		P	96,478,477,753	P	94,302,400,256
LIABILITIES AND EQUITY					
CURRENT LIABILITIES					
Interest-bearing loans and borrowings	12	P	3,152,215,810	P	2,674,767,650
Trade and other payables	14		11,295,129,471		8,562,724,993
Financial liabilities at fair value through profit or loss			22,710,600		28,879,840
Income tax payable			907,964,965		646,744,244
Total Current Liabilities			15,378,020,846		11,913,116,727
NON-CURRENT LIABILITIES					
Interest-bearing loans and borrowings	12		21,604,342,168		21,425,000,000
Equity-linked debt securities	13		5,264,339,514		5,262,906,379
Accrued interest payable	13		638,087,096		562,730,466
Provisions			478,607,946		480,517,679
Deferred tax liabilities - net			1,463,056,010		1,432,691,492
Retirement benefit obligation			891,853,747		1,000,949,796
Total Non-current Liabilities			30,340,286,481		30,164,795,812
Total Liabilities			45,718,307,327		42,077,912,539
EQUITY					
Equity attributable to owners of the parent company					
Capital stock			16,120,000,000		16,120,000,000
Additional paid-in capital			22,348,856,023		22,348,856,023
Accumulated translation adjustments		(	3,631,274,681)	(	3,593,766,760)
Revaluation reserves		(	548,937,272)	(	630,758,672)
Share options			31,008,917		31,008,917
Retained earnings			16,434,767,439		17,943,398,209
Total equity attributable to owners of the parent company			50,754,420,426		52,218,737,717
Non-controlling interest			5,750,000		5,750,000
Total Equity			50,760,170,426		52,224,487,717
TOTAL LIABILITIES AND EQUITY		P	96,478,477,753	P	94,302,400,256

See Notes to Consolidated Financial Statements.

EMPERADOR INC. AND SUBSIDIARIES
(A Subsidiary of Alliance Global Group, Inc.)
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE QUARTERS ENDED MARCH 31, 2017 AND 2016
(Amounts in Philippine Pesos)

	Notes	2017	2016
REVENUES	15	**P 8,978,773,485**	P 8,967,012,490
COSTS AND EXPENSES			
Costs of goods sold	16	**5,921,145,169**	6,117,640,563
Selling and distribution expenses	17	**650,569,207**	641,630,075
General and administrative expenses	17	**451,081,914**	348,443,352
Other charges	6, 7, 13	**168,110,251**	201,743,652
		7,190,906,541	7,309,457,642
PROFIT BEFORE TAX		**1,787,866,944**	1,657,554,848
TAX EXPENSE	18	**290,117,714**	252,995,693
NET PROFIT		**1,497,749,230**	1,404,559,155
OTHER COMPREHENSIVE LOSS			
Item that will be reclassified subsequently to profit or loss			
Translation loss		**(37,507,921)**	(596,219,112)
Items that will not be reclassified subsequently to profit or loss			
Net actuarial gain (loss) on retirement benefit obligation		**81,821,400**	(246,244,958)
Tax income (expense) on remeasurement of retirement benefit obligation		**-**	-
		81,821,400	(246,244,958)
		44,313,479	(842,464,070)
TOTAL COMPREHENSIVE INCOME		**P 1,542,062,709**	P 562,095,085
Earnings per share - Basic and Diluted	20	**P 0.09**	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 QUARTERS ENDED MARCH 31, 2017 AND 2016
(Amounts in Philippine Pesos)

	Attributable to Owners of the Parent Company										
						Retained Earnings					
	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, 2017	P 16,120,000,000	P 22,348,856,023	(P 3,593,766,760)	(P 630,758,672)	P 31,008,917	P 550,000,000	P 17,393,398,209	P 17,943,398,209	P 52,218,737,717	P 5,750,000	P 52,224,487,717
Issuances during the year	-	-	-	-	-	-	-	-	-	-	-
Total comprehensive income for the year	-	-	(37,507,921)	81,821,400	-	-	1,497,749,230	1,497,749,230	1,542,062,709	-	1,542,062,709
Addition from acquired subsidiary	-	-	-	-	-	-	-	-	-	-	-
Cash dividends declared during the year	-	-	-	-	-	-	(3,006,380,000)	(3,006,380,000)	(3,006,380,000)	-	(3,006,380,000)
Balance at March 31, 2017	**P 16,120,000,000**	**P 22,348,856,023**	**(P 3,631,274,681)**	**(P 548,937,272)**	**P 31,008,917**	**P 550,000,000**	**P 15,884,767,439**	**P 16,434,767,439**	**P 50,754,420,426**	**P 5,750,000**	**P 50,760,170,426**
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
Issuances during the period	-	-	-	-	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	(596,219,112)	(246,244,958)	-	-	1,404,559,155	1,404,559,155	562,095,085	-	562,095,085
Cash dividends declared during the period	-	-	-	-	-	-	-	-	-	-	-
Appropriations during the year	-	-	-	-	-	-	-	-	-	-	-
Balance at March 31, 2016	**P 16,120,000,000**	**P 22,348,856,023**	**(P 2,000,474,648)**	**(P 206,082,135)**	**P 4,050,748**	**P 550,000,000**	**P 13,825,646,131**	**P 14,375,646,131**	**P 50,641,996,119**	**P 5,750,000**	**P 50,647,746,119**

EMPERADOR INC. AND SUBSIDIARIES
(A Subsidiary of Alliance Global Group, Inc.)
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE QUARTERS ENDED MARCH 31, 2017 AND 2016
(Amounts in Philippine Pesos)

	Notes	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		P 1,787,866,944	P 1,657,554,848
Adjustments for:			
Interest expense		168,110,251	163,102,325
Depreciation and amortization	8	183,485,132	142,592,772
Share in net income of joint venture	11	-	(8,034,452)
Interest income		(57,329,274)	(74,570,690)
Amortization of trademarks	9	9,050,894	25,718,167
Loss (gain) on sale of property, plant and equipment	8	-	(613,820)
Operating profit before working capital changes		2,091,183,947	1,905,749,150
Decrease in trade and other receivables		1,720,077,051	3,754,025,468
Increase in financial instruments at fair value through profit or loss		(6,169,240)	(117,219,148)
Decrease (increase) in inventories		(564,271,772)	199,220,350
Increase in prepayments and other current assets		(144,052,520)	(223,202,780)
Decrease (increase) in DTA		20,320,291	-
Decrease (increase) in other non-current assets		460,831,324	(150,536,029)
Decrease in trade and other payables		(369,080,618)	(1,815,054,216)
Increase (decrease) in retirement benefit obligations		(32,606,649)	6,034,087
Cash generated from operations		3,176,231,814	3,559,016,882
Cash paid for income taxes		(18,852,766)	(24,235,038)
Net Cash From Operating Activities		3,157,379,048	3,534,781,844
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisitions of subsidiaries and a business unit	1	-	(13,475,742,235)
Acquisitions of property, plant and equipment	8	(2,478,681,366)	(390,877,797)
Interest received	11	57,329,274	74,570,690
Dividends received a from joint venture		86,952,720	94,112,167
Proceeds from sale of property, plant and equipment	8	874,525	4,275,077
Net Cash Used in Investing Activities		(2,333,524,847)	(13,693,662,098)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from (Repayments of) loans and borrowings	12	648,925,938	(319,288,975)
Interest paid		(1,835,942)	(95,448,364)
Net Cash From (Used in) Financing Activities		647,089,996	(414,737,339)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		1,470,944,197	(10,573,617,593)
CASH AND CASH EQUIVALENTS FROM AN ACQUIRED SUBSIDIARY		-	5,160,663
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		10,173,907,748	29,177,542,237
CASH AND CASH EQUIVALENTS AT END OF PERIOD		P 11,644,851,945	P 18,609,085,307

See Notes to Consolidated Financial Statements.

EMPERADOR INC. AND SUBSIDIARIES
(A Subsidiary of Alliance Global Group, Inc.)
NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2017
(With Comparative Figures for December 31, 2016 and March 31, 2016)
(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 wide range of products in its portfolio - from value to super premium – and an international reach to over 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 locally in October 2015; 'Raffa Sparkling' wine which was launched in December 2016; 'The Bar' which is the Philippines' first flavored alcoholic drink; and 'Smirnoff Mule Vodka' which is a licensed product. It also distributes the Whyte and Mackay and Bodegas Fundador products and Ernest and Gallo wines in the Philippines.

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. It also distributes 'Harveys Sherry' and 'Fundador Brandy de Jerez' within UK.

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 included 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 lea der 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.

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 companies 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 March 31, 2017 (including the comparative consolidated financial statements as of December 31, 2016 and for the interim period ended March 31, 2016) were authorized for issue by the Parent Company's Board of Directors through the Audit Committee on May 9, 2017.

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, 2016.

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, 2016, except for the application of adopted standards that became effective on January 1, 2017, as discussed in Note 2.2.

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

2.2 Adoption of Amended PFRS and Interpretation

Effective 2017 that are relevant to the Group

There are new PFRS, amendments and annual improvements to existing standards effective for annual periods subsequent to 2016 which are adopted by the FRSC. Management will adopt the relevant pronouncements in accordance with their transitional provisions; and, none of these are expected to have significant impact on the Group's consolidated financial statements:

(i) PAS 7 (Amendments), *Statement of Cash Flows – Disclosure Initiative* (effective from January 1, 2017)
(ii) PAS 12 (Amendments), *Income Taxes – Recognition of Deferred Tax Assets for Unrealized Losses* (effective from January 1, 2017)
(iii) PFRS 2 (Amendments), *Share-Based Payment – Classification and Measurement of Share-based Payment Transactions* (effective from January 1, 2018)
(iv) PFRS 9 (2014), *Financial Instruments* (effective from January 1, 2018)
(v) PFRS 10 (Amendments), *Consolidated Financial Statements,* and PAS 28 (Amendments), *Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associates or Joint Venture* (effective date deferred indefinitely)
(vi) PFRS 15, *Revenue from Contract with Customers* (effective from January 1, 2018)
(vii) PFRS 16, *Leases* (effective from January 1, 2019)

2.3 Segment Reporting

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

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

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

3. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

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

3.1 Critical Management Judgments in Applying Accounting Policies

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

3.2 Key Sources of Estimation Uncertainty

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

4. SEGMENT INFORMATION

The Group is organized into two business segments, the Brandy and Scotch Whisky (or "WMG"), which represent the two major distilled spirits categories where the Group operates. This is also the basis of the Group's executive committee for its strategic decision-making activities.

Segment assets and liabilities represent the assets and liabilities reported in the 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 March 31, 2017 and 2016 (in millions) are as presented:

	BRANDY March 31		SCOTCH WHISKY March 31		TOTAL March 31	
	2017	2016	**2017**	2016	**2017**	2016
REVENUES						
External Customers	**6,532**	6,720	**2,447**	2,247	**8,979**	8,967
Intersegment sales*	**94**	-	**72**	-	-	-
	6,626	6,720	**2,519**	2,247	**8,979**	8,967
COSTS AND EXPENSES						
Cost of goods sold	**4,239**	4,497	**1,683**	1,620	**5,921**	6,118
Intersegment COGS*	**72**	-	**94**	-		-
Selling and distribution expenses	**501**	501	**149**	140	**651**	642
General and administrative expenses	**155**	86	**296**	262	**451**	348
Other charges	**163**	184	**5**	18	**168**	202
	5,130	5,269	**2,227**	2,041	**7,191**	7,309
SEGMENT PROFIT BEFORE TAX	**1,496**	1,451	**292**	206	**1,788**	1,658
TAX EXPENSE	**301**	264	**(10)**	(11)	**290**	253
SEGMENT NET PROFIT	**1,196**	1,188	**302**	217	**1,498**	1,405
	Mar 2017	Dec 2016	**Mar 2017**	Dec 2016	**Mar 2017**	Dec 2016
TOTAL ASSETS	**54,915**	51,965	**41,564**	42,337	**96,479**	94,302
TOTAL LIABILITIES	**37,478**	32,564	**8,240**	9,514	**45,718**	42,078

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

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

5. CASH AND CASH EQUIVALENTS

This account includes the following components:

		March 31, 2017 (Unaudited)		December 31, 2016 (Audited)
Cash on hand and in banks	**P**	**2,071,393,535**	P	3,804,364,733
Short-term placements		**9,573,458,410**		6,369,543,015
	P	**11,644,851,945**	P	10,173,907,748

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 2.0% to 2.25% in the first quarter of 2017 (see Note 15).

6. TRADE AND OTHER RECEIVABLES

Details of this account are as follows:

			March 31, 2017 (Unaudited)		December 31, 2016 (Audited)
Trade receivables	19.4	**P**	**8,402,135,741**	P	10,137,878,918
Advances to suppliers			**614,011,997**		545,464,796
Advances to officers and employees	19.5		**32,465,103**		22,402,245
Other receivables			**66,943,995**		150,488,640
			9,115,556,836		10,856,234,599
Allowance for impairment			**(76,744,683)**		(76,744,683)
		P	**9,038,812,153**	P	10,779,489,916

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.

		March 31, 2017 (Unaudited)		December 31, 2016 (Audited)
Balance at beginning of year	**P**	**76,744,683**	P	56,899,427
Impairment losses		**-**		20,066,707
Write Offs		**-**		(221,451)
	P	**76,744,683**	P	76,744,683

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 March 31, 2017 and December 31, 2016, except for certain finished goods and raw materials, are all stated at cost, which is lower than their net realizable values. The details of inventories are as shown below.

	Notes		March 31, 2017 (Unaudited)		December 31, 2016 (Audited)
Finished goods	1, 19.1	**P**	**2,800,688,847**	P	3,182,542,312
Work-in-process	1, 8		**14,566,111,468**		13,532,427,366
Raw materials	1, 19.1		**3,289,342,574**		3,099,194,084
Packaging materials	1		**607,136,784**		555,442,843
Machinery spare parts, consumables and factory supplies			**200,332,505**		516,760,137
			21,463,612,178		20,886,366,742
Allowance for inventory write-down			**(125,738,790)**		(131,865,103)
		P	**21,337,873,388**	P	20,754,501,639

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 March 31, 2017 and 2016 is presented in Note 16.

8. PROPERTY, PLANT AND EQUIPMENT

The gross carrying amounts and accumulated depreciation and amortization of property, plant and equipment as of March 31, 2017 and December 31, 2016 are shown below.

		March 31, 2017 (Unaudited)		December 31, 2016 Audited
Cost	**P**	**30,909,189,404**	P	27,888,519,552
Accumulated depreciation and amortization		**(7,684,685,504)**		(6,939,237,384)
Net carrying amount	**P**	**23,224,503,900**	P	20,949,282,168

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

	Notes		March 31, 2017 (Unaudited)		December 31, 2016 Audited
Balance at beginning of period, net of accumulated depreciation and amortization		**P**	**20,949,282,168**	P	14,267,074,361
Acquired from business unit and subsidiary	1		**-**		5,596,471,143
Additions during the period	10		**2,478,681,366**		2,040,360,370
Disposals during the period			**(874,525)**		(27,722,508)
Depreciation/amortization charges for the period			**(202,585,109)**		(926,901,198)
Balance at the end of the period, net of accum. depreciation and amortization		**P**	**23,224,503,900**	P	20,949,282,168

Construction of another distillery plant in Balayan, Batangas remains in progress as of March 31, 2017. In 2016, the Group obtained a term loan from a local commercial bank to finance the construction of the said distillery plant, including purchase of related equipment. The borrowing costs from the loan are being capitalized and presented as part of additions to Construction in progress. Construction works are also in progress offshore and at the local glass plant.

The amount of depreciation and amortization is allocated as follows:

			For the Three Months Ended		
	Notes		March 31, 2017 (Unaudited)		March 31, 2016 (Audited)
Cost of goods sold	16	**P**	**164,195,632**	P	127,738,644
Selling and distribution Expenses	17		**9,828,270**		7,289,934
Administrative expenses	17		**9,461,230**		7,564,194
		P	**183,485,132**	P	142,592,772

For the period March 31, 2017 and 2016, depreciation expense amounting to P19.1 million and P54.2 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		March 31, 2017 (Unaudited)		December 31, 2016 (Audited)
Trademarks	1	**P**	**16,646,508,304**	P	16,655,559,198
Goodwill	1		**9,135,551,658**		9,135,551,658
		P	**25,782,059,962**	P	25,791,110,856

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

	Note		March 31, 2017 (Unaudited)		December 31, 2016 (Audited)
Balance at beginning		**P**	**20,440,358**	P	123,313,026
Amortization	17		**(9,050,894)**		(102,872,668)
Balance at end of year		**P**	**11,389,464**	P	20,440,358

Management believes that the trademarks are not impaired as of March 31, 2017 and December 31, 2016 as the Group's products that carry such brands and trademarks are still performing very well in the market; hence, no impairment is necessary to be recognized in the periods presented.

10. OTHER NON-CURRENT ASSETS

This account is composed of the following:

	Notes		March 31, 2017 (Unaudited)		December 31, 2016 (Audited)
Property mortgage receivable	1	**P**	**606,739,750**	P	597,604,251
Deposit for acquisition	8		**-**		449,309,212
Deferred input VAT			**153,001,914**		173,683,678
Refundable security deposits – net	19.3		**44,626,303**		44,919,122
Others			**7,688,142**		7,371,170
		P	**812,056,109**	P	1,272,887,433

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

In 2016, the Group made a deposit amounting to P449.3 million for a certain acquisition. This deposit was applied in full against the total consideration paid in 2017.

11. INVESTMENT IN A JOINT VENTURE

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

		March 31, 2017 (Unaudited)		December 31, 2016 Audited
Acquisition cost	**P**	**3,703,721,965**	P	3,703,721,965
Accumulated equity in net earnings		**295,428,091**		169,542,466
Dividend received		**(86,952,720)**		(93,391,294)
Equity share in net profit for the period		**-**		219,276,919
	P	**3,912,197,336**	P	3,999,150,056

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).

There is no take-up of equity share in the current interim period because the company's statement of income is not yet available as at the date of this report.

12. INTEREST-BEARING LOANS AND BORROWINGS

In 2016, the Group set up a three-year foreign-currency-denominated revolving credit facility with a foreign bank, where it had drawn down P2.7 billion by end-2016, bearing an annual interest rate of 1.00% to 1.25% during the year. The outstanding balance amounted to P2.0 billion at end of interim period. The interest and the principal can be paid anytime up to, or balloon payment at the end of, three years. Since this is a revolver, the drawn amount plus the accrued interest thereon is presented under current liabilities section in the interim consolidated statement of financial position.

Also in 2016, the Group obtained an unsecured five-year peso-denominated loan amounting to P2.0 billion from a local commercial bank, specifically to finance the remaining construction of a distillery plant and the purchase of related equipment (see Note 8), with interest ranging from 5.00% to 5.25% per annum and principal repayment of twelve equal quarterly amortizations starting on the ninth quarter after the initial drawdown. Moreover, the Group refinanced its maturing foreign-currency-denominated bank loan, which it obtained in 2015, into an unsecured five-year foreign-currency-denominated term loan amounting to P19.6 billion (P19.4 billion at end-2016) from a syndicate of foreign financial institutions, with current interest of 1.55% and repayable in full at maturity. These loans are presented under non-current liabilities section in the interim consolidated statement of financial position.

In 2017, the Group obtained a foreign-currency-denominated short-term margin loan amounting to P1.2 billion bearing an annual interest rate of 0.65%.

The related interest expense is presented as part of Other Charges in the March 31, 2017 and 2016 interim consolidated statements of comprehensive income. These loans and borrowings did not require any covenants. Capitalized interest expense from the peso-denominated loan is presented as part of the additions to Construction in progress under Property, Plant and Equipment account (see Note 8).

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 period ended March 31, 2017 and 2016 amounted to P76.8 million and P69.1 million, respectively, and are presented as part of Other Charges in the interim consolidated statements of comprehensive income. The related interest payable amounting to P638.1 million and P562.7 million as of March 31, 2017 and December 31, 2016, respectively, are presented as Accrued Interest Payable 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 P1.4 million and 1.2 million in the first quarter of 2017 and 2016, 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		March 31, 2017 (Unaudited)		December 31, 2016 (Audited)
Trade payables	19.1, 19.2	**P**	**4,724,620,463**	P	4,550,920,891
	19.3, 19.7,19.6				
Dividends payable			**3,006,380,000**		-
Advances from related parties	19.6		**3,120,715**		3,120,715
Accrued expenses	12		**3,066,904,880**		3,386,084,571
Output VAT payable			**335,002,331**		533,834,979
Others			**159,151,082**		88,763,837
		P	**11,295,129,471**	P	8,562,724,993

The Board of Directors of the Parent Company declared a total cash dividend P3,006,380,000 or P0.1865 per share out of the available unrestricted earnings of the Company as of December 31, 2016, payable on or before April 21, 2017 to stockholders of record as of April 3, 2017.

15. REVENUES

The details of revenues are shown below.

			For the Three Months Ended		
			March 31, 2017 (Unaudited)		March 31, 2016 (Unaudited)
Sale of goods	19.4	**P**	**8,968,622,631**	P	8,858,214,575
Other revenues – net	5,11,6		**10,150,854**		108,797,915
		P	**8,978,773,485**	P	8,967,012,490

16. COSTS OF GOODS SOLD

The details of costs of goods sold for the three months ended March 31, 2017 and 2016 are shown below:

			For the Three Months Ended		
			March 31, 2017 (Unaudited)		March 31, 2016 (Unaudited)
Finished goods, beginning	7	**P**	**3,182,542,312**	P	2,326,981,897
Addition due to acquired business unit	1		**-**		72,932,552
Finished goods purchased	19.1		**404,406,438**		360,176,028
Costs of goods manufactured					
Raw and packaging materials, beginning	7		**3,654,636,927**		2,257,901,49
Addition due to acquired business unit	1		**-**		55,490,635

Net purchases	19.1	**5,527,997,593**	4,902,628,019
Raw and packaging materials, end	7	**(3,896,479,358)**	(2,017,444,099)
Raw materials used		**5,286,155,162**	5,198,576,0494
Work-in-process, beginning	7	**13,532,427,366**	11,494,183,891
Work-in-process acquired during the year	1	**-**	2,326,850,080
Direct labor		**186,020,748**	124,283,501
Manufacturing overhead			
Depreciation and amortization	8	**164,195,632**	127,738,644
Labor		**106,688,843**	74,556,766
Fuel and lubricants		**52,816,029**	60,471,189
Outside services	19.7	**56,507,975**	58,768,996
Rentals	19.3	**90,314,244**	68,054,058
Communication, light and water		**51,849,675**	47,850,512
Repairs and Maintenance		**49,530,695**	30,679,634
Consumables and Supplies		**26,394,620**	12,317,203
Taxes and licenses		**39,108,615**	24,159,451
Insurance		**8,427,894**	6,809,045
Commission		**10,341,104**	10,115,226
Transportation		**4,778,377**	5,181,739
Gasoline and oil		**1,661,555**	7,871,215
Meals		**772,626**	1,097,125
Miscellaneous		**33,005,574**	11,580,534
Work-in-process, end	7	**(14,566,111,468)**	(13,930,772,574)
		(151,269,896)	561,796,235
Finished goods, end	7	**(2,800,688,847)**	(2,402,822,198)
		P 5,921,145,169	P 6,117,640,563

17. OTHER OPERATING EXPENSES

		For the Three Months Ended	
	Notes	**March 31, 2017 (Unaudited)**	March 31, 2016 (Unaudited)
Salaries and employee benefits		**P 240,858,617**	P 213,942,251
Advertising		**383,297,847**	275,620,583
Freight out		**51,516,642**	138,114,870
Professional fees and outside services		**127,657,335**	73,366,864
Taxes and licenses		**74,948,176**	35,780,908
Travel and transportation		**51,597,029**	57,799,391
Depreciation & amortization	8	**19,289,500**	14,854,128
Rentals	19.3	**19,344,668**	25,878,071
Other Services		**30,107,745**	41,469,117
Amortization of trademarks	9	**9,050,894**	25,718,167
Fuel and oil		**14,450,225**	8,364,661
Meals		**9,435,747**	12,552,090
Representation		**9,257,041**	11,204,561
Repairs and maintenance		**11,802,776**	9,091,714

Insurance		**1,563,063**		6,338,770
Consumables and supplies		**16,830,385**		13,931,133
Utilities		**11,037,467**		5,084,978
Others		**19,605,964**		20,961,170
	P	**1,101,651,121**	P	990,073,427

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

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

	For the Three Months Ended			
		March 31, 2017 (Unaudited)		March 31, 2016 (Unaudited)
Selling and distribution expenses	**P**	**650,569,207**	P	641,630,075
General and Administrative expenses		**451,081,914**		348,443,352
	P	**1,101,651,121**	P	990,073,427

18. TAXES

The Group is subject to the higher of regular corporate income tax (RCIT) which is at 30% of net taxable income or minimum corporate income tax (MCIT) which is at 2% of gross income, as defined under the tax regulations. The Group paid RCIT in the first quarter of 2017and 2016 as RCIT was higher in those years.

The Group opts to claim itemized deductions in computing its income tax due, except for EDI and AWGI which opt to claim OSD during the same taxable years.

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

19. RELATED PARTY TRANSACTIONS

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

The summary of the Group's transactions with its related parties in March 31, 2017 and 2016 and the related outstanding balances as of March 31, 2017 and December 31, 2016 are shown in the next page.

		Amount of Transaction For the Three Months Ended		Outstanding Receivable (Payable) as of	
	Notes	**March 31, 2017**	March 31, 2016	**March 31, 2017**	December 31, 2016
Ultimate Parent Company:					
Lease of properties	19.3	**2,200,000**	2,000,000	**-**	(6,542,366)
Advances granted (collected)	19.6	**-**	(1,449,316,095)	**-**	-
Related Parties Under Common Ownership:					
Purchase of raw materials	19.1	**555,591,001**	590,813,704	**(473,416,608)**	(1,256,577,065)
Purchase of finished goods	19.1	**2,072,186**	1,864,102	**-**	(1,059,608)
Lease of properties	19.3	**7,104,307**	6,549,252	**(259,472)**	(259,742)
Advances for land purchase	19.8				46,350,000
Advances paid (obtained)	19.6	-	228,201,561	**-**	-
Acquisition of machineries and equipment	19.2	**-**	191,584,700	**-**	-
Sale of goods	19.4	**26,439,877**	12,136,660	**88,243,632**	69,152,844
Management Services	19.7	**-**	21,000,000	**-**	(33,000,000)
Stockholder -					
Issuance of ELS	13			**(5,280,000,000)**	(5,280,000,000)
Advances paid (obtained)	19.6	**-**	1,256,461	**(3,120,715)**	(3,120,715)
Officers and Employees -					
Advances granted (payment)	19.5	**10,973,644**	1,976,891	**32,465,103**	22,402,245

The Group's outstanding receivables from and payables to related parties arising from the above transactions are unsecured, noninterest-bearing and payable on demand, unless otherwise stated. No impairment loss was recognized for the three months ended March 31, 2017 and 2016 for related party receivables.

19.1 Purchase of Goods

The Group imports finished goods and raw materials such as alcohol, flavorings and other items through Andresons Global, Inc. (AGL). The Group imports raw materials from Alcoholera dela Mancha Vinicola, S.L., a wholly owned subsidiary of BLC, hence a related party under common control.

These transactions are payable within 30 days. The outstanding balances as of March 31, 2017 and December 31, 2016 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 was paid in full in the first quarter of 2016 prior to the Group's acquisition of TEI.

19.3 Lease Agreements

(a) TEI

In 2014, the Group renewed its 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.

TEI became a wholly-owned subsidiary in 2016 and thus intercompany transactions and balances as of and for the interim period ended March 31, 2017 were eliminated in the consolidation.

(b) AGI

The Group leases the glass manufacturing plant located in Laguna from AGI. The amount of rental is mutually agreed annually between AGI and AWGI. Rentals amounting to P2.2 million and 2.0 million for the three months ended March 31, 2017 and 2016, respectively, 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).

(c) Others

The Group also entered into lease contracts 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 three months ended March 31, 2017 and 2016 amounted to 7.1 million, and P6.6 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). The outstanding liability from this transaction is shown as Trade payables under the Trade and Other Payables account in the interim consolidated statements of financial position (see Note 14).

In relation to the above lease agreements, the Group paid the lessors refundable security deposits shown as part of Other Non-current Assets in the consolidated statements of financial position with carrying amounts of P7.9 million and P6.5 million as of March 31, 2017 and December 31, 2016, respectively (see Note 10).

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

19.5 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:

		March 31, 2017 (Unaudited)		December 31, 2016 (Audited)
Balance at the beginning	**P**	**22,402,245**	P	21,491,459
Additions		**10,062,858**		28,218,049
Payments		**-**		(27,307,263)
Balance at the end	**P**	**32,465,103**	P	22,402,245

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:

		March 31, 2017 (Unaudited)		December 31, 2016 (Audited)
Balance at the beginning	**P**	**3,120,715**	P	4,672,827,792
Repayments, net of additions		**-**		(4,669,707,077)
Balance at the end	**P**	**3,120,715**	P	3,120,715

19.7 Management Services

EDI entered into a management agreement with TEI for the consultancy and advisory services in relation to the operation, management, development and maintenance of machineries. EDI also entered into another management agreement with Condis in relation to the same scope of work with respect to its distillery plant. As consideration for the services provided by TEI and Condis, EDI incurs monthly management fees amounting to P7.0 million effective July 1, 2014 up to September 2016. In 2016, the intercompany transactions and balances with TEI, which became a wholly-owned subsidiary in 2016, were eliminated in consolidation. In 2016, EDI's contract with Condis was terminated.

19.8 Purchase of Land

In 2016, the Group entered into a contract to purchase certain parcels of land located in Iloilo and Cebu from Megaworld Corporation, a related party under common ownership, for a total consideration of P206.0 million. Of the total consideration, the Group already made cash payments totalling P46.4 million in 2016. However, the legal title and the risks and rewards of ownership over the parcels of land have not yet been transferred to the Group as of March 31, 2017; hence, the land was not yet recorded as an asset by the Group. The total cash payments made by the Group are presented as part of Advances to suppliers under Trade and Other Receivables account in the March 31, 2017 interim consolidated statement of financial position (see Note 6).

20. EARNINGS PER SHARE

Earnings per share were computed as follows:

	For the Three Months Ended	
	March 31, 2017 (Unaudited)	March 31, 2016 (Unaudited)
Net profit	**P 1,497,749,230**	P 1,404,559,155
Divided by the weighted average number of outstanding common shares	**16,120,000,000**	16,120,000,000
	P 0.09	P 0.09

The basic and diluted earnings per share are the same because the dilutive effects of the potential common shares from the employee share options have no significant impact 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 March 31, 2017 and 2016 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 March 31, 2017 and December 31, 2016 are as follows:

	March 31, 2017 (Unaudited)	December 31, 2016 (Audited)
Within one year	**P 61,353,755**	P 86,634,548
After one year but not more than five years	**41,364,721**	50,023,365
More than five years	**-**	-
	P 102,718,476	P 136,657,913

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. The Group has no significant exposure to other foreign currency exchange rates at each entity level, except for US dollars of EDI and foreign subsidiaries, since these other foreign currencies are not significant to the Group's consolidated financial statements. EDI holds US dollar denominated cash and cash equivalents as of March 31, 2017 and December 31, 2016 while the foreign subsidiaries have cash and cash equivalents, receivables and payables in US dollars. To mitigate the Group's exposure to foreign currency risk, non-functional currency cash flows are being monitored.

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

	March 31, 2017 (Unaudited)	December 31, 2016 (Audited)
Financial assets	**P 484,321,972**	P 618,636,298
Financial liabilities	**(34,537,921)**	(34,320,026)
Net assets (liabilities)	**P 449,784,051**	P 584,316,272

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

	Reasonably possible change in rate	Effect in profit before tax	Effect in equity before tax
March 31, 2017	**3.93%**	**P 17,676,513**	**P 12,373,559**
December 31, 2016	5.04%	P 29,449,540	P 20,614,678

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

(b) Interest Rate Risk

As at March 31, 2017 and December 31, 2016, the Group is exposed to changes in market rates through its cash in banks and short-term placements which are subject to 30-day re-pricing intervals (see Note 5). Due to the short duration of short-term placements, management believes that interest rate sensitivity and its effect on the net results and equity are not significant. The Group's interest-bearing loans and borrowings are subject to fixed interest rates and are therefore not subject to interest rate risk, except for a five-year loan that is based on Euro Interbank Offered Rate (EURIBOR). The EURIBOR, however, is currently at a negative rate or zero rate, and the Group does not see a material interest rate risk here in the short-term.

22.2 Credit Risk

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

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

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

	Notes		March 31, 2017 (Unaudited)		December 31, 2016 (Audited)
Cash and cash equivalents	5	**P**	**11,644,851,945**	P	10,173,907,748
Trade and other receivables – net	6		**8,424,800,156**		10,234,025,120
Refundable security deposits	10		**44,626,303**		44,919,122
Property mortgage receivable			**606,739,750**		597,604,251
		P	**20,721,018,154**	P	21,050,456,241

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

(a) Cash and Cash Equivalents

The credit risk for cash and cash equivalents is considered negligible since the counterparties are reputable banks with high quality external credit ratings.

(b) Trade and Other Receivables

In respect of trade and other receivables, the Group is not exposed to any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. In determining credit risk, trade and other receivables exclude advances to suppliers amounting to 614.0 million and P545.4 million as of March 31, 2017 and December 31, 2016, respectively (see Note 6).

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

		March 31, 2017 (Unaudited)		December 31, 2016 (Audited)
Not more than 3 months	**P**	**1,383,236,071**	P	1,356,838,529
More than 3 months but not more than six months		**1,080,018,982**		131,628,911
	P	**2,463,255,053**	P	1,488,467,440

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.

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 six-month and one-year period are identified monthly.

As at March 31, 2017 and December 31, 2016, the Group's financial liabilities are presented below.

	March 31, 2017 (Unaudited)		
	Within 6 Months	**6 to 12 Months**	**1 to 5 Years**
Interest-bearing loans and borrowings	**P 98,140,724**	**P 2,077,236,090**	**P 22,970,138,201**
Trade and other payables	**7,852,603,312**	**-**	**-**
FVTPL liability	**22,710,600**	**-**	**-**
ELS	**-**	**-**	**6,738,766,650**
	P 7,973,454,636	**P 2,077,236,090**	**P 29,708,904,851**

	December 31, 2016 (Audited)					
	Within 6 Months		6-12 Months		1-5 Years	
Interest-bearing loans and borrowings	P	97,089,871	P	2,772,296,113	P	22,832,022,031
Trade and other payables		7,963,283,219		-		-
FVTPL liability		28,879,840		-		-
ELS		-		-		6,738,766,650
	P	8,089,252,930	P	2,772,296,113	P	29,570,788,681

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	**March 31, 2016 (Unaudited)**		December 31, 2016 (Audited)	
		Carrying Values	**Fair Values**	Carrying Values	Fair Values
Financial Assets					
Loans and receivables:					
Cash and cash equivalents	5	**11,644,851,945**	**11,644,851,945**	10,173,907,748	10,173,907,748
Trade and other receivables	6	**8,424,800,156**	**8,424,800,156**	10,234,025,120	10,234,025,120
Refundable security deposits	10	**44,626,303**	**44,626,303**	44,919,122	44,919,122
Property mortgage		**606,739,750**	**606,739,750**	597,604,251	597,604,251
		P 20,721,018,154	**P 20,721,018,154**	P 21,050,456,241	P 21,050,456,241
Financial Liabilities					
Financial liabilities at amortized cost:					
Interest-bearing loans and borrowings	12	**24,756,557,978**	**24,756,557,978**	24,099,767,650	24,099,767,650
Trade and other payables	14	**7,852,603,312**	**7,852,603,312**	7,963,283,219	7,963,283,219
ELS	13	**5,264,339,514**	**5,264,339,514**	5,262,906,379	5,262,906,379
Accrued interest payable		**638,087,096**	**638,087,096**	562,730,466	562,730,466
FVTPL liability		**22,710,600**	**22,710,600**	28,879,840	28,879,840
		P 38,534,298,500	**P 38,534,298,500**	P 37,917,567,554	P 37,917,567,554

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

23.2 Offsetting of Financial Assets and Financial Liabilities

Currently, the Group's other financial assets and financial liabilities are settled on a gross basis because there is no relevant offsetting arrangement on them as of March 31, 2017 and December 31, 2016. 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.

	MARCH 31, 2017			
	Level 1	**Level 2**	**Level 3**	**Total**
Financial liability –				
Financial liabilities at FVTPL	**P -**	**P 22,710,600**	**P -**	**P 22,710,600**

	DECEMBER 31, 2016			
	Level 1	Level 2	Level 3	Total
Financial liability –				
Financial liabilities at FVTPL	P -	P 28,879,840	P -	P 28,879,840

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 11,644,851,945	P -	P -	P 11,644,851,945
Trade and other receivables	-	-	8,424,800,156	8,424,800,156
Property mortgage receivable			606,739,750	606,739,750
Refundable security deposits	-	-	44,626,303	44,626,303
	P 11,644,851,945	P -	P 9,076,166,209	P 20,721,018,154

		Level 1		Level 2	Level 3	Total
Financial liabilities:						
Interest-bearing loans and borrowings	P	-	P	-	24,756,557,978	24,756,557,978
Trade and other payables		-		-	7,852,603,312	7,852,603,312
ELS		-		-	5,264,339,514	5,264,339,514
Accrued interest payable		-		-	638,087,096	638,087,096
	P	-	P	-	P 38,511,587,900	P 38,511,587,900

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:

		March 31, 2017 (Unaudited)		December 31, 2016 (Audited)
Total liabilities	**P**	**45,718,307,327**	P	42,077,912,539
Total equity		**50,754,420,426**		52,218,737,717
Debt-to-equity ratio	**P**	**0.92 : 1.00**	P	0.81 : 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)
May 9, 2017