August 12, 2022

Securities and Exchange Commission
7907 Makati Avenue, Barangay Bel-Air,
Makati City, 1227

Attention: **Mr. Vincente Graciano P. Felizmenio, Jr.**
Director, Markets and Securities Regulation Department

Philippine Stock Exchange
9th Floor, PSE Tower
28th Street corner 5th Avenue
Bonifacio Global City, Taguig City

Attention: **Alexandra D. Tom Wong**
Head, Disclosure Department

Gentlemen:

On behalf of The Keepers Holdings, Inc., I am submitting herewith the Company's Second Quarterly Financial Report for the year 2022 (SEC Form 17-Q).

Sincerely yours,

Candy H. Dacanay-Datuon
Assistant Corporate Secretary

COVER SHEET

0 0 0 0 0 2 4 0 1 5

SEC Registration Number

THE KEEPERS HOLDINGS, INC.

(Company's Full Name)

NO. 900 ROMUALDEZ ST., PACO,
MANILA

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

CANDY H. DACANAY-DATUON	**(632) 8522-8801 to 04**
(Contact Person)	(Company Telephone Number)

1 2	**3 1**	**SEC FORM 17-Q**	**0 5 3 0**
Month	**Day**	(Form Type)	(Annual Meeting)

(Secondary License Type, If Applicable)

Dept. Requiring this Doc.

Amended Articles Number/Section

Total Amount of Borrowing

Total No. of Stockholders

Domestic

Foreign

SEC Personnel concerned

File Number

LCU

Document ID

Cashier

STAMPS

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q

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

1. For the quarterly period ended **JUNE 30, 2022**

2. Commission identification number **24015**

3. BIR Tax Identification No. **000-282-553**

4. Exact name of issuer as specified in its charter **THE KEEPERS HOLDINGS, INC.**

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

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

7. Address of issuer's principal office **No. 900 Romualdez St., Paco, Manila**

8. Issuer's telephone number, including area code **(02) 523-3055**

9. Former name, former address and former fiscal year, if changed since last report **Da Vinci Capital Holdings, Inc.**

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 and amount of debt outstanding
Common Stock, ₱0.10	**14,508,750,313**

11. Are any or all of the securities listed on a Stock Exchange?

    Yes [√] No [ ]

    If yes, state the name of such Stock Exchange and the class/es of securities listed therein:

    Philippine Stock Exchange **Common Stock**

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 [ ]

FINANCIAL INFORMATION

Item 1. Financial Statements – (Please see Annex "A")

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

The following should be read in conjunction with the accompanying unaudited interim consolidated financial statements and notes thereto which form part of this Quarterly Report. These interim consolidated financial statements and notes thereto have been prepared in accordance with Philippine Financial Reporting Standards particularly PAS 34, Interim Financial Statements

Top Key Performance Indicators

The following are the financial soundness indicators used by the Group as at June 30, 2022 and December 2021 and for the six-month period ended June 30, 2022:

	June 30 2022	December 2021
Current Ratio (1)	**10.05:1**	**7.05:1**
Asset to Equity Ratio (2)	**1.12:1**	**1.18:1**
Debt to Equity Ratio (3)	**0.12:1**	**0.18:1**
Debt to Total Assets Ratio (4)	**0.10:1**	**0.15:1**
Book Value per Share (5)	**P0.90**	**P0.83**

	June 30 2022	June 30 2021
Earnings per Share (6)	**P0.07**	P0.06
Return on Assets (7)	**6.84%**	8.12%
Return on Equity (8)	**7.83%**	10.35%

(1) Current Assets over Current Liabilities

(2) Total Assets over Total Equity

(3) Total Liabilities over Total Equity

(4) Total Liabilities over Total Assets

(5) Total Equity over Total Common Shares Outstanding

(6) Net income after tax over Weighted Average Common Shares Outstanding

(7) Net income after tax over Average Total Assets

(8) Net income after tax over Average Total Equity

I. Financial Performance

The following table shows the consolidated statements of comprehensive income for the six-month period ended June 30, 2022 and 2021:

(In thousands)	**6M 2022**	**% to Sales**	6M 2021*	% to Sales	**% Change**
Net Sales	**P5,475,569**	**100.0%**	P4,299,008	100.0%	**27.4%**
Cost of Sales	**3,967,028**	**72.4%**	3,163,752	73.6%	**25.4%**
Gross Profit	**1,508,541**	**27.6%**	1,135,256	26.4%	**32.9%**
Operating Expenses	**358,917**	**6.6%**	301,666	7.0%	**19.0%**
Income from Operations	**1,149,624**	**21.0%**	833,590	19.4%	**37.9%**
Other income (charges) – net	**59,559**	**1.1%**	5,115	0.1%	**1065.0%**
Net Income before tax	**1,209,223**	**22.1%**	838,705	19.5%	**44.2%**
Provision for income tax	**228,478**	**4.2%**	135,892	3.2%	**68.1%**
Net Income after tax	**P980,745**	**17.9%**	P702,813	16.3%	**39.5%**

**Based on the reviewed Interim Consolidated Statements of Comprehensive Income for the Six-Month Period Ended June 30,2021*

Net Sales

The Group's consolidated net sales for the six-month period ended June 30, 2022 amounting to P5.5 billion grew by 27.4% from ₱4.3 billion for the same period in 2021.

The strong growth in sales is attributable to the robust sales performance from all categories particularly the recovering demand and consumption from the on-premise channel as well as the gradually increasing demand from the travel retail market resulting from the easing community restrictions. All these developments contributed to the overall 23% growth in sales volume during the first semester despite some price increase implemented which accounted for about 10% of the sales revenue growth. Moreover, and as can be seen in the sales mix table below, the wines and specialty beverage categories posted higher growth rates which are 57% and 106% respectively reinforcing the consistently growing sales driven by brandy category driven by the group's flagship brand, Alfonso Brandy.

Breakdown of the sales volume performance by category follows:

(In thousands)

Category	**6M2022**	**% to Total**	6M2021	% to Total	**% Change**
Brandy	**1,566**	**74%**	1,337	**78%**	**17%**
Other spirits	**268**	**13%**	228	**13%**	**18%**
Wines	**108**	**5%**	69	**4%**	**57%**
Specialty beverages	**163**	**8%**	79	**5%**	**106%**
Total Cases Sold	**2,105**	**100%**	1,713	100%	**23%**

Cost of Sales

The Group's cost of sales increased by 25.4% for the period ended June, 2022 and is relative to the increase in sales.

Gross Profit

Gross profit increased by around 33% in the first half of 2022. The improved margins and increase in the gross profit rate from 26.4% to 27.6% is principally attributable to the net effect of the much-improved sales mix, price increase and minimal increase in the excise tax, product costs and other import charges.

Operating Expenses

Operating expenses increased by 19.0% in the 1st half of 2022 as compared to the operating expenses in same period of 2021. This is the net effect of increases in logistics and advertising & promo expenses resulting from the increase in sales, minimal increase in logistics fees and the increased radio ads placements for Alfonso Jingle and the nonrecurring costs for taxes and professional fees incurred in prior period in relation to the share swap and the Follow-on Offering transactions.

Other Income (Charges)- Net

Other income, net of other charges amounted to P59.6 million in the first half of 2022, improved significantly as compared to 2021. This is due to the increase in the interest income earned on short-term cash placements and the net foreign exchange gain realized during the period.

Net Income

The Group's net income for the first half of 2022 amounted to P980.7 million which grew by 39.5% compared to the net income of P702.8 million in the same period of 2021 resulting from a combination of the strong sales recovery performance, better margins with a corresponding better management of cost and operating expenses. Increase in the interest income as well as net foreign exchange gains realized also contributed to the growth.

II. Consolidated Financial Position

The Group's consolidated financial position as at June 30, 2022 are shown below together with the comparative figures based on the audited consolidated financial position as of December 31, 2021:

(in thousands)	**June 30, 2022**	**% to Total Assets**	**December 31, 2021**	**% to Total Assets**	**% Change**
Cash and cash equivalents	**P7,334,033**	**50.4%**	P7,700,929	54.4%	4.8%
Trade and other receivables – net	**1,315,283**	**9.0%**	2,042,263	14.4%	(35.6%)
Inventories	**3,663,189**	**25.2%**	3,519,298	24.9%	4.1%
Prepaid expenses and other current assets	**1,922,622**	**13.2%**	555,423	3.9%	246.2
Total Current Assets	**14,235,127**	**97.9%**	13,817,913	97.7%	(3.0%)
Right-of-use assets – net	**145,938**	**1.0%**	176,112	1.2%	(17.1%)
Property and equipment – net	**29,128**	**0.2%**	26,740	0.2%	8.9%
Deferred income tax assets – net	**4,448**	**0.0%**	4,107	0.0%	8.3%
Investment in an associate	**83,431**	**0.6%**	78,388	0.6%	6.4%
Other noncurrent assets	**48,186**	**0.3%**	46,074	0.3%	4.6%
Total Noncurrent Assets	**311,131**	**2.1%**	331,421	2.3%	(6.1%)
Total Assets	**P14,546,258**	**100.0%**	P14,149,334	100.0%	2.8%
Trade and other payables	**P1,096,809**	**7.5%**	P1,286,839	9.1%	(14.8%)
Due to related parties	**106,700**	**0.7%**	106,700	0.8%	(0.0%)
Dividends payable	**-**	**-**	328,210	2.4%	(100.0%)
Income tax payable	**137,847**	**0.9%**	148,598	1.1%	(7.2%)
Lease liabilities – current	**69,549**	**0.5%**	58,118	0.4%	19.7%
Provisions	**5,322**	**0.0%**	11,975	0.1%	(55.6%)
Total Current Liabilities	**1,416,227**	**9.7%**	1,960,440	13.9%	(27.8%)
Lease liabilities - net of current portion	**88,556**	**0.6%**	128,740	0.9%	(31.2%)
Retirement benefits liability	**18,546**	**0.1%**	17,972	0.1%	3.2%
Total Noncurrent Liabilities	**107,102**	**0.7%**	146,712	1.1%	(27.0%)
Total Liabilities	**1,523,329**	**10.5%**	2,107,152	14.9%	(27.7%)
Capital stock	**1,450,875**	**10.0%**	1,450,875	10.3%	0.0%
Additional paid in capital	**25,447,900**	**174.9%**	25,447,900	179.8%	0.0%
Retained earnings	**6,969,559**	**47.9%**	5,980,812	42.3%	16.4%
Equity adjustments from common control Transactions	**(20,848,500)**	**-143.3%**	(20,848,500)	-147.3%	0.0%
Accumulated remeasurements on retirement benefits	**3,552**	**0.0%**	3,552	0.0%	0.0%
Other reserves	**(457)**	**0.0%**	(457)	0.0%	0.0%
Total Equity	**13,022,929**	**89.5%**	12,042,182	85.1%	8.1%
	P14,546,258	**100.0%**	P14,149,334	100.0%	2.8%)

Working Capital

As at June 30, 2022 the Group's working capital increased to P12.8 billion from P11.8 billion as at December 31, 2021. Current ratios stood at 10x and 7x as of June 30, 2022 and December 31, 2021, respectively.

Current Assets

Cash and cash equivalents amounted to about P7.3 billion as of June 30, 2022 or 50.4% of total assets. The balance includes the net proceeds from the follow on offering in November 2021 amounting P4.35 billion and mainly invested in short-term bank placements.

Trade and other receivables amounted to P1.3 billion as of June 30, 2022 or 9.0% of total assets. It mainly consists of trade receivables from various customers. The decrease of 35.6% is the result of continues improvement of monitoring receivables and adherence to credit and collection process.

Inventories amounted to P3.7 billion or 25.2% of total assets as of June 30, 2022. The net increase of 4.1% from the December 31, 2021 balance of P3.5 billion is due to the net effect of importations received and the cost of sales during the 1st half of 2022.

Prepaid expenses and other current assets amounted to P1.9 billion or 13.2% of the total assets as of June 30, 2022. Increase of P1.4 billion represents the net effect of additional payments for advance excise taxes, advance payments on new orders to trade suppliers and applications of advances against shipments received during first half of 2022.

Noncurrent Assets
As at June 30, 2022, total noncurrent assets amounted to P311.1 million or 2.1% of total assets.

Right-of-use assets (ROU) represents the values recognized from long-term lease contracts covering office and warehouse facilities. As of June 30, 2022, net book value amounted to P145.9 million. The net decrease of 17.1% was due the net effect of new lease agreement covering the use of office spaces, renewal of lease contract on the use of warehouse and the amortizations recognized during the period.

Property and equipment-net book values amounted to P29.1 million as of June 30, 2022. This account mainly consists of the leasehold improvements on offices and warehouses. The net increase of P2.4 million from the December 31, 2021 net book value of P26.74 million was due to purchase of office and transportation equipment and the depreciation during the period.

Investment in an associate amounted to P83.4 million as of June 30, 2022. This represents the group's 30% equity interest in Pernod Ricard Philippines which was made in February 2019 net of accumulated share in net income of the investee company recognized to date

Current Liabilities
As at June 30, 2022 total current liabilities amounted to P1.4 billion equivalent to 9.7% of total assets.

Trade and other payables amounted to P1.1 billion or 7.5% of total assets. The decrease of 14.8% from the December 31, 2021 balance of P1.29 billion was due to the net settlements to trade suppliers, both local and foreign.

Dividends payable as of December 31, 2021 amounting to P348.21 million pertains to the cash dividend declared in December 2021 at P0.24 per share or about 30% of the consolidated net income for the year ended December 31, 2020 in line with the company's existing dividend policy and subsequently paid on January 28, 2022.

Income tax payable amounted to P137.8 million as of June 30, 2022. Income tax payable as of December 31, 2021 amounting to P148.60 million were paid in April 2022.

Lease liabilities due within the year amounted to P69.50 million representing lease payable for the use of warehouses and offices.

Provisions amounted to P5.3 million as of June 30, 2022. The decrease of P6.6 million from December 31, 2021 of P11.98 balance resulted from management's updated assessment of the business risks previously covered by these provisions.

Noncurrent Liabilities
As at December 31, 2021, total non-current liabilities amounted to P107.1 million, equivalent to 0.7% of total assets.

Lease liabilities payable for the succeeding year until the end of the lease agreements on the use of warehouses and offices amounted to P88.5 million. Net decrease of 31.2% pertains to the reclassification of current portion of the lease liabilities.

Retirement benefit liability which represents the present value of the defined benefits retirement obligations amounted to P18.5 million as of June 30, 2022.

Equity
As at June 30, 2022 total equity amounted to P13.0 billion or 89.5% of total assets.

Capital stock amounted to P1.45 billion as of June 30, 2022 and December 31, 2021.

Additional paid in capital amounted to P25.4 billion of which, P21.3 billion resulted from the recognition of the difference between the fair market values of the three liquor distribution companies based on an independent valuation and the par value of the 11.250 billion new shares issued by the Company in favor of Cosco Capital pursuant to the share swap transaction between the Company and Cosco net of P46.8 million pertaining to shares issuance costs.

The balance also includes additional paid in capital from the follow on offering of 3,000,000,000 primary shares amounting to P4.1 billion, net of the share issuance cost of P126.3 million.

Retained earnings amounted to P6.9 billion representing the aggregated retained earnings of the Company and the subsidiaries as of June 30, 2022.

Equity adjustments from common control transactions amounting to P20.8 billion represents the difference between the fair market values and the carrying values of the net assets of the three liquor distribution companies recognized in accordance with existing standards and guidance on consolidation of companies under common control.

Accumulated remeasurements on retirement benefits which pertains to accruals and adjustments made in compliance with the accounting standard covering employee benefits amounted to P3.5 million as of June 30, 2022 and December 31, 2021.

III. Sources and Uses of Cash

The Group's primary sources of liquidity are basically its net operating cash inflows augmented by availment from bank loan facilities as and when required.

A brief summary of the consolidated cash flows during the comparative periods are shown below:

	For the periods ended June 30	
(In thousands)	**2022**	2021
Net cash from (used in) operating activities	**P25,308**	(P463,423)
Net cash used in investing activities	**(11,439)**	(1,493)
Net cash used in financing activities	**(380,764)**	(346,978)
Net decrease in cash and cash equivalents	**(P366,895)**	(P811,894)

Net cash from operating activities during the current period is basically attributable to net effect of increase in sales, collection of trade receivables, settlement of trade payable accounts, purchase of additional inventory requirements and other related current operating requirements. Net cash from the operating activities on prior period was mainly due to the payment of advances excise tax.

Net cash used in investing activities mainly pertains to the funds used for additional assets acquisitions.

Net cash used in financing activities in the current period is primarily due to payment of dividends and lease liabilities.

IV. Material Events and Uncertainties

There are no known trends or any known 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.

There are no events that will trigger direct or contingent financial obligation that is material to the Group, including any default or acceleration of an obligation;

There are no material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the Group with unconsolidated entities or other persons created during the year.

There are no material commitments for capital expenditures other than those performed in the ordinary course of trade of business in line with the Group's expansion program.

There are no known trends, events or uncertainties that have had or that are reasonably expected to have a material impact on the revenues or income from continuing operations.

There are no significant elements of income not arising from continuing operations.

The Group experiences the fourth quarter of the year as the peak season relating to increased sales resulting from Christmas and New Year holidays.

SIGNATURES

Pursuant to the requirements of the Securities and Regulation Code, the issuer has duly caused this Second Quarterly Financial Statement of The Keepers Holdings, Inc. and its subsidiaries for the year 2022 to be signed on its behalf by the undersigned thereunto duly authorized.

August 12, 2022 in the City of Manila

THE KEEPERS HOLDINGS, INC.

By:

JOSE PAULINO L. SANTAMARINA
President

IMELDA D. LACAP
Comptroller

THE KEEPERS HOLDINGS, INC.
(Formerly DA VINCI CAPITAL HOLDINGS, INC.)
AND SUBSIDIARIES

INTERIM CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2022 and December 31, 2021

THE KEEPERS HOLDINGS, INC.
(Formerly DA VINCI CAPITAL HOLDINGS, INC.) AND SUBSIDIARIES
INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(In Thousands)

	Note	June 30, 2022 (Unaudited)	December 31, 2021 (Audited)
ASSETS			
Current Assets			
Cash and cash equivalents	*5, 24*	**P7,334,033**	P7,700,929
Trade and other receivables - net	*6,24*	**1,315,283**	2,042,263
Inventories	*7*	**3,663,189**	3,519,298
Prepaid expenses and other current assets	*8*	**1,922,622**	555,423
Total Current Assets		**14,235,127**	13,817,913
Noncurrent Assets			
Right-of-use assets - net	*18*	**145,938**	176,112
Property and equipment - net	*9*	**29,128**	26,740
Deferred income tax assets - net	*20*	**4,448**	4,107
Investment in an associate	*10*	**83,431**	78,388
Other noncurrent assets	*11*	**48,186**	46,074
Total Noncurrent Assets		**311,131**	331,421
		P14,546,258	P14,149,334
LIABILITIES AND EQUITY			
Current Liabilities			
Trade and other payables	*12, 24*	**P1,096,809**	P1,286,839
Due to related parties	*13, 24*	**106,700**	106,700
Dividends payable	*1, 24*	**-**	348,210
Income tax payable		**137,847**	148,598
Lease liabilities - current	*18, 24*	**69,549**	58,118
Provisions	*21*	**5,322**	11,975
Total Current Liabilities		**1,416,227**	1,960,440
Noncurrent Liabilities			
Lease liabilities - net of current portion	*18, 24*	**88,556**	128,740
Retirement benefits liability	*19*	**18,546**	17,972
Total Noncurrent Liabilities		**107,102**	146,712
Total Liabilities		**1,523,329**	2,107,152
Equity	*14*		
Capital stock		**P1,450,875**	P1,450,875
Additional paid-in capital		**25,447,900**	25,447,900
Retained earnings			
Unappropriated		**6,019,559**	5,038,812
Appropriated		**950,000**	950,000
Equity adjustments from common control transactions		**(20,848,500)**	(20,848,500)
Accumulated remeasurements on retirement benefits	*19*	**3,552**	3,552
Other reserves		**(457)**	(457)
Total Equity		**13,022,929**	12,042,182
		P14,546,258	P14,149,334

See Notes to Interim Consolidated Financial Statements.

THE KEEPERS HOLDINGS, INC.
(Formerly DA VINCI CAPITAL HOLDINGS, INC.) AND SUBSIDIARIES

UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(In Thousands, Except Per Share Data)

		Three-Month Period Ended		**Six-Month Period Ended**	
	Note	**June 30, 2022**	June 30, 2021*	**June 30, 2022**	June 30, 2021*
NET SALES		**P3,306,217**	P2,539,812	**P5,475,569**	P4,299,008
COST OF GOODS SOLD	*15*	**2,379,703**	1,854,569	**3,967,028**	3,163,752
GROSS PROFIT		**926,514**	685,243	**1,508,541**	1,135,256
OPERATING EXPENSES	*16*	**199,532**	145,125	**358,917**	301,666
INCOME FROM OPERATIONS		**726,982**	540,118	**1,149,624**	833,590
SHARE IN NET INCOME OF AN ASSOCIATE	*10*	**19,430**	13,523	**5,043**	5,694
OTHER INCOME (CHARGES) - Net	*17*	**40,352**	(2,266)	**54,556**	(579)
INCOME BEFORE INCOME TAX		**786,764**	551,375	**1,209,223**	838,705
PROVISION FOR INCOME TAX	*20*	**138,523**	100,370	**228,478**	135,892
NET INCOME/TOTAL COMPREHENSIVE INCOME		**P648,241**	P451,005	**P980,745**	P702,813
BASIC AND DILUTED EARNINGS PER SHARE	*22*	**P0.04**	P0.04	**P0.06**	P0.06

** Based on the reviewed Interim Consolidated Financial Statements for the Six-Month Period Ended June 30, 2021*
See Notes to Interim Consolidated Financial Statements.

THE KEEPERS HOLDINGS, INC.
(Formerly DA VINCI CAPITAL HOLDINGS, INC.) AND SUBSIDIARIES

UNAUDITED INTERIM CONSOLIDATED
STATEMENTS OF CHANGES IN EQUITY
(In Thousands)

		Six-Month Period Ended	
	Note	**June 30, 2022**	June 30, 2021*
CAPITAL STOCK			
Balance at beginning of period, as previously reported	*15*	**P25,875**	P25,875
Share swap transaction		**1,125,000**	1,125,000
Share issuance - FOO		**300,000**	-
Balance at beginning and end of period, as restated		**1,450,875**	1,150,875
ADDITIONAL PAID-IN CAPITAL			
Balance at beginning of period, as previously reported		**46,033**	46,033
Share swap transaction		**21,375,000**	21,375,000
Issuance of common shares		**4,200,000**	-
Share issuance costs	*15*	**(173,133)**	(46,800)
Balance at beginning and end of period, as restated		**25,447,900**	21,374,233
RETAINED EARNINGS (DEFICIT)			
Unappropriated:			
Balance at beginning of period, as previously reported		**(57,863)**	(57,863)
Share swap transaction		**5,096,677**	3,861,820
Net income for the six-month period		**980,745**	702,813
	15	**6,019,559**	4,506,770
Appropriated:			
Balance at beginning of year, as previously reported		**-**	-
Share swap transaction		**950,000**	950,000
		950,000	950,000
Balance at end of six-month period, as restated		**6,969,559**	5,456,770
EQUITY ADJUSTMENTS FROM COMMON CONTROL TRANSACTIONS			
Balance at beginning of six-month period, as previously reported		**-**	-
Share swap transaction		**(20,848,500)**	(20,848,500)
Balance at beginning and end of six-month period	*15*	**(20,848.500)**	(20,848,500)

Forward

	Note	Six-Month Period Ended June 30, 2022	June 30, 2021*
ACCUMULATED REMEASUREMENTS ON RETIREMENT BENEFITS	*20*		
Balance at beginning of six-month period, as previously reported		**P -**	P -
Share swap transaction		**4,691**	4,691
Impact of tax adjustment in retirement benefits during the period		**(1,139)**	385
Balance at beginning and end of six-month period		**3,552**	5,076
OTHER RESERVES			
Balance at beginning of period, as restated			
Share in other comprehensive loss of an associate, as restated		**(457)**	(1,318)
Balance at beginning and end of six-month period		**(457)**	(1,318)
		P13,022,929	P7,137,136

** Based on the reviewed Consolidated Interim Financial Statements for the six-month period ended June 30, 2021*

See Notes to Interim Consolidated Financial Statements.

THE KEEPERS HOLDINGS, INC.
(Formerly DA VINCI CAPITAL HOLDINGS, INC.) AND SUBSIDIARIES
INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
(In Thousands)

		Six-Month Period Ended	
	Note	**June 30, 2022**	June 30, 2021*
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax		**P1,209,224**	P838,705
Adjustments for:			
Depreciation and amortization	*9, 18, 16*	**37,113**	36,753
Share in net loss (income) of an associate	*10*	**(5,043)**	(5,694)
Interest income	*17*	**(37,967)**	(10,537)
Interest expense	*18, 17*	**3,801**	5,562
Retirement benefits costs		**1,107**	1,079
Gain on disposal of property and equipment		**-**	(393)
Provision on probable liabilities		**(6,653)**	-
Unrealized foreign exchange gains -net		**-**	(23)
Operating income before working capital changes		**1,201,582**	865,452
Decrease (increase) in:			
Trade and other receivables		**726,980**	530,510
Inventories		**(143,890)**	(42,947)
Prepaid expenses and other current assets		**(1,367,199)**	(1,110,063)
Increase in trade and other payables		**(190,030)**	(488,981)
Cash generated from (used in) operations		**227,443**	(246,029)
Income taxes paid		**(239,570)**	(227,931)
Interest received	*5, 17*	**37,967**	10,537
Retirement benefits paid		**(533)**	-
Net cash from (used in) operating activities		**25,307**	(463,423)
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to property and equipment	*9*	**(9,328)**	(1,603)
Proceeds from disposal of property and equipment		**-**	393
Additions to other noncurrent assets		**(2,111)**	(283)
Cash used in investing activities		**(11,439)**	(1,493)
CASH FLOWS FROM FINANCING ACTIVITIES			
Advances received from related parties	*13*	**-**	5,427
Payments of:			
Loans payable		**-**	(42,000)
Dividends	*13*	**(348,210)**	(200,000)
Share issuance costs		**-**	(46,800)
Lease liabilities	*18*	**(32,554)**	(38,041)
Interest		**-**	(5,562)
Due to related parties		**-**	(20,002)
Net cash used in financing activities		**(380,764)**	(346,978)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		**(366,896)**	(811,894)
CASH AND CASH EQUIVALENTS AT BEGINNING OF SIX-MONTH PERIOD		**7,700,929**	2,543,103
CASH AND CASH EQUIVALENTS AT END OF SIX-MONTH PERIOD	*5*	**7,334,033**	P1,722,209

** Based on the reviewed Consolidated Interim Financial Statements for the six-month period ended June 30, 2021*
See Notes to Interim Consolidated Financial Statements.

NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS
(Amounts in Thousands, Except Per Share Data and Number of Shares)

1. Reporting Entity

The Keepers Holdings, Inc. (formerly Da Vinci Capital Holdings, Inc.) (the "Parent Company" or "TKHI") was incorporated and registered with the Philippine Securities and Exchange Commission (SEC) on November 5, 1963, and its shares are listed in the Philippine Stock Exchange (PSE) on September 3, 1991. On April 26, 2013, the SEC approved the amendments to certain sections of the Parent Company's Articles of Incorporation which include the extension of its corporate life for another 50 years from November 5, 2013 to November 5, 2063.

The principal activities of the Parent Company are to invest in, purchase, or otherwise acquire and own, hold, use, sell, assign, transfer, mortgage, pledge, exchange or otherwise dispose of real and personal property of every kind and description, including shares of stocks, bonds, debentures, notes, evidences of indebtedness and other securities or obligations of any corporation or corporations, association or associations, domestic or foreign, for whatever lawful purpose or purposes the same may have been organized and to pay therefore in money or by exchanging shares of stocks of the Parent Company or any other corporation, while the owner or holder of any such real or personal property, stocks, bonds, debentures, contracts or obligations, to receive, collect and dispose of the interest, dividends and income arising from such property; and to possess and exercise in respect thereof all the rights, powers and privileges of ownership, including all voting powers of any stock so owned; to carry on and manage the general business of any company.

The Board of Directors (BOD) and Stockholders, representing at least two-thirds (2/3) of the outstanding capital stock of TKHI, approved the amendments to certain sections of TKHI's Articles of Incorporation on October 26, 2020 and November 20, 2020, respectively, which include the following:

i. Change in the name of the Parent Company to "The Keepers Holdings, Inc.".
ii. Change in the primary and secondary purpose of the Parent Company;
iii. Change of corporate term of the Parent Company to perpetual existence;
iv. Change in the par value of common shares to P0.10 per share and the reclassification of authorized preferred shares to common shares; and
v. Increase in authorized capital stock to P2,000,000 or 20,000,000,000 common shares.

On February 19, 2021, the BOD approved the issuance of common shares of TKHI, which will be created and issued out of an increase in its authorized capital stock, in exchange for Cosco Capital, Inc.'s (Cosco) investments in Montosco, Inc. (MI), Meritus Prime Distributions, Inc. (MPDI) and Premier Wine and Spirits, Inc. (PWSI) (collectively referred to as "Subsidiaries" or "Liquor Entities"), under a Share Swap Arrangement.

MI, MPDI and PWSI are incorporated and registered with the Philippine SEC on August 13, 2008, February 17, 2010 and June 19, 1996, respectively. The subsidiaries engage primarily in buying, selling, importing, manufacturing, repackaging, preparing, bottling, and distribution on wholesale of all kinds of wines, spirits, liquors, beers and other alcoholic and non-alcoholic beverages and drinks.

The share swap transaction between TKHI and Cosco resulted into the strategic spin-off of the three (3) liquor subsidiaries of Cosco. Cosco has acquired a controlling interest to TKHI, a separately public listed company, as a result of the injection of these companies to TKHI.

The stockholders of TKHI approved the foregoing corporate actions in its annual stockholders meeting on May 28, 2021. On June 18, 2021, TKHI and Cosco signed a Deed of Exchange whereby Cosco Capital, Inc. shall transfer 100% of its shares in MI, MPDI and PWSI in exchange of 11,250,000,000 common shares at P2.00 per share.

On June 30, 2021, the SEC approved the increase in the Company's authorized capital stock by virtue of the issuance to the Company of the Certificate of Approval of Increase of Capital Stock and Certificate of Filing of Amended Articles of Incorporation. The SEC also approved the other amendments to the Articles of Incorporation on the same date. As a result of the approval of the increase in the Company's authorized capital stock, the issuance of the new shares to Cosco in exchange of 100% of the outstanding shares of MI, MPDI and PWSI (the "Share Swap Transaction") was completed. Consequently, the Parent Company became the legal and beneficial owner of the 100% outstanding shares each of MI, MPDI and PWSI, while Cosco obtained controlling interest in the Parent Company with an equity ownership of almost 98%. The acquisition of MI, MPDI and PWSI under a share swap transaction is considered to be a business combination of entities under common control as they are all under the common control of Mr. Lucio Co. before and after the acquisition.

Prior to June 30, 2021, TKHI was 85% owned by Invescap Incorporated ("Invescap"), a company that is incorporated in the Philippines. Cosco and Invescap are also companies controlled by Mr. Lucio Co before and after the acquisition.

With the approval of the increase in the Parent Company's authorized capital stock, the SEC consequently accepted and approved the transfer value of the shares of MI, MPDI and PWSI amounting to P22,500,000, the investment value of the Company in MI, MPDI and PWSI.

As the issuance of new shares to Cosco resulted in the Company's public ownership level falling below the minimum twenty (20%) requirement under the SEC Memorandum Circular No. 13 Series of 2017 on the rules and regulations on minimum public ownership on initial public offering, the PSE suspended the trading of the Company's shares commencing July 8, 2021.

On September 8, 2021, the BIR issued the Electronic Certificate Authorizing Registration covering the Share Swap Transaction which confirms that the said transaction is exempt from capital gains tax.

Additional Listing of the Shares and Follow-on Public Offering
Following the increase in the capital stock of the Parent Company and the Share Swap Transaction, the Parent Company's public ownership was reduced to 0.34%. On April 29, 2021, the Parent Company filed a request with the PSE for the grant of MPO Exemption Period for the minimum public float requirements of the PSE and the SEC (the "minimum public ownership (MPO) Rule") to commence from subscription by Cosco up to the completion of this Offer in order to comply with the minimum public ownership requirement of at least 20% public float upon and after listing. In its letter dated May 26, 2021, the PSE informed the Company that it can only provide a relaxation of the MPO Rule to the end that the trading of the Company's shares will continue notwithstanding the public float being lower than the minimum public ownership required during the MPO Exemption Period if the following conditions concur: (i) the prior approval of the SEC on the grant of the exemption from the MPO Rule shall be first obtained by the PSE; and (ii) the Company secures a ruling/opinion from the Bureau of Internal Revenue ("BIR") for confirmation that Revenue Regulations No. 16-2012 will not apply during the MPO Exemption Period.

However, if subsequently the Company's public ownership level decreases to below the MPO Rule minimum, then trading in the Company's shares may be suspended. Listed companies that become non-compliant with the minimum public ownership rules may be suspended from trading for a period of not more than six months and will automatically be delisted if they remain non-compliant after the lapse of the suspension period.

On July 14, 2021, the Company filed a Registration Statement ("RS") with the SEC in accordance with the provisions of the Securities Regulation Code of the Philippines (Republic Act No. 8799, the "SRC") for the registration of the Offer Shares. On July 19, 2021, the Company filed its application for the listing and trading of offer shares with the PSE. On September 20, 2021, the Company filed an amended Registration Statement which was rendered effective by SEC on October 7, 2021. The Permit to Sell ("PTS") of the Company's Offer Shares was issued by SEC on November 3, 2021.

In compliance with Section 3 of the PSE Rules on Backdoor Listing, and Article V, Part A of the PSE Listing and Disclosure Rules on the Rule on Additional Listing of Shares, on August 19, 2021, the Company filed the application for listing with the PSE for additional shares of stock issued in connection with the increase of the capital stock and the Share Swap Transaction to comply with the PSE listing rules. The additional listing of shares without the conduct of a rights or public offering was approved by the stockholders on May 28, 2021.

Under BIR Revenue Regulations No. 16-2012, the sale, barter, transfer, and/or assignment of shares of listed companies that fail to meet the MPO Rule will be subject to capital gains tax and documentary stamp tax, unless temporary relief is granted and the trading suspension is not lifted. In line with the said ruling, any sale of the Offer Shares will be subject to capital gains tax and documentary stamp tax unless covered by a granted MPO exemption period, including the aforementioned confirmation by the BIR.

After the effectivity of the share swap transaction and follow-on offering on November 19, 2021, the Parent Company became 77.54% owned by Cosco, a company incorporated in the Philippines. The follow-on offering also increased the Parent Company's public ownership to 20.94% in compliance with the MPO rule. The remaining 1.52% is owned by Invescap. As at December 31, 2021, Cosco is the immediate and ultimate parent of TKHI and its Subsidiaries (collectively referred to as the "Group").

The Group’s respective registered office address and principal place of business are presented below:

	Registered Office and Principal Place of Business
The Keepers Holdings, Inc.	No. 900 Romualdez Street, Paco, Manila
Montosco, Inc.	1501 Federal Tower, Dasmariñas Street, San Nicolas, Manila
Meritus Prime Distribution, Inc.	704 Federal Tower, Dasmariñas Street, San Nicolas, Manila
Premier Wine and Spirits, Inc.	Gate 1, Tabacalera Compound, 900 D. Romualdez Street, Paco, Manila

Consolidation Information

These interim consolidated financial statements are presented in the context of the public offering of common shares by TKHI in line with the internal restructuring of Cosco through consolidation of its liquor distribution businesses under TKHI.

On June 30, 2021, the TKHI issued 11,250,000,000 common shares with a par value of P0.10 at P2.00 per share in exchange for Cosco’s investments in MI, MPDI and PWSI, under a Share Swap Transaction as follows:

- 9,488,444,240 common shares of TKHI swapped with 7,500,000 common shares of Cosco in MI;

- 907,885,074 common shares of TKHI swapped with 7,500,000 common shares of Cosco in MPDI; and,

- 853,670,686 common shares of TKHI swapped with 1,500,000 common shares of Cosco in PWSI.

TKHI’s acquisition of the entities listed below through a share swap arrangement with Cosco, is accounted as a business combination involving entities under common control using the pooling of interest method as a policy choice as they are all under the common control of Mr. Lucio Co before and after the acquisition. Shares involved common shares.

	Percentage of Ownership of Cosco before the Share Swap	**TKHI’s Interest after the Share Swap**
Montosco Inc.	**100%**	**100%**
Meritus Prime Distributions, Inc.	**100%**	**100%**
Premier Wine and Spirits, Inc.	**100%**	**100%**

TKHI is the Parent Company of the Group. Cosco is the ultimate parent company of the Group.

2. Basis of Preparation

Basis of Measurement

The interim consolidated financial statements have been prepared on a historical cost basis of accounting except for retirement benefits liability which is measured at the present value of the defined benefits obligation.

Functional and Presentation Currency

The interim consolidated financial statements are measured using the currency of the primary economic environment in which the Group operates. The financial information are presented in Philippine peso, which is also the Group’s functional currency. All amounts are rounded to the nearest thousands, except par value, per share data, number of shares and when otherwise indicated.

Authorization for Issuance of the Interim Consolidated Financial Statements
The accompanying interim consolidated financial statements of the Group as at June 30, 2022 and December 31, 2021 and for the Six-Month periods ended June 30, 2022 and 2021 were approved and authorized for issue by the Group's Board of Directors (BOD) on August 2, 2022.

3. Summary of Significant Accounting Policies

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements, except for the changes in accounting policies as explained below.

Adoption of Amendments to Standards
The Group has adopted the following amendments to standards starting January 1, 2021 and accordingly, changed its accounting policies. Except as otherwise indicated, the adoption of these amendments to standards did not have any significant impact on the Group's consolidated financial statements. These are as follows:

- PFRS 16, *Leases - COVID-19-Related Rent Concessions (Amendments)* introduce an optional practical expedient that simplifies how a lessee accounts for rent concessions that are a direct consequence of COVID-19. A lessee that applies the practical expedient is not required to assess whether eligible rent concessions are lease modifications, and accounts for them in accordance with other applicable guidance. The practical expedient applies if: the revised consideration is substantially the same or less than the original consideration; the reduction in lease payments relates to payments due on or before June 30, 2021; and no other substantive changes have been made to the terms of the lease.

  Lessees applying the practical expedient are required to disclose that fact, whether they have applied the practical expedient to all eligible rent concessions and, if not, the nature of the contracts to which they have applied the practical expedient; and the amount recognized in profit or loss for the reporting period arising from application of the practical expedient. No practical expedient is provided for lessors.

  A lessee applies the amendments retrospectively, recognizing the cumulative effect of the amendments as an adjustment to the opening balance of retained earnings or other component of equity, as appropriate.

Consolidation
The consolidated financial statements incorporate the financial amounts of the Parent Company and its subsidiaries. Subsidiaries are entities over which the Parent Company has control. The Parent Company controls and entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date that control commences until the date that control ceases.

The financial statements of the subsidiaries are prepared for the same reporting period as the Parent Company, using uniform accounting policies for like transactions and other events in similar circumstances. All intra-group transactions, balances, income, and expenses are eliminated upon consolidation. Unrealized losses on intragroup transactions are eliminated, unless the transaction provides evidence of an impairment of the assets transferred.

A change in ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

Statements of Cash Flows
The Group has chosen to prepare the consolidated statements of cash flows using the indirect method, which presents cash flows from operating activities as the income from operations adjusted for non-cash transactions, deferrals or accruals of past or future operating cash receipts or payments, and items of income or expense associated with investing or financing cash flows. Interest paid on loans is presented as a financing activity. The Group has chosen to present dividends paid to its stockholders as a financing activity cash flow. In the cash flow statements, the Group has classified the principal portion of lease payments, as well as the interest portion, within financing activities. Variable lease payments not included in the measurement of the lease liability are classified as cash flows from operating activities.

Common Control Business Combinations
Business combinations involving entities under common control are business combinations in which all entities are controlled by the same party both before and after the business combination. The Group accounts for such business combinations using the pooling of interest method.

In applying the pooling of interest method, the Group follows Philippine Interpretations Committee Question and Answer No. 2012-01, *PFRS 3.2 - Application of the Pooling of Interests Method for Business Combinations of Entities under Common Control in Consolidated Financial Statements,* which provides the following guidance:

- The assets and liabilities of the acquired company for the reporting period in which the common control business combinations occur, are included in the Group's consolidated financial statements at their carrying amounts. No adjustments are made to reflect the fair values or recognize any new assets or liabilities at the date of the combination that otherwise would have been done under the acquisition method. The only adjustments that are made are those adjustments to harmonize accounting policies between the combining entities;

- No 'new' goodwill is recognized as a result of the business combination. Any difference between the consideration paid or transferred and the equity 'acquired' is presented as "Equity adjustments from common control transactions" account in the consolidated statement of financial position;

- The consolidated statements of comprehensive income reflect the results of the combining entities for the full year, irrespective of when the combination took place; and

- Comparatives are presented as if the entities had always been combined.

Cash and Cash Equivalents
Cash includes cash on hand and in banks, which is subject to insignificant risk of changes in value and is used by the Group in managing its short-term commitments. Cash equivalents are short-term placements for varying periods of up to three months from its original maturity depending on the immediate cash requirements of the Group. Cash in banks and cash equivalents earn interest at the respective prevailing bank rates.

Financial Instruments

Date of Recognition

The Group recognizes a financial asset or a financial liability in the consolidated statements of financial position when it becomes a party to the contractual provisions of the instrument. Purchases and sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace are recognized on the settlement date.

Initial Recognition of Financial Instruments

Financial instruments are recognized initially at fair value. The initial measurement of financial instruments, except for those financial assets and financial liabilities classified or designated at fair value through profit or loss (FVTPL), includes transaction costs. Trade receivables without a significant financing component is initially measured at the transaction price.

Classification and Measurement of Financial Instruments

On initial recognition, the Group classifies its financial assets in the following categories: measured at amortized cost, financial assets at FVTPL and financial assets at fair value through other comprehensive income (FVOCI). The classification depends on the business model for managing the financial assets and the contractual terms of its cash flows.

The Group classifies its financial liabilities as either financial liabilities at amortized cost or financial liabilities at FVTPL. The Group classifies all financial liabilities at amortized cost, except for: (a) financial liabilities designated by the Group at initial recognition as at FVTPL, when doing so results in more relevant information; (b) financial liabilities that arise when the transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies; (c) contingent consideration recognized by the Group in a business combination which shall subsequently be measured at fair value with changes recognized in profit or loss; and (d) financial guarantee contracts and commitments to provide a loan at a below market interest rate which are initially measured at fair value and subsequently at higher of amortized amount and amount of loss allowance.

Business Model Assessment

The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes: (a) the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management’s strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realizing cash flows through the sale of the assets; (b) how the performance of the portfolio is evaluated and reported to the Group’s management; (c) the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed; (d) how managers of the business are compensated - e.g., whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and (f) the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Solely Payments of Principal and Interest Assessment
Principal is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g., liquidity risk and administrative costs), as well as a profit margin. In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers contingent events that would change the amount or timing of cash flows, terms that may adjust the contractual coupon rate, including variable-rate features, prepayment and extension features, and terms that limit the Group's claim to cash flows from specified assets (e.g., non-recourse features).

The Group has no financial assets classified as financial assets at FVTPL and FVOCI as at June 30, 2022 and December 31, 2021.

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

Financial Assets at Amortized Cost
A financial asset is measured at amortized cost if it is held within a business model whose objective is to hold assets to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

Included in this category are the Group's cash in banks, cash equivalents, trade and other receivables and refundable deposits.

Financial Liabilities at Amortized Cost
This category pertains to financial liabilities that are not held for trading or designated as at FVTPL upon inception of the liability. These include liabilities arising from operations or borrowings. The financial liabilities are recognized initially at fair value and subsequently carried at amortized cost, taking into account the impact of applying the effective interest rate method of amortization for any related premium, discount and any directly attributable transaction costs. These financial liabilities are included in current liabilities if maturity is within twelve months from reporting date.

Otherwise, these are classified as noncurrent liabilities.

This category includes the Group's trade and other payables (excluding statutory obligations), due to related parties, loans payable, dividends payable and lease liabilities as at June 30, 2022 and December 31, 2021.

<u>Impairment of Financial Assets</u>
The Group measures loss allowances at an amount equal to lifetime expected credit losses (ECLs), except for debt securities that are determined to have low credit risk at the reporting date and other debt securities and bank balances for which credit risk has not increased significantly since initial recognition, which are measured at 12-month ECLs.

Loss allowances for trade and other receivables is always measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group’s historical experience and informed credit assessment and including forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 90 days past due. The Group considers a financial asset to be in default when the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realizing security (if any is held) or the financial asset is more than 90 days past due on any material credit obligation to the Group.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument. The 12-month ECLs are a portion of lifetime ECLs that represents the ECLs resulting from default events on the financial instrument that are possible within 12 months after the reporting date or a shorter period if the expected life of the instrument is less than 12 months.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

ECLs are probability weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e., the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

At each reporting date, the Group assesses whether financial assets carried at amortized cost are credit impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the significant financial difficulty of the borrower or issuer, a breach of contract such as default, the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise, when it is probable that the borrower will enter bankruptcy or other financial reorganization, or the disappearance of an active market for a security because of financial difficulties.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

Financial assets are written off when there is no reasonable expectation of recovery. The Group categorizes financial assets recorded at amortized cost for write off when a debtor fails to make payments or when it is probable that the receivable will not be collected. Where amortized cost financial assets have been written off, the Group continues to engage in enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognized in profit or loss.

Derecognition of Financial Assets and Financial Liabilities

Financial Assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognized when:

- the rights to receive cash flows from the asset have expired.

- the Group retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a "pass-through" arrangement; or

- the Group has transferred its rights to receive cash flows from the asset and either: (a) has transferred substantially all the risks and rewards of the asset; or (b) has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of the Group's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Financial Liabilities

A financial liability is derecognized when the obligation under the liability is discharged, cancelled or has expired.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in profit or loss.

Offsetting Financial Instruments

Financial assets and financial liabilities are offset, and the net amount is reported in the consolidated statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously. This is not generally the case with master netting agreements, and the related assets and liabilities are presented gross in the consolidated statement of financial position.

Fair Value Measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible to the Group.

The fair value of an asset or a liability is measured using the assumptions that the market participants would use when pricing the asset or liability, assuming that the market participants act in their economic best interest.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognized in the consolidated financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by reassessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

As at June 30, 2022 and December 31, 2021, no financial asset or financial liability was carried at fair value. The Group has no other assets or liabilities with recurring and non-recurring fair value measurements.

'Day 1' Profit
Where the transaction price in a non-active market is different from the fair value of other observable current market transactions of the same instrument or based on a valuation technique whose variables include only data from observable market, the Group recognizes the difference between the transaction price and fair value (a 'Day 1' profit) in profit or loss. In cases where no observable data are used, the difference between the transaction price and model value is only recognized in profit or loss when the inputs become observable or when the instrument is derecognized. For each transaction, the Group determines the appropriate method of recognizing the 'Day 1' profit amount.

<u>Inventories</u>
Inventories, which consist of spirits, wines, specialty beverages, are valued at the lower of cost and net realizable value (NRV). Cost is comprised of purchase price, expenditure incurred in acquiring the inventories and other costs incurred in bringing them to their present location and condition. Cost is determined using the first-in, first-out method.

NRV represents the estimated selling price less costs to be incurred in marketing, selling and distribution. In determining the NRV, the Group considers any adjustment necessary to write-down inventories to NRV for slow-moving and near expiry products based on physical inspection and management evaluation.

Prepaid Expenses and Other Current Assets

Prepaid Expenses

Prepaid expenses represent expenses not yet incurred but already paid in cash. Prepaid expenses are initially recorded as assets and measured at the amount of cash paid. Subsequently, these are charged to profit or loss as these are consumed in operations or expire with the passage of time.

Prepaid expenses are classified in the consolidated statements of financial position as current asset when the cost of goods or services related to the prepayment are expected to be incurred within one (1) year from the reporting date. Otherwise, prepayments are classified as noncurrent assets.

Advances to Suppliers

Advances to suppliers are measured at the amount of initial down payment for purchases of inventories and are applied against future progress billings. These are classified as current assets in the consolidated statement of financial position.

Value-added Tax (VAT)

Revenues, expenses and assets are recognized net of the amount of VAT, except:

- where the tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the tax is recognized as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

- receivables and payables that are stated with the amount of tax included.

The net amount of tax recoverable from, or payable to, the taxation authority is included as part of “Prepaid expenses and other current assets” account or “Trade and other payables” account in the consolidated statement of financial position.

Property and Equipment

Property and equipment are stated at cost less accumulated depreciation and amortization and any impairment in value. The initial cost of items of property and equipment consists of its purchase price, including import duties and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditures incurred after the property and equipment have been put into operation, such as repairs and maintenance and overhaul costs, are normally charged to profit or loss in the period the costs are incurred. In situations where it can be clearly demonstrated that the expenditures have resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property and equipment beyond its originally assessed standard of performance, the expenditures are capitalized as an additional cost of the item of property and equipment.

Depreciation and amortization are computed on a straight-line basis over the estimated useful lives of the assets as follows:

	Number of Years
Transportation and delivery equipment	3 - 5
Leasehold improvements	3 - 5 or lease term, whichever is shorter
Office equipment	2 - 3
Furniture and fixtures	2 - 3
Computer software license	2
Machinery and equipment	3

Depreciation and amortization of an item of property and equipment begins when it becomes available for use, i.e., when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Depreciation or amortization ceases at the earlier of the date that the item is classified as held for sale (or included in a disposal group that is classified as held for sale) in accordance with PFRS 5, *Noncurrent Assets Held for Sale and Discontinued Operations*, and the date the asset is derecognized.

The estimated useful lives and depreciation and amortization method are reviewed periodically to ensure that the periods and method of depreciation and amortization are consistent with the expected pattern of economic benefits from items of property and equipment.

Any change in the estimated useful lives and methods of depreciation and amortization are adjusted prospectively from the time the change was determined necessary.

Fully depreciated assets are retained in the accounts until they are no longer in use and no further depreciation is recognized in profit or loss. When assets are retired or otherwise disposed of, the cost and the related accumulated depreciation and amortization and any impairment in value are removed from the accounts and any resulting gain or loss arising from retirement or disposal of property and equipment (calculated as the difference between the net proceeds and the carrying amount of the item) is recognized in the consolidated statements of profit or loss.

Borrowing Costs

Borrowing costs are capitalized if they are directly attributable to the acquisition, construction or production of a qualifying asset. The capitalization of borrowing costs: (i) commences when the activities to prepare the asset are in progress and expenditures and borrowing costs are being incurred; (ii) is suspended during the extended periods in which active development, improvement and construction of the assets are interrupted; and (iii) ceases when substantially all the activities necessary to prepare the assets are completed. If the resulting carrying amount of the asset exceeds its recoverable amount, an impairment loss is recorded. Borrowing costs include interest charges and other costs incurred in connection with the borrowing of funds.

Other borrowing costs are recognized as expense in the period in which they are incurred.

Investment in an Associate

An associate is an entity over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Significant influence is defined as the power to participate in the financial and operating policy decisions of the entity but not control or joint control over those policies. An associate is accounted for using the equity method. Investment in an associate is initially recognized at cost, which includes transaction costs. Subsequent to initial recognition, the financial statements include the Group's share of the profit or loss and OCI of the associate, until the date on which significant influence ceases. Unrealized gains arising from transactions with associate are eliminated to the extent of the Group's interest in the associate. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

The Group discontinues applying the equity method when its investment in the investee company is reduced to zero. Accordingly, additional losses are not recognized unless the Group has guaranteed certain obligations of the investee company. When the investee company subsequently reports net income, the Group will resume applying the equity method but only after its share in net income equals the share in net losses not recognized during the period when the equity method was suspended.

The accounting policies of the associate conform to those used by the Group for like transactions and events in similar circumstances.

Impairment of Noncurrent Nonfinancial Assets

The Group assesses at the end of each reporting period whether there is an indication that its noncurrent nonfinancial assets which include right-of-use assets, property and equipment and investment in an associate may be impaired. If any such indication exists and where the carrying amount exceeds the estimated recoverable amount, the assets or the cash generating unit (CGU) are written down to their recoverable amounts. The recoverable amount of the noncurrent nonfinancial assets is the greater of fair value less cost to sell and value-in-use. The fair value less cost to sell is the amount obtainable from the sale of an asset in an arm's length transaction. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the CGU to which the asset belongs.

Impairment losses, if any, are recognized in profit or loss in those expense categories consistent with the function of the impaired asset.

A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount. The increased amount cannot exceed the carrying amount that would have been determined, net of depreciation and amortization, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase. After such a reversal, the depreciation and amortization charge are adjusted in future periods to allocate the asset's revised carrying amount on a systematic basis over its remaining useful life.

Other Noncurrent Assets

Excess Tax Credits

Excess tax credits pertain to overpayment of income taxes in prior years. Excess tax credits are initially recognized based on the amount withheld by the payee in accordance with the local tax rules and regulations. These are accumulated and are reduced when deducted against income tax payable. Excess tax credits that are expected to be realized within 12 months after the reporting period are classified as current asset, otherwise, these are classified as other noncurrent asset.

Refundable Deposits

Refundable deposits are cash paid for the lease agreements covering the office spaces and warehouse which are expected to be refunded upon the termination of the lease. These are carried at net realizable value and classified as current for leases which will expire within 12 months from the reporting period otherwise, these will be classified as noncurrent.

Capital Stock

Common shares are classified as equity. The proceeds from the issuance of common shares are presented in equity as capital stock to the extent of the par value of the issued and outstanding shares and any excess of the proceeds over the par value of the shares issued, less any incremental costs directly attributable to the issuance, net of tax, is presented in equity as additional paid-in capital. Incremental costs incurred that are directly related to a probable future equity transaction is presented as “Costs of anticipated equity transaction” under “Prepaid expenses and other current assets account” in the consolidated statements of financial position. Transaction costs that related jointly to more than one transaction are allocated to those transactions using a basis of allocation that is rational and consistent with similar transactions.

Retained Earnings

Retained earnings represent the cumulative balance of periodic net income or loss, dividend contributions, correction of prior year errors, effect of changes in accounting policy and other capital adjustments.

Appropriated retained earnings are accumulated earnings set aside by the BOD for a specific purpose. Unappropriated retained earnings are the residual amount of retained earnings after appropriation.

Equity Adjustment from Common Control Transactions

Equity adjustment from common control transactions is the difference between the acquisition cost of an entity under common control and the Parent Company’s proportionate share in the net assets of the entity acquired as a result of a business combination accounted for using the pooling-of-interest method. Equity reserve is derecognized when the subsidiary is deconsolidated, which is the date on which the control ceases.

Dividends on Common Shares

Dividends on common shares are recognized as liability and deducted from equity when approved by the BOD of the Group. Dividends for the year that are approved after the reporting date are dealt with as an event after the reporting date.

Revenue Recognition

Revenue from contracts with customers is recognized upon transfer of goods to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods. The Group concluded that it is acting as principal for the revenue arrangement below.

The following specific recognition criteria must also be met before revenue is recognized:

Sale of Spirits, Wines and Specialty Beverages

Revenue from sale of spirits, wines and specialty beverages is recognized at the point in time when control of the asset is transferred to the customer, generally upon delivery. Revenue is recognized net of variable considerations, i.e. discounts, rebates, listing fees/display allowances and certain payments to customers after the initial sale of goods as reduction to revenue, unless it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is subsequently resolved. Invoices are generated at the time of delivery and are usually due within 30 to 60 days.

Receivable is recognized by the Group when the goods are delivered to the customer as this represents the point in time at which the right to consideration becomes unconditional, as only the passage of the time is required before payment is due.

Interest Income
Interest income is recognized in profit or loss as it accrues, taking into account the effective yield on the asset.

Other Income
Other income is recognized as earned.

Cost and Expense Recognition
Costs and expenses are decreases in economic benefits during the accounting period in the form of outflows or decrease of assets or incurrence of liabilities that result in decreases in equity, other than those relating to distributions to equity participants. Expenses are generally recognized when the services are used or the expenses are incurred.

Cost of Goods Sold
Cost of goods sold is recognized when goods are shipped to the buyer. Expenses are recognized upon utilization of services or at the date they are incurred.

Operating Expenses
Operating expenses are costs incurred to sell or distribute the goods and to administer the business. It includes documentation processing and delivery, among others. Operating expenses are expensed as incurred.

Other Comprehensive Income (Loss)
Other comprehensive income (loss) comprises items of income and expense (including items previously presented under the consolidated statement of changes in equity) that are not recognized in profit or loss for the year in accordance with PFRS.

Employee Benefits
Short-term Employee Benefits
Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of the past service provided by the employee and the obligation can be estimated reliably.

Retirement Benefits Liability and Costs
The Group has an unfunded, noncontributory defined benefits retirement plan covering substantially all permanent, regular and full-time employees. The Group's obligation in respect of the defined benefits is calculated by estimating the amount of the future benefits that employees have earned in the current and prior period and discounting that amount.

The calculation of defined benefits obligations is performed on a periodic basis by a qualified actuary using the projected unit credit method.

Remeasurements of the retirement benefits liability, which comprise of actuarial gains and losses, are recognized immediately in other comprehensive income. The Group determines the interest expense on the retirement benefits liability for the period by applying the discount rate used to measure the retirement benefits liability at the beginning of the annual period to the then retirement benefits liability, taking into account any changes in the retirement benefits liability during the period as a result of benefit payments, if any. Interest expense and other expenses related to defined benefits plans are recognized in profit or loss.

When the benefits of the plan are changed or when the plan is curtailed, the resulting change in benefit that relates to past service or gain or loss on curtailment is recognized immediately in profit or loss. The Group recognizes gains or losses on the settlement of defined benefits plans when the settlement occurs.

Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

- the contract involves the use of an identified asset - this may be specified explicitly or implicitly and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;

- the Group has the right to obtain substantially all of the economic benefits from the use of the asset throughout the period of use; and,

- the Group has the right to direct the use of the asset. The Group has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the Group has the right to direct the use of the asset if either:

    - the Group has the right to operate the asset; or
    - the Group designed the asset in a way that predetermines how and for what purpose it will be used.

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices.

Group as Lessee

The Group recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently amortized using the straight-line method from the commencement date to the end of the lease term unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case, the right-of-use asset will be amortized over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment loss, if any, and adjusted for certain remeasurements of the lease liability. The right-of-use asset is presented as a separate line item in the consolidated statement of financial position.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following: (a) fixed payments, including in-substance payments; (b) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date; (c) amounts expected to be payable under a residual value guarantee; and, (d) the exercise price under a purchase option the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate; if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee; or, if the Group changes its assessment of whether it will exercise a purchase, extension, or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group has presented interest expense on the lease liability separately from the amortization charge for the right-of-use asset. The interest expense on lease liability is presented under "Other charges - net" in profit or loss.

Income Taxes

Provision for income tax is composed of current income tax and deferred income tax. Provision for income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity or in other comprehensive income, in which case, it is recognized directly in equity or in other comprehensive income.

Current Income Tax

Current income tax assets and current income tax liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used as basis to compute the amount are those that have been enacted or substantively enacted at the reporting date.

Uncertainties related to taxes that are not income taxes are recognized and measured in accordance with PAS 37, *Provisions, Contingent Liabilities and Contingent Assets* unless they are dealt with specifically in another standard.

Deferred Income Tax
Deferred income tax is provided, using the balance sheet liability method, on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognized for all taxable temporary differences. Deferred income tax assets are recognized for all deductible temporary differences and carryforward benefits of unused net operating loss carryover (NOLCO) to the extent that it is probable that sufficient future taxable profits will be available against which the deductible temporary differences and the carryforward benefits of unused NOLCO can be utilized.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient future taxable profits will be available to allow all or part of the deferred income tax assets to be utilized. Unrecognized deferred income tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred income tax assets to be recovered.

Deferred income tax assets and deferred income tax liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to offset current income tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

Related Party Transactions and Relationships
Related party relationships exist when the party has the ability to control, directly or indirectly, through one or more intermediaries, or exercise significant influence over the other party in making financial and operating decisions. Such relationships also exist between and/or among entities which are under common control with the reporting entity and its key management personnel, directors or stockholders. In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely to the legal form. Related parties may be individual or corporate entities.

Segment Reporting
An operating segment is a component of an entity that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity), whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

The Group determines and presents operating segments based on the information that is internally provided to the Chairman and President, collectively as the Group's chief operating decision maker. The Group has single segment, which is the sale of sale of spirits, wines and specialty beverages to customers.

The measurement policies of the Group used for segment reporting under PFRS 8, *Operating Segments* are the same as those used in the consolidated financial statements. There have been no changes in the measurement methods used to determine reported segment profit or loss from prior periods.

Basic and Diluted Earnings Per Share (EPS)
Basic EPS is computed by dividing the net income for the period by the weighted average number of common shares outstanding during the period, with retroactive adjustment for any stock dividends declared.

Diluted EPS is computed in the same manner, adjusted for the effect of all potential dilutive debt or equity instruments.

Foreign Currency Denominated Transactions and Translation
Transactions in foreign currencies are recorded using the functional currency exchange rate at the date of transaction. Outstanding monetary assets and monetary liabilities denominated in foreign currencies are translated using the closing exchange rate at the reporting date. All differences are taken to profit or loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions.

Provisions
Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable (i.e., more likely than not) that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Where the Group expects some or all of the provision to be reimbursed, the reimbursement is recognized as a separate asset, but only when the reimbursement is virtually certain. The expense relating to any provision is presented in profit or loss, net of reimbursement. If the effect of the time value of money is material, provisions are discounted using the current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as interest expense. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

Contingencies
Contingent liabilities are not recognized in the consolidated financial statements but are disclosed in the notes to consolidated financial statements unless the outflow of resources embodying economic benefits is remote. Contingent assets are not recognized in the consolidated financial statements but are disclosed in the notes to consolidated financial statements when an inflow of economic benefits is probable.

Events After the Reporting Date
Events after the reporting date that provide additional information about the Group's financial position at the reporting date (adjusting events) are reflected in the consolidated financial statements. Events after the reporting date that are not adjusting events are disclosed in the notes to consolidated financial statements when material.

Standards Issued but Not Yet Adopted
A number of amendments to standards are effective for annual periods beginning after January 1, 2021. However, the Group has not applied the following amended standards in preparing these consolidated financial statements. Unless otherwise stated, none of these are expected to have a significant impact on the Group's consolidated financial statements.

The Group plans to adopt the following amended standards on the respective effective dates, as applicable.

Effective April 1, 2021

- *COVID-19-Related Rent Concessions beyond 30 June 2021 (Amendment to PFRS 16 Leases)*. The amendment extends the practical expedient introduced in the 2020 amendment which simplified how a lessee accounts for rent concessions that are a direct consequence of COVID-19, permitting lessees to apply the practical expedient to rent concessions for which any reduction in lease payments affects only payments originally due on or before June 30, 2022.

  The amendment is effective for annual reporting periods beginning on or after April 1, 2021. Earlier application is permitted. A lessee applies the amendments retrospectively, recognizing the cumulative effect of the amendments as an adjustment to the opening balance of retained earnings or other component of equity, as appropriate. The adoption is mandatory for lessees that chose to apply the practical expedient introduced by the 2020 amendments and may result in reversal of lease modifications that was ineligible for the practical expedient under the 2020 amendments, but becomes eligible as a result of the extension.

Effective January 1, 2022

- PAS 16, *Property, Plant and Equipment - Proceeds before Intended Use (Amendments)* prohibit an entity from deducting from the cost of an item of property, plant and equipment the proceeds from selling items produced before that asset is available for use. The proceeds before intended use should be recognized in profit or loss, together with the costs of producing those items which are identified and measured in accordance with PAS 2, *Inventories*.

  The amendments also clarify that testing whether an item of property, plant and equipment is functioning properly means assessing its technical and physical performance rather than assessing its financial performance.

  For the sale of items that are not part of a company's ordinary activities, the amendments require the company to disclose separately the sales proceeds and related production cost recognized in profit or loss and specify the line items in which such proceeds and costs are included in the statement of comprehensive income. This disclosure is not required if such proceeds and cost are presented separately in the statement of comprehensive income.

  The amendments are effective for annual reporting periods beginning on or after January 1, 2022. Earlier application is permitted. The amendments apply retrospectively, but only to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented in the financial statements in which the company first applies the amendments.

- PAS 37, *Provisions, Contingent Liabilities and Contingent Assets - Onerous Contracts - Cost of Fulfilling a Contract (Amendments)* clarify that the cost of fulfilling a contract when assessing whether a contract is onerous includes all costs that relate directly to a contract - i.e. it comprise both incremental costs and an allocation of other direct costs.

  The amendments apply prospectively. At the date of initial application, the cumulative effect of applying the amendments is recognized as an opening balance adjustment to retained earnings or other component of equity, as appropriate. Earlier application is permitted.

- *Annual Improvements to PFRS Standards 2018-2020.* This cycle of improvements contains amendments to four standards. The following are the amendments that are relevant to the Group:

  - PFRS 9*, Financial Instruments - Fees in the '10 per cent' Test for Derecognition of Financial Liabilities (Amendment)* clarifies that for the purpose of performing the '10 per cent' test for derecognition of financial liabilities, the fees paid net of fees received included in the discounted cash flows include only fees paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. It applies to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

  - PFRS 16, *Leases - Lease Incentives (Amendment to Illustrative Examples)* deletes from the Illustrative Example 13 the reimbursement relating to leasehold improvements to remove the potential for confusion because the example had not explained clearly enough the conclusion as to whether the reimbursement would meet the definition of a lease incentive in PFRS 16.

  The amendments are effective for annual reporting periods beginning on or after January 1, 2022. Earlier application is permitted.

- *Reference to the Conceptual Framework (Amendment to PFRS 3 Business Combinations).* The amendments:

  - updated PFRS 3 so that it now refers to the 2018 Conceptual Framework.

  - added a requirement that, for transactions and other events within the scope of PAS 37 Provisions, Contingent Liabilities and Contingent Assets or IFRIC 21 Levies, an acquirer applies PAS 37 or IFRIC 21 instead of the Conceptual Framework to identify the liabilities it has assumed in a business combination: and

  - added an explicit statement that an acquirer does not recognize contingent assets acquired in a business combination.

  The amendments are effective for business combinations occurring in reporting periods starting on or after January 1, 2022. Earlier application is permitted.

Effective January 1, 2023

- PAS 1, *Presentation of Financial Statements - Classification of Liabilities as Current or Non-current (Amendments)* promote consistency in application and clarify the requirements on determining whether a liability is current or non-current, the amendments:

  - removed the requirement for a right to defer settlement of a liability for at least twelve months after the reporting period to be unconditional and instead requires that the right must have substance and exist at the end of the reporting period.

  - clarified that a right to defer settlement exists only if the company complies with conditions specified in the loan agreement at the end of the reporting period, even if the lender does not test compliance until a later date; and

- clarified that settlement of a liability includes transferring a company's own equity instruments to the counterparty, but conversion options that are classified as equity do not affect classification of the liability as current or non-current.

The amendments apply retrospectively for annual reporting periods beginning on or after January 1, 2023. Earlier application is permitted.

In November 2021, the International Accounting Standards Board issued the Exposure Draft, Non-Current Liabilities with Covenants after considering stakeholder feedback on the December 2020 tentative agenda decision issued by the IFRS Interpretations Committee about the amendments. The exposure draft proposes to again amend IAS 1 as follows:

- Conditions which the entity must comply within twelve months after the reporting period will have no effect on the classification as current or non-current.
- Additional disclosure requirements will apply to non-current liabilities subject to such conditions to enable the assessment of the risk that the liability could become repayable within twelve months.
- Separate presentation in the statement of financial position will be required for non-current liabilities for which the right to defer settlement is subject to conditions within 12 months after the reporting period.
- The effective date of the amendments will be deferred to no earlier than January 1, 2024.

▪ *Definition of Accounting Estimates (Amendments to PAS 8 Accounting Policies, Changes in Accounting Estimates and Errors).* To clarify the distinction between changes in accounting policies and changes in accounting estimates, the amendments introduce a new definition for accounting estimates, clarifying that they are monetary amounts in the financial statements that are subject to measurement uncertainty. The amendments also clarify the relationship between accounting policies and accounting estimates by specifying that an accounting estimate is developed to achieve the objective set out by an accounting policy. Developing an accounting estimate includes both selecting a measurement technique and choosing the inputs to be used when applying the chosen measurement technique. The effects of changes in such inputs or measurement techniques are changes in accounting estimates. The definition of accounting policies remains unchanged. The amendments also provide examples on the application of the new definition.

The amendments are effective for annual reporting periods beginning on or after January 1, 2023, with earlier application permitted, and will apply prospectively to changes in accounting estimates and changes in accounting policies occurring on or after the beginning of the first annual reporting period in which the amendments are applied.

▪ *Disclosure of Accounting Policies (Amendments to PAS 1 Presentation of Financial Statements and PFRS Practice Statement 2 Making Materiality Judgements).* The amendments are intended to help companies provide useful accounting policy disclosures. The key amendments to PAS 1 include:

- requiring companies to disclose their material accounting policies rather than their significant accounting policies.

- clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and as such need not be disclosed; and

- clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material to a company's financial statements.

The amendments to PFRS Practice Statement 2 include guidance and additional examples on the application of materiality to accounting policy disclosures.

The amendments are effective from January 1, 2023. Earlier application is permitted.

4. Management's Use of Judgments, Accounting Estimates and Assumptions

The preparation of the interim consolidated financial statements requires management to exercise judgments, make accounting estimates and use assumptions that affect reported amounts of assets, liabilities, income and expenses and related disclosures. Future events may occur which will cause the assumptions used in arriving at the accounting estimates to change. The effects of any change in accounting estimates are reflected in the interim consolidated financial statements as they become reasonably determinable.

Accounting judgments, estimates and assumptions 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.

Judgments
In the process of applying the Group's accounting policies, management has made the following judgments, apart from those involving estimation, which has the most significant effect on the amounts recognized in the individual interim financial statements of TKHI, MI, MPDI and PWSI.

Determination of the Group*'s Functional Currency*
The Group considers factors, including but not limited to, the currency that mainly influences sales prices of its goods and the currency in which receipts from operating activities are usually retained. Based on the economic substance of the underlying circumstances relevant to the Group, the functional currency has been determined to be the Philippine peso. It is the currency that mainly influences the Group's operations.

Identifying a Lease
The Group uses its judgment in assessing that a contract is, or contains, a lease when the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Group has the right to control the asset if it has the right to obtain substantially all of the economic benefits from use of the identified asset and the right to direct the use of the identified asset. The Group reassesses whether a contract is, or contains, a lease only if the terms and conditions of the contract are changed.

As a Lessee. The Group has entered into various contracts for the lease of warehouse space. The Group has determined that it has the right to control the use of the identified assets over their respective lease terms (see Note 18).

Determining the Term and Discount Rate of Lease Arrangements
Where the Group is the lessee, management is required to make judgments about the lease term and the appropriate discount rate to calculate the present value of the lease payments.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases entered into by the Group as lessee, management uses the incremental borrowing rate, being the rate that the Group would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Group uses an approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the Group and makes adjustments specific to the lease. The weighted average rate applied ranges from 4.11% to 4.74%.

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if it is reasonably certain that the lease will be extended (or not terminated) and, as such, included within lease liabilities.

For leases of office space and warehouse, the following factors are usually the most relevant:

- If any leasehold improvements are expected to have a significant remaining value, the Group is typically reasonably certain to extend (or not terminate).

- If there are significant penalties to terminate (or not extend), the Group is typically reasonably certain to extend (or not terminate).

- Otherwise, the Group considers other factors, including historical lease durations, the costs and business disruption required to replace the leased asset, enforceability of the option, and business and other developments.

The lease term is reassessed if an option is actually exercised (or not exercised) or the Group becomes obliged to exercise (or not exercise) it. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and is within the lessee’s control, for example, when significant investment in the warehouse and office space is made which has a useful life beyond the current lease term

Recognition of Revenue
The Group uses its judgment in determining the timing of the transfer of control on the goods that it delivered. The Group determined that the control is transferred for sale of goods when the Group has transferred physical possession of the goods and obtained the right to payment for the goods which is upon the customer’s acceptance of the goods at the customer’s warehouse.

Accounting Estimates and Assumptions

The key estimates and assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are described below:

Allowance for ECLs on Trade and Other Receivables and Refundable Deposits

The Group uses the ECL model in estimating the level of allowance which includes forecasts of future events and conditions. A credit loss is measured as the present value of all cash shortfalls (the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive). The model represents a probability-weighted estimate of the difference over the remaining life of the trade and other receivables. The maturity of the Group's trade and other receivables is less than one year so the lifetime ECLs and the 12-month ECLs are similar. In addition, management assessed that the credit risk for its trade and other receivables as at the reporting date is low, therefore the Group did not have to assess whether a significant increase in credit risk has occurred.

ECLs of refundable deposits has been measured on a 12-month expected credit loss basis. In determining the ECL of refundable deposits, the Group considers the counterparties' financial condition and their capacity to return the amounts due. The Group assessed that the credit risk for the outstanding refundable deposits is low as majority of these are transacted with a counterparty that has a good credit-standing.

An increase in the allowance for ECLs would increase the recorded operating expenses and decrease current assets.

The combined carrying amounts of trade and other receivables and refundable deposits amounted to P1,331,638 and P2,058,2225 as at June 30, 2022 and December 31, 2021, respectively (see Notes 6, 11 and 23).

Determination of NRV of Inventories

The Group's estimates of the NRV of inventories are based on the most reliable evidence available at the time the estimates are made, of the amount that the inventories are expected to be realized. These estimates consider the inventory obsolescence, physical deterioration, fluctuations of price or cost directly relating to events occurring after the end of the period to the extent that such events confirm conditions existing at the end of the period. A new assessment is made at NRV in each subsequent period. When the circumstances that previously caused inventories to be written down below cost no longer exist or when there is a clear evidence of an increase in NRV because of changes in economic circumstances, the amount of the write-down is reversed so that the new carrying amount is the lower of the cost and the revised NRV.

The carrying amounts of inventories as at June 30, 2022 and December 31, 2021, amounted to, P3,663,189 and P3,519,298, respectively (see Note 7). No allowance to reduce inventory to NRV was recognized for the Six-Month periods ended June 30. 2022 and 2021.

Estimation of Useful Lives of Property and Equipment
The Group estimates the useful lives of property and equipment based on the period over which these assets are expected to be available for use. The estimated useful lives of property and equipment are reviewed periodically and are updated if expectations differ from previous estimates due to asset utilization, internal technical evaluation, technological changes, environmental and anticipated use of the assets tempered by related industry benchmark information. It is possible that future financial performance could be materially affected by changes in these estimates brought about by changes in the factors mentioned. Any reduction in the estimated useful lives of the property and equipment would increase depreciation and amortization expense and decrease noncurrent assets.

The estimated useful lives of property and equipment is discussed in Note 3 to interim consolidated financial statements. There is no change in the estimated useful lives of property and equipment for the Six-Month periods ended June 30, 2022 and 2021.

The carrying amounts of property and equipment as at June 30, 2022 and December 31, 2020 amounted to P29,128 and P26,740, respectively (see Note 9).

Impairment of Noncurrent Nonfinancial Assets
The Group assesses at the end of each reporting period whether there is any indication that its noncurrent nonfinancial assets which pertain to right-of-use assets, property and equipment and investment in an associate are impaired. If any such indication exists, the Group estimates the recoverable amount of these assets. Determining the fair value of these noncurrent nonfinancial assets which requires the determination of the future cash flows expected to be generated from the continued use and ultimate disposition of such assets, requires the Group to make estimates and assumptions that can materially affect the interim consolidated financial statements. Future events could cause management to conclude that these assets are impaired. Any resulting impairment loss could have a material adverse impact on the Group's interim consolidated financial position and interim consolidated financial performance. The preparation of the estimated future cash flows involves significant judgment and estimations. While management believes that the assumptions made are appropriate and reasonable, significant changes in management assumptions may materially affect the assessment of recoverable values and may lead to future additional impairment charges under PFRS.

For the Six-Month periods ended June 30, 2022 and 2021, no impairment loss was recognized on the Group's property and equipment, right-of-use assets and investment in an associate.

The combined carrying values of property and equipment, right-of-use assets and investment in an associate amounted to P258,497 and P281,240 as at June 30, 2022 and December 31, 2021, respectively (see Notes 9, 10, and 18).

Estimation of Retirement Benefits Liability and Costs
The cost of defined benefits retirement plans, as well as the present value of the retirement benefits obligation, is determined using actuarial valuations. The actuarial valuations involve making various assumptions. These include the determination of the discount rates, and future salary increases, among others. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, defined benefits obligations are highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting period.

The Group has retirement benefits liability amounting to P18,546 and P17,972 as at June 30, 2022 and December 31, 2021, respectively (see Note 19).

Recognition of Deferred Income Tax Assets
The Group reviews its deferred income tax assets at each reporting date and reduces the carrying amount to the extent that it is no longer probable that sufficient future taxable profits will be available to allow all or part of the deferred income tax assets to be utilized. The Group also reviews the expected timing and tax rates upon reversal of temporary differences and adjusts the impact on deferred income tax accordingly. The Group's assessment on the recognition of deferred income tax assets is based on the forecasted taxable income of the subsequent reporting periods. This forecast is based on the Group's past results and future expectations on revenues and expenses. While the Group believes that its assumptions are appropriate and reasonable, significant changes in these assumptions may materially affect the Group's assessment of the realizability of deferred income tax assets and may lead to future addition to the provision for deferred income tax.

The Group has recognized deferred income tax assets amounting to P4,448 and P4,107 as at June 30, 2022 and December 31, 2021, respectively (see Note 20).

For the Six-Month periods ended June 30, 2022 and 2021, MI elected to avail of the optional standard deduction (OSD) which is equivalent to 40% of total gross income. MI intends to continue its availment of the optional standard deduction in the subsequent years.

As at June 30, 2022 and December 31, 2021, the MI has not recognized deferred income tax assets arising from temporary differences amounting to a total of P13,008 and P17,037, respectively (see Note 20).

Provisions and Contingencies
The Group, in the ordinary course of business, sets up appropriate provisions for certain contractual and regulatory obligations, if any, in accordance with its policies on provisions and contingencies. In recognizing and measuring provisions, management takes risk and uncertainties into account.

The Group has provision for probable losses amounting to P5,322 and P11,975 as at June 30, 2022 and December 31, 2021. No provision for probable losses was recognized by the Group for the Six-Month periods ended June 30, 2022 and 2021 (see Note 21).

5. Cash and Cash Equivalents

This account consists of:

	Note	**June 30, 2022**	December 31, 2021
Cash on hand		**P1,798**	P1,747
Cash in banks	*24*	**1,619,104**	1,274,488
Cash equivalents	*24*	**5,713,131**	6,424,694
		P7,334,033	P7,700,929

Cash in banks earns interest at the respective bank deposit rates. Interest income earned from cash in banks which are recognized in profit or loss amounted to P287 and P512 for the Six-Month periods ended June 30, 2022 and 2021, respectively (see Note 17).

Cash equivalents pertain to short-term placements. Interest income earned from cash equivalents which are recognized in profit or loss amounted to P37,680 and P10,025 for the Six-Month periods ended June 30, 2022 and 2021, respectively. (see Note17).

6. Trade and Other Receivables

This account consists of:

	Note	**June 30, 2022**	December 31, 2021
Trade:			
Third parties		**P844,453**	P1,150,478
Related parties	*13*	**450,908**	875,685
Less allowance for ECLs		**(2,621)**	(2,621)
		1,292,740	2,023,542
Nontrade:			
Third parties		**20,943**	15,629
Related parties	*13*	**1,600**	1,857
Others		**-**	1,235
	24	**P1,315,283**	P2,042,263

Trade receivables are non-interest-bearing and are generally on a 30-to-60-day credit terms.

Non-trade receivables pertain to receivables from suppliers for the reimbursements of expenses incurred by the Group for brand promotions. These are non-interest-bearing and are generally on a 30-day credit terms.

Movements in the allowance for ECLs on third party trade receivables are as follows:

	June 30, 2022	December 31, 2021
Balance at beginning of the period	**P2,621**	P2,621
Write-off	**-**	-
Balance at end of the period	**P2,621**	P2,621

7. Inventories

This account consists of:

	Note	**June 30, 2022**	December 31, 2021
At cost:			
Spirits		**P3,410,900**	P3,343,387
Wines		**181,010**	98,806
Specialty beverages		**71,279**	77,105
	15	**P3,663,189**	P3,519,298

Inventory charged to “Cost of goods sold” amounted to P3,967,028, and P3,163,752 for the Six-Month periods ended June 30, 2022 and 2021, respectively (see Note15).

8. Prepaid Expenses and Other Current Assets

This account consists of:

	June 30, 2022	December 31, 2021
Prepaid duties and taxes	**P1,686,544**	P431,852
Advances to suppliers	**207,932**	118,333
Prepaid import charges	**2,241**	589
Input VAT	**1,303**	-
Other prepaid expenses	**24,601**	4,649
	P1,922,622	P555,423

Prepaid duties and taxes include advance payment for excise taxes, customs duties and seals for purchased goods not yet received.

Advances to suppliers pertain to partial down payment made by the Group to suppliers which will be applied against future billings.

9. Property and Equipment

The movements and balances in this account are as follows:

	Transportation and Delivery Equipment	Leasehold Improvements	Office Equipment	Furniture and Fixtures	Computer Software License	Machinery and Equipment	Total
Cost							
January 1, 2021	P45,142	P39,073	P13,076	P6,896	P2,221	P2,987	P109,395
Additions	3,650	5,020	707	-	1,010	-	10,386
Disposals	(10,093)	(13,421)	(5,733)	(2,927)	-	(1,746)	(33,920)
December 31, 2021	38,699	30,672	8,050	3,969	3,231	1,241	85,861
Additions	6,843	-	806	-	1,621	-	9,270
Disposals	-	-	-	-	-	58	58
June 30, 2022	**45,542**	**30,672**	**8,856**	**3,969**	**4,852**	**1,299**	**95,189**
Accumulated Depreciation and Amortization							
January 1, 2021	35,832	19,175	11,874	6,811	821	2,817	77,330
Depreciation and amortization	4,376	6,891	986	43	1,501	109	13,906
Disposals	(10,093)	(11,616)	(5,733)	(2,927)	-	(1,746)	(32,115)
December 31, 2021	30,115	14,450	7,127	3,927	2,322	1,180	59,121
Depreciation and amortization	2,309	3,690	470	24	410	38	6,940
Disposals	-	-	-	-	-	-	-
June 30, 2022	**32,424**	**18,140**	**7,597**	**3,951**	**2,732**	**1,218**	**66,061**
Net Book Value							
December 31, 2021	P8,584	P16,221	P924	P42	P908	P61	P26,740
June 30, 2022	**P13,118**	**P12,532**	**P1,259**	**P18**	**P2,120**	**P81**	**P29,128**

Depreciation and amortization expense for the Six-Month periods ended June 30, 2022 and 2021 was charged as part of “Operating Expenses” in profit or loss.

10. Investment in an Associate

PWSI entered into a Shareholders' Agreement and a Share Purchase Agreement with Pernod Ricard Asia S.A.S and Allied Netherlands B.V. for the purchase of the shares of stocks of Pernod Ricards Philippines, Inc. (Pernod) for EURO 2.10 million (equivalent to P126,957) in February 2019.

Pernod wholesales and distributes distilled spirits. Pernod offers neutral spirits and ethyl alcohol used in blended wines and distilled liquors. Pernod serves customers throughout the world. Its principal address is at 4-C Palm Coast Avenue One E-com Center Building, Pasay City, 1300. As at June 30, 2021 and December 31, 2020, PWSI owns 30% of Pernod shares.

The financial year end date of Pernod is June 30. This is the reporting date established on the articles of incorporation of the associate. This is also the reporting date adopted by its parent company, Pernod Ricard Asia S.A.S. and its ultimate parent company, Pernod Ricard S.A.

The following table summarizes the financial information of Pernod and shows the reconciliation of PWSI’s share in net assets of such investee to the carrying amounts of its investment as at June 30, 2022 and December 31, 2021:

	June 30, 2022	December 31, 2021
Balance at beginning of period	**P78,388**	P93,361
Share in net losses	**5,043**	(14,516)
Share in other comprehensive loss	**-**	(457)
Balance at end of period	**P83,431**	P78,388

	June 30, 2022	December 31, 2021
Percentage ownership interest	**30%**	30%
Current assets	**P802,970**	541,610
Noncurrent assets	**160,247**	166,860
Current liabilities	**712,186**	469,888
Noncurrent liabilities	**17,595**	22,191
Net assets	**233,436**	216,391
PWSI’s share of net assets	**70,031**	64,917
Goodwill	**13,471**	13,471
Carrying amount of investment in an associate	**P83,431**	P78,388

The following table shows the PWSI's share in net income (loss) of investee for the Six-Month period June 30, 2022 and 2021:

	June 30, 2022	June 30, 2021
Revenue	**P632,899**	P216,169
Net income/total comprehensive income for the Six-Month period	**16,810**	18,981
The Group's share in net income at 30%	**P5,043**	P5,694

11. Other Noncurrent Assets

This account consists of:

	Note	June 30, 2022	December 31, 2021
Excess tax credits		**P23,233**	P23,234
Refundable deposits	*24*	**16,355**	16,565
Others		**8,598**	6,275
		P48,186	P46,074

Excess tax credits pertain to prepaid taxes carried over from previous taxable years.

12. Trade and Other Payables

This account consists of:

	Note	June 30, 2022	December 31, 2021
Trade payables - third parties		**P829,274**	P967,997
Non-trade payables:			
Third parties		**147,430**	169,508
Related parties	*13*	**269**	1,857
Output VAT		**33,827**	-
Accrued expenses		**80,859**	58,305
Statutory obligations		**5,150**	89,172
	24	**P1,096,809**	P1,286,749

Trade payables are non-interest-bearing and are generally on a 30-to-60-day payment terms.

Non-trade payables are amounts owed to non-trade suppliers such as manpower agencies, freight companies and other non-trade payment transactions. These are non-interest-bearing and are generally on a 30-day payment terms.

Accrued expenses consist of accruals for utilities, advertisement and other operating expense.

13. Related Party Transactions

Transactions for the Six-Month period ended June 30, 2022 and 2021 and account balances with related parties as at June 30, 2022 and December 31, 2021 are as follows:

Category/Transaction	Ref	Six-Month period ended June 30	Amount of the Transaction	Outstanding Balance	Outstanding Balance Receivable	Outstanding Balance Payable	Outstanding Balance Due to Related Parties	Terms	Conditions
Ultimate Parent Company									
Dividends	*16*	**June 30, 2022**	**P -**	**June 30, 2022**	**P -**	**P -**	**P -**	Due and demandable	Unsecured
	16	June 30, 2021	**-**	December 31, 2021	-	348,210	-		
Management fee	*a*	**June 30, 2022**	**-**	**June 30, 2022**	**-**	**-**	**106,700**	Due and demandable;	Unsecured
	a	June 30, 2021	-	December 31, 2021	-	-	106,700	non-interest-bearing	
Entities under Common Control									
Sales of good	*6,b*	**June 30, 2022**	**1,554,803**	**June 30, 2022**	**450,908**	**-**	**-**	30 days credit term;	Unsecured;
	6, b	June 30, 2021	1,098,319	December 31, 2021	874,609	-	-	non-interest bearing	no impairment
Lease expense	*18, c*	**June 30, 2022**	**31,548**	**June 30, 2022**	**-**	**364**	**-**	Payable on a monthly	Unsecured
	21, c	June 30, 2021	34,652	December 31, 2021	-	5,769	-	basis	
Advances	*d*	**June 30, 2022**	**-**	**June 30, 2022**	**-**	**-**	**-**	Payable on demand;	Unsecured
	d	June 30, 2021	-	December 31, 2021	-	-	-	interest-bearing	
Interest expense	*d*	**June 30, 2022**	**-**	**June 30, 2022**	**-**	**-**	**-**	Payable on demand	Unsecured
	d	June 30, 2021	-	December 31, 2021	-	-	-		
Stockholder									
Advances	*f*	**June 30, 2022**	**-**	**June 30, 2022**	**-**	**-**	**-**	Refer to Note f	Refer to
	f	June 30, 2021	109,262	December 31, 2021	-	-	-		Note f
Interest expense	*f*	**June 30, 2022**	**-**	**June 30, 2022**	**-**	**-**	**-**	Refer to note f	Refer to
	f	June 30, 2021	4,626	December 31, 2021	-	-	-		Note f
				June 30, 2022	**P450,908**	**P364**	**P106,700**		
				December 31, 2021	P874,609	P353,979	P106,700		

a. This pertains to amount due to the Ultimate Parent Company for corporate services rendered to PWSI in 2017 and 2016.

b. The Group distributes wines and liquors to entities under common control.

c. The Group entered into lease agreements with entities under common control for its office spaces and warehouses. Lease expenses include amortization expense on right-of-use assets and interest expense on lease liabilities (see Note 20).

d. These are cash advances to PWSI from an entity under common control for additional working capital requirements. These advances earn interest rate of 2.0% and 4.5% for the Six-Month periods ended June 30, 2022 and 2021, respectively, with maturities of two (2) years.

e. This represents cash advances to and from related parties as at June 30, 2022 and 2021 in the form of reimbursement of expenses and working capital advances.

f. On January 27, 2021, the TKHI received cash amounting to P104,525 from Invescap representing an advance made by Invescap for an anticipated transaction of TKHI. These advances were returned to Invescap in May 2021 following the cancellation of the anticipated transaction.

   No interest expense recognized in profit or loss relating to advances from a stockholder for the six-month period ended June 20, 2022 and December 31, 2021.

Amounts owed by and owed to related parties are to be settled in cash.

As at June 30, 2022, the Company is still in the process of formalizing its policy framework in relation to its approval requirement and limits on the amount and extent of related party transactions.

Key Management Personnel

The compensation of the key management personnel of the Group amounted to P9,835 and P7,889 for the Six-Month period ended June 30, 2022 and 2021.

14. Equity

The details of the Group's equity are presented in Note 3.

Capital Stock

As at June 30, 2022 and December 31, 2021, the Parent Company's capital stock, at P0.10 par value per share consists of the following number of shares: :

	June 30, 2022		December 31, 2021	
	Shares	**Amount**	Shares	Amount
Authorized P0.10 par value	**20,000,000,000**	**P2,000,000**	20,000,000,000	P2,000,000
Issued and Outstanding, as previously reported - P0.023 par value	**1,124,999,969**	P25,875	1,124,999,969	P25,875
Share swap transaction - P0.10 par value	**11,250,000,000**	1,125,000	11,250,000,000	1,125,000
Effect of changes in par value	**(866,249,656)**	-	(866,249,656)	-
Shares issued - FOO	**3,000,000,000**	300,000	3,000,000,000	300,000
Issued and Outstanding, as restated - P0.10 par value	**14,508,750,313**	P1,475,875	14,508,750,313	P1,475,875

Common shares carry one vote per share and a right to dividends.

Presented below is the tracking of the Parent Company's registration:

Date	Activity	Issue Price	Number of Shares Common Shares
September 3, 1991	Issuance of capital stocks as of listing date	P2.85	1,124,999,969
June 30, 2021*	Effect of reduction in par value	-	(866,249,656)
June 30, 2021	Issuance of capital stocks via shares swap	P2.00	11,250,000,000
November 19, 2021	Issuance of capital stocks -FOO	P1.50	3,000,000,000
Total outstanding shares as at June 30, 2022			14,508,750,313

**The accounting for the share swap arrangement was applied retrospectively (see Note 1)*

As at June 30, 2022, the Parent Company has a total of 474 common stockholders owning listed shares. As disclosed in Note 1, the amended Articles of Incorporation of the Parent Company increasing its authorized capital stock was approved by the Stockholders and the BOD on May 28, 2021 and April 29, 2021, respectively. Such corporate action was approved by the SEC on December 31, 2021. The adjustments in the number of issued and outstanding shares of the Company will be reflected on the PSE's systems effective on September 13, 2021.

On July 14, 2021 the Parent Company filed a Registration Statement ("RS") with the SEC in accordance with the provisions of the Securities Regulation Code of the Philippines (Republic Act No. 8799, the "SRC") for the registration of the Offer Shares. On July 19, 2021, the Parent Company filed its application for the listing and trading of offer shares with the PSE. As at September 14, 2021, the RS and the application for listing are still under review by the SEC and PSE, respectively.

On August 19, 2021, the Parent Company filed the application for listing with the PSE for additional shares of stock issued in connection with the increase of the capital stock and the Share Swap Transaction to comply with the PSE listing rules. The additional listing of shares without the conduct of a rights or public offering was submitted for approval of the stockholders on May 28, 2021.

Additional Paid-in Capital

Presented below is the Parent Company's additional paid-in capital:

	June 30, 2022 (Unaudited)	December 31, 2021 (Audited)
Balance at beginning of year, as previously reported	**P46,033**	P46,033
Share swap transaction	**21,375,000**	21,375,000
Share issuance	**4,200,000**	
Share issuance costs	**(173,133)**	
Balance at beginning of period, as restated	**25,447,900**	21,421,033
Share issuance	**-**	4,200,000
Share issuance costs	**-**	(173,133)
Balances at end of period	**P25,447,900**	P25,447,900

Related transaction costs from the share swap transaction paid and incurred for the period ended 2021 amounting to P46,800 is deducted against additional paid-in capital as at December 31, 2021. Transaction costs is composed of fees for the increase in authorized capital stock and documentary stamp tax.

Retained Earnings
Declaration of Dividends
MI
On December 18, 2020, MI's BOD approved the declaration of cash dividends of P26.66 per share or an aggregate amount of P200,000, payable to stockholders of record as of the same date. These dividends were paid on April 6, 2021.

On December 22,2021, MI's BOD approved the declaration of cash dividend equivalent to 30% of the net income for the year ended December 31, 2020 or an aggregate amount of P321,139. These dividends were paid on January 12, 2022.

PWSI
On December 11, 2015, PWSI's BOD approved the declaration of cash dividends amounting to P100,000, payable to stockholders of record as at the same date. The management is planning to settle in 2021 the dividends payable as at December 31, 2020.

On December 22,2021, PWSI's BOD approved the declaration of cash dividend equivalent to 30% of the net income for the year ended December 31, 2020 or an aggregate amount of P12,821. These dividends were paid on January 17, 2022.

MPDI
On December 22,2021, MPDI's BOD approved the declaration of cash dividend equivalent to 30% of the net income for the year ended December 31, 2020 or an aggregate amount of P19,994. These dividends were paid on January 12, 2022.

Appropriated Retained Earnings
On December 13, 2018, the BOD of MI approved the appropriation of P950,000 from MI's unappropriated retained earnings to finance the acquisition of land, and construction and establishment of new warehouse and related facilities. The construction was expected to be completed in December 2021 but was deferred at a later date because of the pandemic.

15. Cost of Goods Sold

This account consists of:

	Note	**June 30, 2022**	June 30, 2021
Inventory at beginning of period	*7*	**P3,519,298**	P3,659,336
Net purchases		**4,110,918**	3,206,699
Total goods available for sale		**7,630,216**	6,866,035
Inventory at end of period	*7*	**(3,663,189)**	(3,702,283)
		P3,967,028	P3,163,752

16. Operating Expenses

This account consists of:

	Note	**June 30, 2022**	June 30, 2021
Distribution costs		**P112,751**	P95,747
Advertisement		**91,903**	70,293
Taxes and licenses		**16,645**	13,566
Salaries and other employee benefits		**54,719**	47,371
Depreciation and amortization	*9, 20*	**37,113**	36,753
Outside services		**19,403**	17,982
Insurance		**6,024**	5,670
Utilities and communication		**1,820**	2,265
Transportation and travel		**3,262**	2,079
Representation and entertainment		**784**	305
Miscellaneous		**14,492**	9,635
		P358,917	P301,666

17. Other Income (Charges) - net

This account consists of:

	Note	**June 30, 2022**	June 30, 2021
Interest income	*5*	**P37,967**	P10,537
Interest expense		**(3,801)**	(5,562)
Foreign exchange gain (loss) - net		**14,657**	(5,762)
Bank charges		**(1,259)**	(184)
Others		**6,993**	392
		P54,556	(P579)

18. Lease Agreements

The Group entered into lease agreements with entities under common control for its office space and warehouse. These leases have terms ranging from two (2) years to five (5) years, renewable under terms and condition agreed upon by both parties.

The lease payments provide for, among others, security deposits amounting to P16,355 and P15,962 as at June 30, 2022 and December 31, 2021, respectively, which are shown under “Other noncurrent assets” account in the interim consolidated statements of financial position (see Note 11).

The movements and balances of the right-of-use assets and lease liabilities as at and for the period ending June 30, 2022 and December 31, 2021 are as follows:

i. Right-of-Use Assets

	Note	**June 30, 2022**	December 31, 2021
Balance at beginning of period		**P176,112**	P185,853
Additions		**-**	50,472
Amortization charge for the period	*18*	**(30,173)**	(60,213)
Balance at end of year		**P145,938**	P176,112

ii. Lease Liabilities

	Note	**June 30, 2022**	December 31, 2021
Balance at beginning of period		**P186,858**	P201,960
Additions		**-**	50,472
Interest charge for the period	*17*	**3,801**	9,031
Payments made		**(32,554)**	(74,605)
Balance at end of period		**P158,105**	P186,858

Maturity analyses of the undiscounted lease liabilities as at June 30, 2022 and December 31, 2021 are as follows:

	Undiscounted Lease Payments	**Interest**	**Present Value of Lease Liabilities**
Not later than one year	**P73,681**	**P4,132**	**P69,549**
Later than one year but not later than five years	**93,906**	**5,350**	**88,556**
Balance at June 30, 2022	**P167,587**	**P9,482**	**P158,105**

	Undiscounted Lease Payments	Interest	Present Value of Lease Liabilities
Not later than one year	P65,082	P6,964	P58,118
Later than one year but not later than five years	135,047	6,307	128,740
Balance at December 31, 2021	P200,129	P13,271	P186,858

As at June 30, 2022 and December 31, 2021, the Group's lease liabilities are classified in the interim consolidated statements of financial positions as follows:

	June 30, 2022	December 31, 2021
Current	**P69,549**	P58,118
Noncurrent	**88,556**	128,740
	P158,105	P186,858

iii. Amounts recognized in profit or loss for the Six-Month periods ended June 30, 2022 and 2021:

	Note	**June 30, 2022**	June 30, 2021
Amortization expense	*16*	**P30,173**	P30,021
Interest on lease liabilities	*17*	**3,801**	4,631
		P33,974	P34,652

iv. Amounts recognized in the statements of cash flows for the Six-Month periods ended June 30, 2022 and 2021:

	June 30, 2022	June 30, 2021
Total cash outflow for leases	**P32,554**	P42,672

19. Retirement Benefits Liability

The Group has an unfunded, noncontributory, defined benefits retirement plan covering all of its regular, full-time employees. Under the plan, the employees are entitled to retirement benefits equivalent to an amount computed based on Republic Act No. 7641, Retirement Pay Law, equivalent to one-half month's salary for every year of service, with six months or more of service considered as one year.

The succeeding table summarizes the components of the retirement benefits cost under a defined benefits retirement plan recognized in profit or loss and the amount of retirement benefits liability recognized in the consolidated statements of financial position. Annual cost is determined using the projected unit credit method. The Group's latest actuarial valuation date is December 31, 2021.

The table below shows the present value of the defined benefits retirement obligation or the retirement benefits liability and its components as at June 30, 2022 and December 31, 2021:

	June 30, 2022	December 31, 2021
Balance at beginning of year	**P17,972**	P15,330
Recognized in Profit or Loss		
Current service cost	**1,107**	1,608
Interest cost	**-**	606
	1,107	2,214
Recognized in Other Comprehensive Income (Loss)		
Actuarial loss (gain) arising from:		
Change in demographic assumptions	**-**	(764)
Change in financial assumptions	**-**	1,173
Experience adjustments	**-**	1,008
	-	1,417
Benefits paid	**(533)**	(990)
Balance at end of year	**P18,546**	P17,972

The retirement benefits cost is recognized as part of “Salaries and other employee benefits” account under operating expenses in profit or loss.

There are no unusual or significant risks to which the retirement benefits liability exposes the Group. However, it should be noted that in the event a benefit claim arises under the retirement benefits liability, the benefit shall immediately be due and payable from the Group.

As at June 30, 2022 and December 31, 2021, accumulated remeasurements on retirement benefits amounted to P3,552, as presented in the interim consolidated statements of financial position.

The principal actuarial assumptions (in percentages) used to determine retirement benefits are as follows:

	June 30 2022	June 30 2021
Discount rate	**5.08%**	3.95%
Future salary increases	**8.00% to 10.00%**	5.00% to 8.00%

The valuation results are based on the employee data as of the valuation date. The discount rate assumption is based on the Bankers Association of the Philippines (BAP) PHP Bloomberg BV AL Reference Rates (BVAL) benchmark reference curve for the government securities market (previously the PDEx (PDST-R2) market yields on benchmark government bonds) as of the valuation date and considering the average years of remaining working life of the employees as the estimated term of the benefit obligation.

Assumptions for mortality and disability rates are based on published statistics and mortality and disability tables.

The weighted average duration of defined benefits obligation is 9.56 years as at June 30, 2022 and December 31, 2021.

As at June 30, 2022 and December 31, 2021, the reasonably possible changes to one of the relevant actuarial assumptions, while holding all other assumptions constant, would have affected the defined benefits liability by the amounts below:

	June 30, 2022		December 31, 2021	
	Defined Benefits Liability		Defined Benefits Liability	
	1 Percent Increase	**1 Percent Decrease**	1 Percent Increase	1 Percent Decrease
Discount rate	**(P813)**	**P440**	(P813)	P440
Salary increase rate	**1,265**	**(1,027)**	1,265	(1,027)

Although the analysis does not take into account the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumption shown.

Funding Arrangements
Since the Group does not have a formal retirement plan, benefit claims under the retirement benefits liabilities are paid directly by the Group when they become due.

Asset-liability Matching (ALM)
The Group does not have a formal retirement plan and therefore has no plan assets to match against the liabilities under the defined benefits obligation.

Maturity analyses of retirement benefits liability based on a ten (10) year projection of the expected future benefit payments is as follows:

	Carrying Amount	Contractual Cash Flows	Within 1 Year	Within 1 - 5 Years	More than 5 Years
2021	**P17,972**	**P14,348**	**P872**	**P7,760**	**P5,716**

20. Income Taxes

Enactment of Corporate Recovery and Tax Incentives for Enterprises (CREATE) Act
On March 26, 2021, the President of the Philippines has approved the Republic Act (RA) No. 11534, or the "Corporate Recovery and Tax Incentives for Enterprises Act" (CREATE), with nine (9) provisions vetoed by the President. Below are the salient features of the Act that are relevant to the Company:

a) Corporate income tax rate is reduced from 30% to 20% for domestic corporations with net taxable income not exceeding P5 million and with total assets not exceeding P100 million. All other domestic corporations and resident foreign corporations will be subject to 25% income tax. Said reductions are effective July 1, 2020.

b) Minimum corporate income tax (MCIT) rate is reduced from 2% to 1% effective July 1, 2020 to June 30, 2023.

c) The imposition of improperly accumulated earnings tax has been repealed.

On April 8, 2021, the Bureau of Internal Revenue issued the following implementing revenue regulations that are effective immediately upon publication:

- BIR RR No. 2-2021, amending certain provisions of Revenue Regulations No. 2-98, As Amended, to implement the amendments introduced by RA No. 11534 to the National Revenue Code of 1997, as Amended, relative to the final tax on certain passive income.

- BIR RR No. 3-2021, Rules and Regulations implementing Section 3 of RA No. 11534 amending Section 20 of the National Internal Revenue Code of 1997, As Amended.

- BIR RR No. 4-2021, implementing the Provisions on Value-Added Tax (VAT) and Percentage Tax under RA No. 11534 which further amended the National Revenue Code of 1997, as Amended, as implemented by Revenue Regulations No. 16-2005 (Consolidated Value-Added Tax Regulations of 2005), As Amended.

- BIR RR No. 5-2021, implementing the new income tax rates on the regular income of corporations on certain passive incomes, including additional allowable deductions from gross income of persons engaged in business or practice of profession pursuant to RA No. 11534 which further amended the National Revenue Code (NIRC) of 1997.

The enactment of the CREATE Act is a non-adjusting subsequent event thus, the current and deferred income taxes as at December 31, 2020 are measured using the applicable income tax rates as at December 31, 2020.

Further, the Bureau of Internal Revenue has issued its Revenue Regulation No. 5-2021 to promulgate the implementation of the new income tax rates on the regular income of corporations, on certain passive incomes and additional allowable deductions of persons engaged in business or practice of profession as provided for in the CREATE Act. The corporate income tax of the Group will be lowered from 30% to 25% for large corporations, on which the Group would qualify, effective July 1, 2020.

The provision for income tax consists of:

	June 30, 2022	June 30, 2021
Current	**P228,573**	P134,968
Deferred	**(95)**	924
	P228,478	P135,892

The Group's provision for current income tax represents regular corporate income tax (RCIT) in all periods presented.

MI elected to avail of the optional standard deduction (OSD) which is equivalent to 40% of total gross income for the Six-Month period ended June 30, 2022 and 2021.

The reconciliation of the provision for income tax computed at the statutory income tax rate and the provision for income tax shown in profit or loss for the Six-Month periods ended June 30 is as follows:

	June 30, 2022	June 30, 2021
Income before income tax	**P1,208,924**	P838,705
Provision for income tax at the statutory income tax rate*	**P302,231**	P209,894
Additions to (reductions from) income taxes resulting to the tax effects of:		
Impact of CREATE Act	**-**	(31,514)
Change in unrecognized deferred income tax asset	**1,195**	(2,808)
Share in net income of an associate	**(1,261)**	(1,424)
Availment of optional standard deduction	**(65,918)**	(35,723)
Non-deductible expenses	**1,723**	99
Interest income subjected to final tax	**(9,492)**	(2,632)
Provision for income tax	**P228,478**	P135,892

**Statutory income tax rate for the Six-Month period ended June 30, 2022 and 2021 is 30%*

The components of the Group's net deferred income tax assets as at June 30, 2022 and December 31, 2021 are as follows:

	June 30, 2022	December 31, 2021
Retirement benefits liability	**P3,486**	P3,145
Allowance for expected credit losses on trade receivables	**368**	368
PFRS 16, *Leases* adjustment	**655**	655
Unrealized foreign exchange gain (loss) - net	**(61)**	(61)
	P4,448	P4,107

TKHI
As at June 30, 2022 and December 31, 2021, TKHI has carryforward benefits of unused NOLCO amounting to P49,243 and P43,748, respectively, for which no deferred income tax asset was recognized. Management believes that it is not probable that future taxable profits will be available to allow all or part of its deferred income tax asset to be utilized prior to its expiration.

Details of the TKHI's NOLCO for the taxable year 2022 are as follows:

Period Incurred	Amount	Applied Previous Year	Applied Current Year	Expired	Ending Balance	Expiry Date
2018	P715	P -	P -	P715	P -	2021
2019	1,048	-	-	-	1,048	2022
2020	1,089	-	-	-	1,089	2025*
2021	41,612	-	-	-	41,612	2026*
2022	4,779	-	-	-	4,779	2027*
	P49,243	**P -**	**P -**	**P715**	**P48,528**	

** Pursuant to Section 4 of Republic Act (RA) 11494, Bayanihan to Recover As One Act and as implemented under Revenue Regulations (RR) No. 25-2020, unless otherwise disqualified from claiming the deduction, the business or enterprise which incurred net operating loss for taxable years 2020 and 2021 shall be allowed to carry over the same as a deduction from its gross income for the next five (5) consecutive taxable years immediately following the year of such loss. The net operating loss for said taxable years may be carried over as a deduction even after the expiration of RA No. 11494 provided the same are claimed within the next five (5) consecutive taxable years immediately following the year of such loss.*

MI
The following table shows the amounts of temporary differences for which no deferred income tax asset was recognized because management believes that it is not probable that the tax benefits of these temporary differences will be availed of as MI intends to continue its availment of the optional standard deduction in the subsequent years:

	June 30, 2022	December 31, 2021
PFRS16, *Leases* adjustment	**P7,472**	7,174
Unrealized foreign exchange losses - net	**9**	4,493
Retirement benefits liability	**5,527**	5,370
	P13,008	P17,037

The movements of net deferred income tax assets are accounted for as follows:

	June 30 2022	June 30 2021
Amount charged to profit or loss	**P341**	(P924)
Amount charged to OCI relating to remeasurement on retirement benefits	**-**	385
Net increase (decrease) in deferred income tax assets	**P341**	(P539)

21. Provision

The Group sets-up a provision for any probable liabilities that may arise as a result of conducting its business. The disclosures of additional details beyond the present disclosures may prejudice the Group's position with respect to these matters. Thus, as allowed by PAS 37, *Provisions, Contingent Liabilities and Contingent Assets,* only a general description is provided.

The movements and balances of provisions as at and for the years ended June 30, 2022 and December 31, 2021 are as follows:

	June 30, 2022	December 31, 2021
Balances at beginning of year	**P11,975**	P11,975
Provision used during the year	**(6,653)**	-
Balances at end of year	**P5,322**	P11,975

22. Earnings Per Share

Basic/diluted EPS of the Group is computed as follows:

(In thousands)	**June 30, 2022**	June 30, 2021
Net income (a)	**P980,745**	P702,813
Weighted average number of common shares outstanding for the year* (b)	**14,508,750,313**	11,508,750,713
Basic EPS (a/b)	**P0.06**	P0.06

**after share swap transaction and change in par value of common shares (Note 1)*

Weighted average number of common shares in 2022 used for the purposes of basic earnings per share were computed as follows:

	Number of Common Shares	Proportion to Period	Weighted Average
Outstanding shares at the beginning and end of year	14,508,750,313	6/6	14,508,750,313

The Group has no potential dilutive instruments as at June 30, 2022 and 2021, hence, diluted EPS is the same as the basic EPS.

23. Financial Risk and Capital Management Objectives and Policies

Objectives and Policies

The Group's BOD has overall responsibility for the establishment and oversight of the Group's risk management framework. The BOD has delegated to the management the responsibility of developing and monitoring the Group's risk management policies.

The Group's risk management policies are established to identify and analyze the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment, in which all employees understand their roles and obligations.

The BOD oversees how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group.

The Group has exposure to the following risks from its use of financial instruments:

- Credit Risk
- Liquidity Risk
- Market Risk

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risks, and the Group's management of capital.

The Group's overall risk management program seeks to minimize potential adverse effects on the financial performance of the Group. There were no changes in the exposures to each of the above risks and to the Group's objectives, policies and processes for measuring and managing the risk from the previous period. The policies for managing specific risks are summarized below:

Credit Risk
Credit risk represents the risk of loss the Group would incur if credit customers and counterparties fail to perform their contractual obligations. The Group's credit risk arises from the Group's use of its financial assets. Credit risk management involves entering into financial transactions only with counterparties with acceptable credit rating.

The carrying amount of financial assets represents the maximum credit exposure to credit risk as at December 31 as follows:

	Note	**June 30, 2022**	December 31, 2021
Cash in banks	*5*	**P1,619,104**	P1,274,807
Cash equivalents	*5*	**5,713,131**	6,424,374
Trade and other receivables	*6*	**1,315,283**	2,042,263
Refundable deposits	*11*	**16,355**	15,962
		P8,663,873	P9,757,406

The Group's policy is to enter into transactions with a diversity of credit worthy parties to mitigate any significant concentration of credit risk. There is no significant concentration of credit risk within the Group.

As at June 30, 2022 and December 31, 2021, the Group does not expect any counterparty, other than trade customers, to fail in meeting its obligations, thus, related risk is deemed to be insignificant. On the other hand, the Group believes that no impairment loss is necessary in respect of other financial assets since they are neither past due nor impaired.

Credit Quality
In monitoring and controlling credit extended to counterparty, the Group adopts a comprehensive credit rating system based on financial and non-financial assessments of its customers. Financial factors being considered comprised of the financial standing of the customer while the non-financial aspects include but are not limited to the assessment of the customer's nature of business, management profile, industry background, payment habit and both present and potential business dealings with the Group.

The Group assessed the credit quality of the following financial assets as follows:

a. Cash in banks and cash equivalents were assessed as high grade since these are deposited in reputable banks with a good credit standing, which have a low profitability of insolvency and can be withdrawn anytime. The credit quality of these financial assets is considered to be high grade.

b. Trade and other receivables were assessed as standard grade since these include receivables that are collected on their due dates even without an effort from the Group to follow them up.

c. Refundable deposits were assessed as high grade since these security deposits are refundable at the end of the lease term which is expected from a reputable service provider.

ECL Assessment
The Group allocates each exposure to a credit risk on data that are determined to be predictive of the risk of loss (including but not limited to external ratings, audited financial assets, management accounts and cash flow projections and available press information about customers) and applying expected credit judgment. Credit risk grades are defined using qualitative and quantitative factors that are indicative of the risk of default.

In measuring the expected credit losses, the trade and other receivables have been assessed on a collective basis as they pose shared credit risk characteristics. They have been grouped based on the days past due.

The following table provides information about the exposure to credit risk for trade and other receivables as at June 30, 2022 and December 31, 2021:

	June 30, 2022		
	Gross Carrying Amount	**Impairment Loss Allowance**	**Credit-impaired**
Current (not past due)	**P1,041,640**	**P -**	**No**
1 - 30 days past due	**216,419**	**-**	**No**
31 - 120 days past due	**57,224**	**2,621**	**Yes**
Balance at June 30, 2022	**P1,315,283**	**P2,621**	

	December 31, 2021		
	Gross Carrying Amount	Impairment Loss Allowance	Credit-impaired
Current (not past due)	P1,638,334	P -	No
1 - 30 days past due	389,204	-	No
31 - 120 days past due	17,346	2,621	Yes
Balance at December 31, 2021	P2,044,884	P2,621	

The Group applies the simplified approach in providing for expected credit losses prescribed by PFRS 9, which permits the use of the lifetime expected loss provision and applies a provision matrix.

The maturity of the Group's receivables is less than one year so the lifetime expected credit losses and the 12-month expected credit losses are similar.

Exposures within each credit risk grade are assessed based on delinquency and actual credit loss experience. The Group considered both historical loss rate and forward-looking assumption. The Group assessed that the impact of forward-looking assumption is immaterial.

The maturity of the Group's receivables is less than one year so the lifetime expected credit losses and the 12-month expected credit losses are similar.

The additional allowance for impairment in respect of trade and other receivables of the Group as a result of the expected credit loss assessment amounted to P2,621 as at June 30, 2022 and December 31, 2021.

Exposures within each credit risk grade are assessed based on delinquency and actual credit loss experience. The Group considered both historical loss rate and forward-looking assumptions. The Group assessed that the impact of forward-looking assumption is immaterial.

Cash in banks and cash equivalents are considered of good quality as these pertain to deposits in a reputable bank. Impairment on cash has been measured on a 12-month expected loss basis and reflects the short maturities of the exposures. The Group considers that its cash has low credit risk based on the external credit ratings of the counter parties.

The credit risk for security deposit is assessed to have not increased significantly since initial recognition as the counterparties have strong financial position and there are no past due amounts. The Group uses similar approach for assessment of ECLs for security deposit to those used for cash in banks. The Group has assessed that the impact of providing ECL for security deposit is immaterial, thus did not recognize loss allowance.

<u>Liquidity Risk</u>
Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group manages liquidity risk by maintaining a balance between continuity of funding and flexibility in operations. Treasury controls and procedures are in place to ensure that sufficient cash is maintained to cover daily operational and working capital requirements, as well as capital expenditures and loan payments. Management closely monitors the Group's future and contingent obligations and sets up required cash reserves as necessary in accordance with internal requirements.

The following are the contractual maturities of financial liabilities as at June 30, 2022 and December 31, 2021:

	June 30, 2022			
	Carrying Amount	**Contractual Cash Flows**	**1 Year or Less**	**More than 1 Year**
Financial Liabilities				
Trade and other payables*	**P1,091,659**	**P1,091,659**	**P1,091,659**	**P -**
Due to related parties	**106,700**	**106,700**	**106,700**	**-**
Dividends payable	**-**	**-**	**-**	**-**
Lease liabilities	**158,105**	**167,587**	**75,231**	**92,356**
Total	**P1,356,464**	**P1,365,946**	**P1,273,590**	**P92,356**

**Excluding statutory obligations amounting to P5,150.*

	December 31, 2021			
	Carrying Amount	Contractual Cash Flows	1 Year or Less	More than 1 Year
Financial Liabilities				
Trade and other payables*	P1,197,667	P1,197,667	P1,197,667	P -
Due to related parties**	106,700	106,700	106,700	-
Dividends payable	348,210	348,210	348,210	-
Lease liabilities	186,858	200,129	65,082	135,047
Total	P1,839,435	P1,852,706	P1,717,659	P135,047

**Excluding statutory obligations amounting to P11,961.*

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

Market Risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and other market prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return. The Group is subject to various risks, including foreign currency risk and interest rate risk.

Interest Rate Risk

Interest rate risks is the risk that future cash flows from a financial instrument (cash flow interest rate risk) or its fair value (fair value interest rate risk) will fluctuate because of changes in market interest rates.

Accordingly, management believes that the Group does not have significant interest rate risk.

Foreign Currency Exchange Risk

Foreign currency exchange risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group's exposure to foreign currency risk relates primarily to the Group's foreign currency-denominated monetary assets and monetary liabilities.

The currencies in which these transactions are primarily denominated are in United States dollar (USD), Singaporean dollar (SGD), Euro (EUR), Australian Dollar (AUD) and British Pound Sterling (GBP).

The following table shows the Group's foreign currency-denominated monetary assets and monetary liabilities and their Philippine peso (PHP) equivalents as at June 30, 2022 and December 31, 2021:

	June 30, 2022					
	USD	**SGD**	**EUR**	**AUD**	**GBP**	**PHP Equivalent**
Foreign currency - denominated monetary assets:						
Cash	**840**	**-**	**-**	**-**	**-**	**46,149**
Foreign currency - denominated monetary liabilities:						
Trade payables	**(85)**	**-**	**(11,595)**	**(454)**	**-**	**(684,091)**
Net foreign currency - denominated monetary asset (liabilities)	**755**	**-**	**(11,595)**	**(454)**	**-**	**(637,942)**

	December 31, 2021				
	USD	SGD	EUR	AUD	PHP Equivalent
Foreign currency - denominated monetary assets:					
Cash	784	-	-	-	-
Trade receivables	2	-	30	6	1
	786	-	30	6	1
Foreign currency - denominated monetary liabilities:					
Trade payables	(173)	-	(14,536)	-	-
Net foreign currency - denominated monetary asset (liabilities)	613	-	(14,506)	6	1

In translating the foreign currency-denominated monetary assets and monetary liabilities into Philippine peso amounts, the significant exchange rates applied are as follows:

	June 30, 2022	December 31, 2021
USD	**54.97**	52.56
SGD	**-**	-
EUR	**57.19**	58.07
AUD	**36.34**	36.18
GBP	**-**	66.19

The following table demonstrates sensitivity of cash flows due to changes in foreign exchange rates with all variables held constant.

	June 30, 2022	
	Percentage Decrease in Foreign Exchange Rates	**Increase (Decrease) in Income before Income Tax**
USD	**14.42%**	**4,486**
SGD	**-**	**-**
EUR	**(2.56%)**	**12,733**
AUD	**(0.17%)**	**22**
GBP	**-**	**-**

	December 31, 2021	
	Percentage Decrease in Foreign Exchange Rates	Increase (Decrease) in Income before Income Tax
USD	(5.32%)	348
EUR	(2.76%)	17,128
AUD	(0.62%)	(1)
GBP	3.97%	2

Changes in foreign exchange rates are based on the average of the banks' forecasted closing exchange rates during the first quarter of the following calendar year. A movement in the opposite direction would increase/decrease income before income tax by the same amount, on the basis that all other variables remains constant.

Capital Risk Management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its businesses and maximize shareholder value.

The Group manages its capital structure and makes adjustments, in the light of changes in economic conditions. To maintain or adjust the capital structure, the Group may pay-off existing debts, return capital to stockholders or issue new shares.

The Group defines capital as paid-in capital stock and retained earnings.

There were no changes in the Group's approach to capital management during the year.

The Chief Financial Officer has the overall responsibility for monitoring of capital in proportion to risk. Profiles for capital ratios are set in the light of changes in the Group's external environment and the risks underlying the Group's business operations and industry.

The Group's BODs review the capital structure of the Group on an annual basis. As part of this review, the BODs consider the cost of capital and the risks associated with each class of capital.

The debt to equity ratio at the end of reporting periods is as follows:

	June 30, 2022	December 31, 2021
Debt	**1,523,330**	P2,107,152
Equity	**13,022,929**	12,042,182
Debt to equity ratio	**0.12:1**	0.17:1

24. Fair Values of Financial Instruments

Cash in Banks, Cash Equivalents, Trade and Other Receivables, Trade and Other Payables and Dividends Payable
The carrying amounts of the Group's cash in banks, cash equivalents, trade and other receivables, trade and other payables (excluding statutory obligations) and dividends payable approximate their fair values due to the short-term maturities of these financial instruments.

Refundable Deposits
The carrying amount of refundable deposits approximates its fair values as the impact of discounting is not significant.

Notes Payable, Loans Payable and Advances from a Stockholder
The estimated fair values of notes payable and advances from a stockholder are based on the present value of expected future cash flows using the applicable market rates for similar types of loans at reporting date. The difference between the carrying amount and fair value of notes payable and advances from a stockholder is considered immaterial by management.

Lease Liabilities
The fair value of lease liabilities was estimated as the present value of all future cash flows discounted using the incremental borrowing rate. The carrying amounts approximate their fair values because the difference between the interest rates of these instruments and the prevailing market rates for similar instruments is not considered significant.

As at June 30, 2022 and December 31, 2021, the Group has no financial instruments carried at fair value. Thus, disclosure on inputs using a three-level fair value hierarchy is not necessary.

	June 30, 2022	
	Carrying Amount	**Fair Value**
Financial Assets at Amortized Cost		
Cash in banks	**P1,619,104**	**P1,619,104**
Cash equivalents	**5,713,131**	**5,713,131**
Trade and other receivables - net	**1,315,283**	**1,315,283**
Refundable deposits	**16,355**	**16,355**
	P8,663,873	**P8,663,873**
Other Financial Liabilities		
Trade and other payables	**P1,091,659**	**P1,091,659**
Due to related parties	**106,700**	**106,700**
Dividends payable	**-**	**-**
Lease liabilities	**158,105**	**158,105**
	P1,356,464	**P1,356,464**

	December 31, 2021	
	Carrying Amount	Fair Value
Financial Assets at Amortized Cost		
Cash in banks	P1,274,488	P1,274,488
Cash equivalents	6,424,694	6,424,694
Trade and other receivables - net	2,042,263	2,042,263
Refundable deposits	16,565	16,565
	P9,758,010	P9,758,010
Other Financial Liabilities		
Trade and other payables	P1,197,667	P1,197,667
Due to related parties	106,700	106,700
Dividends payable	348,210	348,200
Lease liabilities	186,858	186,858
Loans payable	-	-
	P1,839,435	P1,839,435