Remarks

CR06100-2021

- As announced in Disclosure Notice No. DN00094-2021 dated July 8, 2021, the trading of the shares of The Keepers Holdings, Inc. (formerly Da Vinci Capital Holdings, Inc.) was suspended due to its non-compliance with the required minimum public ownership under the Exchange's existing rules and guidelines.

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

   Jun 30, 2021
2. SEC 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

   Manila, Philippines
6. Industry Classification Code(SEC Use Only)

7. Address of principal office

   No. 900 Romualdez St., Paco, Manila
   Postal Code
   1007
8. Issuer's telephone number, including area code

   (632) 8522-8801 to 04
9. Former name or 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 SRC or Sections 4 and 8 of the RSA

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
Common	11,508,750,305

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

    ● Yes ○ No

    If yes, state the name of such stock exchange and the classes of securities listed therein:

    Philippine Stock Exchange, Inc. , common shares
12. Indicate by check mark whether the registrant:

(a) has filed all reports required to be filed by Section 17 of the SRC and SRC Rule 17 thereunder or Sections 11 of the RSA and RSA Rule 11(a)-1 thereunder, and Sections 26 and 141 of the

Corporation Code of the Philippines, during the preceding twelve (12) months (or for such shorter period that the registrant was required to file such reports)

● Yes ○ No

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

● Yes ○ No

Da Vinci Capital Holdings, Inc.
DAVIN

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

For the period ended	Jun 30, 2021
Currency (indicate units, if applicable)	Php (in thousand)

Balance Sheet

	Period Ended	Fiscal Year Ended (Audited)
	Jun 30, 2021	Dec 31, 2020
Current Assets	8,164,342	8,407,074
Total Assets	8,534,118	8,763,760
Current Liabilities	1,216,672	2,118,285
Total Liabilities	1,402,633	2,283,022
Retained Earnings/(Deficit)	5,403,317	4,752,639
Stockholders' Equity	7,131,485	6,480,738
Stockholders' Equity - Parent	-	-
Book Value per Share	0.62	0.56

Income Statement

	Current Year (3 Months)	Previous Year (3 Months)	Current Year-To-Date	Previous Year-To-Date
Gross Revenue	2,539,811	1,359,014	4,299,007	3,189,385
Gross Expense	2,047,843	1,084,066	3,517,746	2,616,999
Non-Operating Income	13,523	-7,258	5,694	-6,388
Non-Operating Expense	3,033	1,022	1,346	8,096

Income/(Loss) Before Tax	502,458	266,668	785,609	557,902
Income Tax Expense	99,408	63,965	134,931	142,906
Net Income/(Loss) After Tax	403,050	202,703	650,678	414,996
Net Income Attributable to Parent Equity Holder	-	-	-	-
Earnings/(Loss) Per Share (Basic)	0.04	0.02	0.06	0.04
Earnings/(Loss) Per Share (Diluted)	0.04	0.02	0.06	0.04

	Current Year (Trailing 12 months)	Previous Year (Trailing 12 months)
Earnings/(Loss) Per Share (Basic)	0.06	0.04
Earnings/(Loss) Per Share (Diluted)	0.06	0.04

Other Relevant Information

Please see attached SEC Form 17Q - Second Quarterly Report 2021 of The Keepers Holdings, Inc. (formerly, Da Vinci Capital Holdings, Inc.)

Filed on behalf by:

Name	Candy Dacanay-Datuon
Designation	Corporate Secretary

COVER SHEET

0000024015
SEC Registration Number

THE KEEPERS HOLDINGS, INC.
FORMERLY DA VINCI CAPITAL
HOLDINGS, INC.
(Company's Full Name)

NO. 900 ROMUALDEZ ST., PACO,
MANILA
(Business Address: No. Street City/Town/Province)

CANDY H. DACANAY-DATUON
(Contact Person)

(632) 8522-8801 to 04
(Company Telephone Number)

12 31
Month **Day**

SEC FORM 17-Q
(Form Type)

05 28
(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, 2021**

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	**11,508,750,305**

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

Yes [**X**] 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 [**X**] No [ ]

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

Yes [**X**] No [ ]

FINANCIAL INFORMATION

Item 1. Financial Statements

The unaudited Interim Consolidated Financial Statements of The Keepers Holdings, Inc. (the "Company") and its Subsidiaries as of June 30, 2021 (see **ANNEX A)** were prepared following the approval of the Securities and Exchange Commission (SEC) on the increase in authorized capital stock of the Company on June 30, 2021, as well as the corresponding Deed of Exchange between the Company and Cosco Capital, Inc. involving the transfer of ownership and control over its three wholly-owned liquor distribution subsidiaries namely: Montosco, Inc., Meritus Prime Distribution, Inc. and Premier Wines and Spirits, Inc. to the Company thru a Share Swap Transaction.

Accordingly, the Company issued 11,250,000,000 common shares with a par value of P0.10 at P2.00 per share in exchange for Cosco's 100% equity interest in the liquor subsidiaries.

The Company's acquisition of the three liquor entities 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 they are all under a common control.

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. The 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 and December 31 and for the six-month periods ended June 30:

	June 30 2021	December 2020
Current Ratio (1)	**6.71:1**	3.97:1
Asset to Equity Ratio (2)	**1.20:1**	1.35:1
Debt to Equity Ratio (3)	**0.20:1**	0.35:1
Debt to Total Assets Ratio (4)	**0.16:1**	0.26:1
Book Value per Share (5)	**P0.62**	P0.56

	June 2021	June 2020
Earnings per Share (6)	**P0.056**	P0.037
Return on Assets (7)	**7.5%**	5.1%
Return on Equity (8)	**9.5%**	7.4%

(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 interim consolidated statements of comprehensive income for the six-month period ended June 30, 2021 and 2020:

(In thousands)	**1H2021**	**% to Sales**	1H2020	% to Sales	**% Change**
Net Sales	**P4,299,007**	**100.0%**	P3,189,385	100.0%	**34.8%**
Cost of Sales	**3,163,752**	**73.6%**	2,371,731	74.4%	**33.4%**
Gross Profit	**1,135,255**	**26.4%**	817,654	25.6%	**38.8%**
Operating Expenses	**353,994**	**8.2%**	245,268	7.7%	**44.3%**
Gross Income	**781,261**	**18.2%**	572,386	17.9%	**36.5%**
Share in the net income of an investee	**5,694**	**0.1%**	(6,388)	-0.2%	**-189.1**
Other charges – net	**(1,346)**	**0.0%**	(8,096)	-0.3%	**-83.4%**
Net Income before tax	**785,609**	**18.3%**	557,902	17.5%	**40.8%**
Provision for income tax	**134,931**	**3.1%**	142,906	4.5%	**-5.6%**
Net Income after tax	**P650,678**	**15.1%**	P414,996	13.0%	**56.8%**

Net Sales

For the period ended June 30, 2021, the Group posted a consolidated net sales of P4.30 billion for an increase of P1.11 billion or 34.8% compared to P3.19 billion in the same period of 2020. Although slower sales growth was registered in the 1st quarter of 2021 due to the continuing effect of the pandemic restrictions, the gradual opening of the economy in the 2nd quarter allowed more movements in terms of marketing and promotions activities that drove stronger sales performance.

The Group's robust growth in sales performance were basically driven by the strong recovery in terms of sales volume for the period ended June 30, 2021 particularly its brandy category which registered a 58.6% growth which even surpassed its pre-pandemic performance.

Shown below is a breakdown of the sales volume performance by category as follows:

(In thousands)

Category	**1H 2021**	**% to Total**	1H 2020	% to Total	**% Change**
Brandy	**1,337**	**78.1%**	843	69.4%	**58.6%**
Other spirits	**227**	**13.3%**	177	14.6%	**28.2%**
Wines	**69**	**4.0%**	61	5.0%	**13.1%**
Specialty beverages	**79**	**4.6%**	134	11.0%	**-41.0%**
Total Cases Sold	**1,712**	**100.0%**	1,215	100.0%	**40.9%**

Cost of Sales
The Group's cost of sales increased by 33.4% during the six-month period ended June 30, 2021, relative to the increase in sales.

Gross Profit
Improvement in gross profit rate was still principally driven by the impact of sales mix since there were no significant increase in product costs, excise tax rates and other import charges during the period.

Operating Expenses
Operating expenses increased by 44.3% or P108.73 million during the six-month period ended June 30, 2021 mainly due to increase in trade deals, promos, depreciation of office improvements, and amortizations for new leased warehouse. The increase also includes the filing fees and documentary stamp tax paid by the Company in connection with the share swap transaction.

Share in the Net Income on Investment in an Associate
Share in the net income on investment in an associate amounted to P5.69 million for the period ended June 30, 2021, which is accounted under the equity method of accounting. The operating losses incurred by the investee in the 1st quarter of 2021 due to the continuing effect of quarantine restrictions were abated due to marketing supports extended by the investee's brand owners during the second quarter.

Other Charges- Net
Other charges decreased by P6.75 million due mainly to the interest income earned during the period on the cash placements and the net effect of the decrease of interest expense on bank loans and increased interest on lease liabilities.

Net Income
The Group's net income in the 1st half of 2021 increased by P235.68 million or 56.8% due to significant increase in sales along with a strategic cost-saving measures implemented by the Group. Net income is further enhanced by the recognition of the 2020 income tax savings amounting to P32.69 million and the tax savings effect of lower income tax rate in the current period resulting from the implementation of the CREATE law.

II. Interim Consolidated Financial Position

The Group’s interim consolidated financial position as at June 30, 2021are shown below together with the comparative figures of consolidated financial position as of December 31, 2020:

(in thousands)	June 30, 2021	% to Total Assets	December 31, 2020	% to Total Assets	% Change
Cash and cash equivalents	**P1,722,209**	**20.2%**	P2,534,103	28.9%	(32.0%)
Trade and other receivables – net	**1,000,879**	**11.7%**	1,574,625	18.0%	(36.4%)
Inventories	**3,702,283**	**43.4%**	3,659,336	41.8%	1.2%
Prepaid expenses and other current assets	**1,738,971**	**20.4%**	639.010	7.3%	172.1%
Total Current Assets	**8,164,342**	**95.7%**	8,407,074	95.9%	(2.9%)
Right-of-use assets – net	**198,226**	**2.3%**	185,853	2.1%	6.7%
Property and equipment – net	**27,083**	**0.3%**	32,213	0.4%	(15.9%)
Deferred income tax assets - net	**4,703**	**0.1%**	4,762	0.1%	(1.3%)
Investment in an associate	**99,055**	**1.2%**	93,361	1.1%	6.1%
Other noncurrent assets	**40,709**	**0.5%**	40,497	0.5%	0.5%
Total Noncurrent Assets	**369,776**	**4.3%**	356,686	4.1%%	3.7%
Total Assets	**P8,534,118**	**100.0%**	P8,763,760	100.0%	(2.6%)
Trade and other payables	**P790,267**	**9.3%**	1,325,766	15.1%	(40.4%)
Due to related parties	**185,314**	**2.2%**	200,553	2.3%	(7.6%)
Loan payable	**-**	**-**	42,000	0.5%	(100.0%)
Dividends payable	**100,000**	**1.2%**	300,000	3.4%	(66.7%)
Income tax payable	**93,152**	**1.1%**	185,438	2.1%	(49.8%)
Lease liabilities – current	**35,964**	**0.4%**	52,553	0.6%	(31.6%)
Provisions	**11,975**	**0.1%**	11,975	0.1%	-
Total Current Liabilities	**1,216,672**	**14.3%**	2,118,285	24.2%	(42.6%)
Lease liabilities - net of current portion	**170,631**	**2.0%**	149,407	1.7%	14.2%
Retirement benefits liability	**15,330**	**0.2%**	15,330	0.2%	-
Total Noncurrent Liabilities	**185,961**	**2.2%**	164,737	1.9%	12.9%
Total Liabilities	**1,402,633**	**16.4%**	2,283,022	26.1%	(38.6%)
Capital stock	**1,150,875**	**13.5%**	1,150,875	13.1%	-
Additional paid in capital	**21,421,033**	**251.0%**	21,421,033	244.4%	-
Retained earnings (deficit)	**5,403,317**	**63.3%**	4,752,639	54.2%	13.7%
Equity adjustments from common control transactions	**(20,848,500)**	**-244.3%**	(20,848,500)	(237.9%)	-
Accumulated remeasurements on retirement benefits	**4,760**	**0.1%**	4,691	0.1%	1.5%
Total Equity	**7,131,485**	**83.6%**	6,480,738	73.9%	10.0%
	P8,534,118	**100.0%**	P8,763,760	100.0%	(2.65)

Working Capital

As at June 30, 2021 the Group’s working capital amounted to P6.95 billion compared to P6.3 billion as at December 31, 2020. Current ratios are 6.72x and 3.97x as of June 30, 2021 and December 31, 2020, respectively.

Current Assets

Cash and cash equivalents amounted to P1.72 billion as of June 30, 2021 or 20.2% of total assets. It mainly consists of short-term placements. The decrease of 32% is due mainly to settlements with trade suppliers, repayment of loan, payment of dividends, and advance payments for excise tax and seals.

Trade and other receivables amounted to P1.00 billion as of June 30, 2021 or 11.7% of total assets and 98.6% of which pertains to trade receivables from various customers. The decrease of 36.4% is due to further improved credit and collection process and transitions to more negotiable credit terms.

Inventories amounted to P3.7 billion or 43.4% of total assets. The Group ensures optimum inventory level that will enable to consistently meet demands. As the economy gradually opens during the 1st half of the year, scheduled import shipments arrived just in time and customs releasing process improved as well, as compared with last year.

Prepaid expenses and other current assets amounted to P1.74 billion or 20.4% of the total assets. About P1.60 billion or 91.8% of this account pertains to advance payments made during the period for excise taxes and cost of BIR seals for the incoming shipments arriving until the 1st Quarter of 2022.

Noncurrent Assets

As at June 30, 2021, total noncurrent assets amounted to P369.77 million or 4.3% of total assets.

Right-of-use assets (ROU) represents the values recognized from long-term lease contracts covering office and warehouse facilities. Net book values of ROU is at P198.23 million or 2.3% of the total assets. The increase was due the renewal of lease contract net of depreciation recognized during the same year.

Property and equipment-net book values amounted to P27.08 million or a mere 0.3% of total assets. This account mainly consist of the leasehold improvements on offices and warehouses which amounted to P16 million. The decrease was mainly due to depreciation during the period.

Investment in an associate amounted to P99.05 million or 1.2% of total assets. This represents equity investment in Pernod Ricard Philippines which was made in February 2019.

Other non-current assets amounted to P40.71 million or 0.5% of total assets. It mainly consists of excess tax credits carried over from previous years and the refundable deposits from the lease contracts.

Current Liabilities

As at June 30, 2021 total current liabilities amounted to P1.2 billion or 14.3% of total assets. Majority of the amount pertains to trade and other payables.

Trade and other payables amounted to P790.27 million or 9.3% of total assets. Amount payable to trade suppliers amounted to P624 million. The decrease during the period is mainly to payments.

Due to related parties, represents management fee and advances from related parties and ultimate parent company which amounted to total of about P185.31 million as of June 30, 2021.

Dividends payable amounting to P100 million pertains to the cash dividends declared by PWSI's BOD payable to Cosco.

Income tax payable amounted to P93.15 million and is basically lower due to the income tax savings effect of lower corporate income tax rate under CREATE law.

Lease liabilities due within the year amounted to P35.96 million representing lease payable for the use of warehouses and offices.

Provisions amounting to P11.97 million was set up as provision for any probable liabilities that may arise as a result of conducting business.

Noncurrent Liabilities

As at June 30, 2021 total noncurrent liabilities amounted to P185.96 million or 2.2% 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 P170.63 million.

Retirement benefit liability which represents the present value of the defined benefits retirement obligations amounted to P15.33 million.

Equity

As at June 30, 2021 total equity amounted to P7.13 billion or 83.6% of total assets.

Capital stock amounted to P1.15 billion. Post share swap transactions resulted to the following ownership structure:

Cosco	97.75%
Invescap	1.91%
Public	0.34%
Total	100.00%

The Company has filed with the Securities & Exchange Commission and Philippine Stock Exchange for regulatory approvals for the conduct of a follow-on offering involving the offer and sale to the public of up to 3,000,000,000 primary common shares, each common share with a par value of ₱0.10 per share, in order to restore and comply with the minimum public ownership of at least 20%.

Additional paid in capital increased by P21.37 billion due to 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 pursuant to the share swap transaction between the Company and Cosco.

Retained earnings amounted to P5.4 billion representing the aggregated retained earnings of the Company and the subsidiaries as of June 30, 2021.

Equity adjustments from common control transactions amounting to P20.85 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 P4.8 million.

III. Sources and Uses of Cash

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

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

	Six-Month Period Ended June 30	
(In thousands)	**2021**	2020
Net cash from (used in) operating activities	**(P509,238)**	P2,118,441
Net cash used by investing activities	**(1,815)**	(13,136)
Net cash from (used in) financing activities	**(300,841)**	(942,848)
Net decrease in cash and cash equivalents	**(P811,894)**	P1,162,457

Net cash used in operating activities during the current period is basically attributable to settlement of trade payable accounts, purchase of inventory requirements and other related current operating requirements. Net cash from the operating activities during the six-month period ended June 30, 2020 mainly due to collections, lower spending in this period was due to the height of the lockdown caused by pandemic.

Net cash used in investing activities mainly pertains to the funds used for additional assets acquisition and minimal capital expenditures.

Net cash from or used in financing activities principally resulted from the settlements of bank loans, dividends, advances from stockholder 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 Quarter Financial Statement of The Keepers Holdings, Inc. (Formerly: Da Vinci Capital Holdings, Inc.) for the year 2021 to be signed on its behalf by the undersigned thereunto duly authorized.

August 06, 2021 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, 2021 and December 31, 2020

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

	Note	**June 30, 2021**	December 31, 2020
ASSETS			
Current Assets			
Cash and cash equivalents	*5, 25*	**P1,722,209**	P2,534,103
Trade and other receivables - net	*6,25*	**1,000,879**	1,574,625
Inventories	*7*	**3,702,283**	3,659,336
Prepaid expenses and other current assets	*8*	**1,738,971**	639,010
Total Current Assets		**8,164,342**	8,407,074
Noncurrent Assets			
Right-of-use assets - net	*20*	**198,226**	185,853
Property and equipment - net	*9*	**27,083**	32,213
Deferred income tax assets - net	*22*	**4,703**	4,762
Investment in an associate	*10*	**99,055**	93,361
Other noncurrent assets	*11*	**40,709**	40,497
Total Noncurrent Assets		**369,776**	356,686
		P8,534,118	P8,763,760
LIABILITIES AND EQUITY			
Current Liabilities			
Trade and other payables	*12, 25*	**P790,267**	P1,325,766
Due to related parties	*15, 25*	**185,314**	200,553
Loans payable	*14,25*	**-**	42,000
Dividends payable	*1 25*	**100,000**	300,000
Income tax payable		**93,152**	185,438
Lease liabilities - current	*20, 25*	**35,964**	52,553
Provisions	*23*	**11,975**	11,975
Total Current Liabilities		**1,216,672**	2,118,285
Noncurrent Liabilities			
Lease liabilities - net of current portion	*20,25*	**170,631**	149,407
Retirement benefits liability	*21*	**15,330**	15,330
Total Noncurrent Liabilities		**185,961**	164,737
Total Liabilities		**1,402,633**	2,283,022
Equity	*3, 16*		
Capital stock		**1,150,875**	1,150,875
Additional paid-in capital		**21,421,033**	21,421,033
Retained earnings		**5,403,317**	4,752,639
Equity adjustments from common control transactions		**(20,848,500)**	(20,848,500)
Accumulated remeasurements on retirement benefits	*21*	**4,760**	4,691
Total Equity		**7,131,485**	6,480,738
		P8,534,118	P8,763,760

See Notes to Interim Consolidated Financial Statements.

THE KEEPERS HOLDINGS, INC.
(Formerly DA VINCI CAPITAL HOLDINGS, INC.) AND SUBSIDIARIES
INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(in Thousands, Except Per Share Data)

		Three-Month Period Ended		**Six-Month Period Ended**	
	Note	**June 30, 2021**	June 30, 2020	**June 30, 2021**	June 30, 2020
NET SALES		**P2,539,811**	P1,359,014	**P4,299,007**	P3,189,385
COST OF GOODS SOLD	*17*	**1,854,569**	977,298	**3,163,752**	2,371,731
GROSS PROFIT		**685,242**	381,716	**1,135,255**	817,654
OPERATING EXPENSES	*18*	**193,274**	106,768	**353,994**	245,268
INCOME FROM OPERATIONS		**491,968**	274,948	**781,261**	572,386
SHARE IN NET INCOME (LOSS) OF AN ASSOCIATE	*10*	**13,523**	(7,258)	**5,694**	(6,388)
OTHER INCOME (CHARGES) - Net	*19*	**(3,033)**	(1,022)	**(1,346)**	(8,096)
INCOME BEFORE INCOME TAX		**502,458**	266,668	**785,609**	557,902
PROVISION FOR INCOME TAX	*22*	**99,408**	63,965	**134,931**	142,906
NET INCOME/TOTAL COMPREHENSIVE INCOME		**P403,050**	P202,703	**P650,678**	P414,996
BASIC AND DILUTED EARNINGS PER SHARE	*24*	**P0.04**	P0.02	**P0.06**	P0.04

See Notes to Interim Consolidated Financial Statements.

THE KEEPERS HOLDINGS, INC.
(Formerly DA VINCI CAPITAL HOLDINGS, INC.) AND SUBSIDIARIES
INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(in Thousands)

		Six-Month Period Ended	
	Note	**June 30, 2021**	June 30 2020
CAPITAL STOCK (Beginning and end of the Six-Month period)	*3, 16*	**P1,150,875**	P1,150,875
ADDITIONAL PAID-IN CAPITAL (Beginning and end of the Six-Month period)	*3, 16*	**21,421,033**	21,421,033
ACCUMULATED REMEASUREMENTS ON RETIREMENT BENEFITS	*21*		
Balance at beginning of the Six-Month period		**4,691**	5,380
Impact of tax adjustment in retirement benefits during the period		**69**	-
Balance at end of the Six-Month period		**4,760**	5,380
RETAINED EARNINGS	*3, 16*		
Balance at beginning of the Six-Month period		**4,752,639**	3,773,884
Net income for the Six-Month period		**650,678**	414,996
Balance at end of the Six-Month period		**5,403,317**	4,188,880
EQUITY ADJUSTMENTS FROM COMMON CONTROL TRANSACTIONS (Beginning and end of the Six-Month period)	*3, 16*	**(20,848,500)**	(20,848,500)
		P7,131,485	P5,917,668

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, 2021**	June 30, 2020
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax		**P785,609**	P557,902
Adjustments for:			
Depreciation and amortization	*9, 19, 20*	**36,752**	17,466
Share in net loss (income) of an associate	*10*	**(5,694)**	6,389
Interest income	*5,19*	**(10,537)**	(5,410)
Interest expense	*13, 14, 19, 20*	**5,844**	16,755
Operating income before working capital changes		**811,974**	593,102
Decrease (increase) in:			
Trade and other receivables		**573,745**	1,524,972
Inventories		**(42,947)**	534,788
Prepaid expenses and other current assets		**(1,099,962)**	279,982
Increase in trade and other payables		**(535,497)**	(603,508)
Cash generated from (used in) operations		**(292,685)**	2,329,336
Income taxes paid		**(227,088)**	(216,305)
Interest received	*5, 19*	**10,537**	5,410
Net cash from (used in) operating activities		**(509,238)**	2,118,441
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to property and equipment	*9*	**(1,603)**	(13,045)
Additions to other noncurrent assets		**(212)**	(91)
Cash used in investing activities		**(1,815)**	(13,136)
CASH FLOWS FROM FINANCING ACTIVITIES			
Advances received from related parties	*15*	**109,261**	-
Payments of:			
Loans payable	*14*	**(42,000)**	(134,000)
Dividends	*16*	**(200,000)**	-
Lease liabilities	*20*	**(42,672)**	(13,879)
Interest		**(930)**	(15,844)
Due to related parties		**(124,500)**	
Advances from a stockholder		**-**	(659,125)
Notes payable	*13*	**-**	(120,000)
Net cash used in financing activities	*27*	**(300,841)**	(942,848)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		**(811,894)**	1,162,457
CASH AND CASH EQUIVALENTS AT BEGINNING OF SIX-MONTH PERIOD		**2,534,103**	442,073
CASH AND CASH EQUIVALENTS AT END OF SIX-MONTH PERIOD	*5*	**P1,722,209**	P1,604,530

See Notes to Interim Consolidated Financial Statements.

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

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 Company are to purchase, subscribe for 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, contracts or obligations of any corporation or corporations, association or associations, domestic or foreign, engage in, but not limited to, the business of real estate, manufacturing, trading and agribusiness, and to pay, in whole or in part, in cash or by exchanging therefor, stocks, bonds and other evidences of indebtedness or securities of this or any other corporation, and while the owner or holder of any such real or personal property, stocks, bonds, debentures, notes, evidences of indebtedness or other securities, 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 therefor all the rights, powers and privileges of ownership, including all voting powers on any stock so owned, without however engaging in dealership in securities or in stock brokerage business, to the extent permitted by law, to aid, either by loans or by guaranty of securities or in any other manner, any corporation, domestic, or foreign, any share of stock, or any bond, debenture, evidence of indebtedness or other security whereof are held by this corporation or in which it shall have interest, and to do any act designed to protect, preserve, improve or enhance the value of any property at any time held or controlled by this corporation or in which it at that time may be interested.

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;
v. Increase in authorized capital stock to P2,000,000 or 20,000,000,000 common shares; and

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 "Acquired Companies"), under a Share Swap Arrangement. Details of the Share Swap Arrangement are discussed below.

The stockholders of TKHI approved the foregoing corporate actions in its annual stockholders meeting on May 28, 2021. On June 30, 2021, the foregoing corporate actions were approved by the SEC and as a result, the three liquor companies abovementioned became wholly-owned subsidiaries of TKHI.

Similarly and pursuant to the SEC approvals mentioned above, TKHI has also became a subsidiary of Cosco with an equity ownership of almost 98%.

TKHI's registered office address is located at No. 900 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 though consolidation of its liquor distribution businesses under TKHI. The corporate reorganization which was executed on June 30, 2021, following the SEC approval on the increased in TKHI's authorized capital stock, was intended to unlock strategic values of the three liquor companies through a pure liquor and wine distribution listed company in the capital market which will be the platform to further grow and expand the business.

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 will be swapped with 7,500,000 common shares of Cosco in MI;

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

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

Businesses Acquired

MI
MI was incorporated and registered with the Philippine SEC on August 13, 2008. The principal activity of MI is to engage in the business of trading consumer goods on wholesale basis.

MPDI
MPDI was incorporated and registered with the Philippine SEC on February 17, 2010 to engage primarily in buying, selling, importing, exporting, 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.

PWSI
PWSI was incorporated and registered with the Philippine SEC on June 19, 1996. PWSI's primary purpose is to engage in the business of buying, selling, distribution and marketing on a wholesale basis, any and all kinds of beverages, spirits and liquors and to deal in any materials, articles or things required in connection with or incidental to the importation, exportation, manufacturing, marketing or distribution of such products.

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, 2021 and December 31, 2020 and for the Six-Month periods ended June 30, 2021 and 2020 were approved and authorized for issue by the Group's Board of Directors (BOD) on August 10, 2021.

3. Summary of Significant Accounting Policies

The accounting policies set out below have been applied consistently to all periods presented in these interim 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 interim 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 apply 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.

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 interim 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; (e) 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, 2021 and December 31, 2020.

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 and dividends payable as at June 30, 2021 and December 31, 2020.

Impairment of Financial Assets
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 interim 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 interim 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 interim 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 interim 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, 2021 and December 31, 2020, 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.

Inventories

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 statement 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 interim 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 interim 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.

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 is recognized in 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 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.

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.

Dividends on Common Shares

Cash 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, 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.

Cost and Expense Recognition

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 administering 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 interim 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 interim 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 income (charges)" 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, to the extent that it is probable that sufficient future taxable profits will be available against which the deductible temporary differences 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.

Consolidation

The interim consolidated financial statements incorporate the interim financial amounts of the Parent Company and its subsidiaries. Subsidiaries are entities over which the Parent Company has control. The Parent Company controls an 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. 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 the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee;
- Rights arising from other contractual arrangements; and
- The Group's voting rights and potential voting rights.

Accounting under Pooling-of-interest Method

In accounting for business combinations above, the interim consolidated financial statements reflect the following:

- The consolidated assets and liabilities of TKHI are recognized and measured at carrying amounts and the assets and liabilities of the transferred companies are recognized and measured at the carrying amounts as presented in their individual audited financial statements prior to acquisition. Investment in an associate is recognized and measured at the carrying amount presented in the audited financial statements of PWSI.
- The equity will solely reflect the equity transactions of TKHI.
- No new goodwill is recognized as a result of the business combination. The only goodwill that is recognized is any existing goodwill relating to either of the Parent Company and transferred companies. Any difference between the consideration paid or transferred and the equity acquired is recognized as "Equity adjustments from common control transactions" in the interim consolidated statements of financial position at the beginning of each of the periods presented.
- The interim consolidated statements of comprehensive income reflect the results of the Group for the Six-Month periods ended June 30, 2021 and 2020, irrespective of when the combination took place. Comparatives are presented as if the entities had been acquired for the period that the entities were under common control.

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 assessed that its liquor business as a whole represents a single segment.

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 interim consolidated financial statements but are disclosed in the notes to interim consolidated financial statements unless the outflow of resources embodying economic benefits is remote. Contingent assets are not recognized in the interim consolidated financial statements but are disclosed in the notes to interim 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 interim consolidated financial statements. Events after the reporting date that are not adjusting events are disclosed in the notes to interim 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 interim consolidated financial statements. Unless otherwise stated, none of these are expected to have a significant impact on the Group's interim 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 apply retrospectively on or after January 1, 2022, but only to items of property, plant, and equipment made available for use on or after the beginning of the earliest period presented, recognizing the cumulative effect in the opening retained earnings (or other component of equity, as appropriate) of that earliest period presented. Earlier application is permitted.

- 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.

  - 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.

  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.

Earlier application is permitted.

- *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 remain 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 includes 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 reviewed 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 200).

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 P1,017,428 and P1,591,129 as at June 30, 2021 and December 31, 2020, respectively (see Notes 6, 11 and 25).

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, 2021 and December 31, 2020, amounted to, P3,702,283 and P3,659,336, respectively (see Note 7). No allowance to reduce inventory to NRV was recognized for the Six-Month periods ended June 30. 2021 and 2020.

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, 2021 and 2020.

The carrying amounts of property and equipment as at June 30, 2021 and December 31, 2020 amounted to P27,083 and P32,213, 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, 2021 and 2020, 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 P324,364 and P311,427 as at June 30, 2021 and December 31, 2020, respectively (see Notes 9, 10, and 20).

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 P15,330 as at June 30, 2021 and December 31, 2020, respectively (see Note 21).

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 P4,703 and P4,762 as at June 30, 2021 and December 31, 2020, respectively (see Note 22).

For the Six-Month periods ended June 30, 2021 and 2020, 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, 2021 and December 31, 2021, the MI has not recognized deferred income tax assets arising from temporary differences amounting to a total of P8,949 and P23,878, respectively (see Note 22).

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 P11,975 as at June 30, 2021 and December 31, 2020. No provision for probable losses was recognized by the Group for the Six-Month periods ended June 30, 2021 and 2020 (see Note 23).

5. Cash and Cash Equivalents

This account consists of:

	Note	**June 30, 2021**	December 31, 2020
Cash on hand		**P1,900**	P1,516
Cash in banks	*25*	**528,773**	636,115
Cash equivalents	*25*	**1,191,536**	1,896,472
		P1,722,209	P2,534,103

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 P487 and P992 for the Six-Month periods ended June 30, 2021 and 2020, respectively (see Note19).

Cash equivalents pertain to short-term placements. Interest income earned from cash equivalents which are recognized in profit or loss amounted to P10,050 and P4,418 for the Six-Month periods ended June 30, 2021 and 2020, respectively. (see Note19).

6. Trade and Other Receivables

This account consists of:

	Note	**June 30, 2021**	December 31, 2020
Trade:			
Third parties		**P675,278**	P880,444
Related parties	*15*	**311,904**	675,136
Less allowance for ECLs		**(2,621)**	(2,621)
		984,561	1,552,959
Nontrade:			
Third parties		**15,038**	18,717
Related parties	15	**1,280**	1,347
Others		**-**	1,602
	25	**P1,000,879**	P1,574,625

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:

	Note	**June 30, 2021**	December 31, 2020
Balance at beginning of the period		**P2,621**	P4,125
Write-off		**-**	(1,504)
Balance at end of the period		**P2,621**	P2,621

7. Inventories

This account consists of:

	Note	**June 30, 2021**	December 31, 2020
At cost:			
Spirits		**P3,519,021**	P3,428,067
Wines		**142,156**	154,094
Specialty beverages		**41,106**	77,170
Others		**-**	5
	17	**P3,702,283**	P3,659,336

Inventory charged to “Cost of goods sold” amounted to P3,163,752, and P2,371,731 for the Six-Month periods ended June 30, 2021 and 2020, respectively (see Note17).

8. Prepaid Expenses and Other Current Assets

This account consists of:

	June 30, 2021	December 31, 2020
Prepaid duties and taxes	**P1,596,851**	P561,297
Advances to suppliers	**112,845**	39,316
Prepaid import charges	**1,042**	320
Input VAT	**22,920**	31,603
Other prepaid expenses	**5,313**	6,474
	P1,738,971	P639,010

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, 2020	P42,775	P18,941	P12,563	P6,795	P1,021	P2,904	P84,999
Additions	2,999	20,132	1,190	101	1,200	83	25,705
Disposals	(630)	-	-	-	-	-	(630)
December 31, 2020	45,144	39,073	13,753	6,896	2,221	2,987	110,074
Additions	986	50	567	-	-	-	1,603
Disposals	(2,068)	-	-	-	-	-	(2,068)
June 30, 2021	**44,062**	**39,123**	**14,320**	**6,896**	**2,221**	**2,987**	**109,609**
Accumulated Depreciation and Amortization							
January 1, 2020	32,790	14,314	11,562	6,780	236	2,439	68,121
Depreciation and amortization	3,672	4,862	841	31	586	378	10,370
Disposals	(630)	-	-	-	-	-	(630)
December 31, 2020	35,832	19,176	12,403	6,811	822	2,817	77,861
Depreciation and amortization	2,118	3,473	546	29	494	73	6,733
Disposals	(2,068)	-	-	-	-	-	(2,068)
June 30, 2021	**35,882**	**22,649**	**12,949**	**6,840**	**1,316**	**2,890**	**82,526**
Net Book Value							
December 31, 2020	P9,312	P19,897	P1,350	P85	P1,399	P170	P32,213
June 30, 2021	**P8,180**	**P16,474**	**P1,371**	**P56**	**P905**	**P97**	**P27,083**

Depreciation and amortization expense for the Six-Month periods ended June 30, 2021 and 2020 was charged as part of “Operating Expenses” in profit or loss.

Additions and disposals to property and equipment amounted to P13,045 and nil, respectively, for the Six-Month period ended June 30, 2020.

The cost of fully depreciated property and equipment still in use amounted to P60,023 and P58,224 as at June 30, 2021 and December 31, 2020, respectively.

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, 2021 and December 31, 2020:

	June 30, 2021	December 31, 2020
Balance at beginning of period	**P93,361**	P118,194
Share in net losses	**5,694**	(24,833)
Balance at end of period	**P99,055**	P93,361

	June 30, 2021	December 31, 2020
Percentage ownership interest	**30%**	30%
Current assets	**P645,058**	P592,719
Noncurrent assets	**152,752**	186,311
Current liabilities	**484,130**	480,426
Noncurrent liabilities	**29,922**	32,305
Net assets	**283,758**	266,299
PWSI’s share of net assets	**85,127**	79,890
Goodwill	**13,928**	13,471
Carrying amount of investment in an associate	**P99,055**	P93,361

The following table shows the PWSI's share in net income (loss) of investee for the Six-Month period June 30, 2021 and 2020:

	June 30, 2021	June 30, 2020
Revenue	**P216,169**	P282,093
Net income (loss)/total comprehensive income (loss) for the Six-Month period	**18,981**	(21,295)
The Group's share in net income (loss) at 30%	**P5,694**	(P6,388)

11. Other Noncurrent Assets

This account consists of:

	Note	**June 30, 2021**	December 31, 2020
Excess tax credits		**P23,234**	P23,234
Refundable deposits	*20,25*	**16,549**	16,504
Others		**926**	759
		P40,709	P40,497

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, 2021**	December 31, 2020
Trade payables - third parties		**P623,891**	P1,032,672
Non-trade payables:			
Third parties		**62,553**	147,633
Related parties	*1*	**195**	5,183
Output VAT		**-**	-
Accrued expenses		**36,868**	48,628
Statutory obligations		**66,760**	91,650
	25	**P790,267**	P1,325,766

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. Notes Payable

The movement and balances in notes payable are as follows:

	Note	**June 30, 2021**	December 31, 2020
Balance at beginning of period		**P -**	P120,000
Interest charge for the period		**-**	300
Payments made:			
Principal portion		**-**	(120,000)
Interest expense		**-**	(300)
Balance at end of period	*27*	**P -**	P -

On November 20, 2019, MI obtained an unsecured, Six-Month loan from Metropolitan Bank and Trust Company amounting to P120,000 with a fixed interest rate of 4.50%. This was subsequently paid in 2020.

The proceeds from the availments of notes were used to finance the Group's working capital requirements. Interest expense recognized in profit or loss amounted to nil and P300 for the Six-Month period ended June 30, 2021 and 2020, respectively (see Note 19).

14. Loans Payable

The movements and balances in loans payable are as follows:

	Note	**June 30, 2021**	December 31, 2020
Balances at beginning of period		**P42,000**	P609,000
Payments made		**(42,000)**	(664,000)
Availment of loan		**-**	97,000
Balances at end of period	*27*	**P -**	P42,000

PWSI

PWSI has unsecured, peso-denominated loans obtained from a local bank with maturity of 90 days with annual interest rate of 3.21% as at December 31, 2020. These are intended to finance the inventory build-up and additional working capital requirements of PWSI. The loans are not subject to compliance with any loan covenant.

PWSI fully settled its loan payable amounting to P313,000 on December 15, 2020.

Interest expense recognized in profit or loss amounted to P6,061 for the Six-Month period ended June 30, 2020 (see Note 19).

MPDI

In 2019, MPDI entered into various unsecured, short-term loans with a maturity of less than one year from Asia United Bank totaling to P279,000 with fixed annual interest of 4.75% to 6.00%. MPDI made principal payments amounting to P64,000 in 2019. The remaining outstanding balance amounting to P215,000 was subsequently paid in 2020.

In 2019, MPDI entered into various unsecured, short-term loan agreements with Metropolitan Bank and Trust Company (MBTC) totaling P115,000 with fixed annual interest rates of 4.50% to 5.50%. MPDI made principal payments amounting to P34,000 in 2019. The remaining outstanding balance totaling to P81,000 were subsequently paid in 2020.

In 2020, MPDI availed of the same type of loans amounting to P97,000 with fixed annual interest rates of 3.5% to 5.00%. MPDI paid P55,000 for this loan before year end.

Interest expense recognized in profit or loss amounted to P70, and P3,363 for the Six-Month period ended June 30, 2021 and 2020, respectively (see Note 19). Interest payable arising from these loans amounting to nil and P2,564 as at June 30, 2021 and December 31, 2020, respectively, are recorded as part of non-trade payables under “Trade and Other Payables” account.

15. Related Party Transactions

Transactions for the Six-Month period ended June 30, 2021 and 2020 and account balances with related parties as at June 30, 2021 and December 31, 2020 are as follows:

Category/ Transaction	Ref	Six-Month period ended June 30	Amount of the Transaction	Outstanding Balance	Outstanding Balance			Terms	Conditions
					Receivable	**Payable**	**Due to Related Parties**		
Ultimate Parent Company									
Dividends	**16**	**June 30, 2021**	**P -**	**June 30, 2021**	**P -**	**P100,000**	P -	Due and demandable	Unsecured
	16	June 30, 2020	**-**	December 31, 2020	-	300,000	-		
Management fee	*a*	**June 30, 2021**	**-**	**June 30, 2021**	**-**	-	**106,700**	Due and demandable; non-interest-bearing	Unsecured
	a	June 30, 2020	-	**December 31, 2020**	-	-	106,700		
Entities under Common Control									
Sales of good	*6,b*	**June 30, 2021**	**1,131,320**	**June 30, 2021**	**311,904**	-	-	30 days credit term; non-interest bearing	Unsecured; no impairment
	6, b	June 30, 2020	745,,612	**December 31, 2020**	675,136	-	-		
Lease expense	*20, c*	**June 30, 2021**	**34,933**	**June 30, 2021**	-	**206,595**	-	Payable on a monthly basis	Unsecured
	21, c	June 30, 2020	639	**December 31, 2020**	-	201,960	-		
Advances	*d*	**June 30, 2021**	**-**	**June 30, 2021**	-	-	**P66,000**	Payable on demand; interest-bearing	Unsecured
	d	June 30, 2020	-	**December 31, 2020**	-	-	86,000		
Interest expense	*d*	**June 30, 2021**	-	**June 30, 2021**	-	**2,508**	-	Payable on demand	Unsecured
	d	June 30, 2020	-	**December 31, 2020**	-	2,508	-		
Reimbursement of expenses	*e*	**June 30, 2021**	**4,601**	**June 30, 2021**	**1,280**	**195**	-	Payable on demand; non-interest-bearing	Unsecured no impairment
		June 30, 2020	4,478	**December 31, 2020**	1,347	2,675	-		
Stockholder									
Advances	*f*	**June 30, 2021**	**109,261**	**June 30, 2021**	-	-	**12,614**	Refer to Note f	Refer to Note f
	f	June 30, 2020	670	**December 31, 2020**	-	-	7,852		
Interest expense	*f*	**June 30, 2021**	**-**	**June 30, 2021**	-	-	-	Refer to note f	Refer to Note f
	f	June 30, 2020	300	**December 31, 2020**	-	-	-		
				June 30, 2021	**P313,184**	**P309,298**	**P185,314**		
				December 31, 2020	P676,483	P507,143	P200,553		

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, 2021 and 2020, respectively, with maturities of two (2) years.

e. This represents cash advances to and from related parties as at June 30, 2021 and 2020 in the form of reimbursement of expenses and working capital advances.

f. In 2018, MI received unsecured cash advances from a stockholder in a form of promissory notes amounting to P659,500. These advances earn fixed annual interest rate of 4.00% with maturities of one (1) year. The advances were intended for the MI's working capital requirements to finance inventory purchases.

   On November 5, 2019, both parties renewed the promissory note for the same amount and interest rate with a new maturity date of November 21, 2021. In June 2020, both parties terminated the promissory note and MI paid in full the outstanding loan principal and related interest.

   No interest expense recognized in profit or loss relating to advances from a stockholder for the Six-Month period ended June 30, 2021 and 2020. Outstanding interest payable related to these loans are recorded as part of "Accrued expenses" under "Trade and other payables" account in the statement of financial position (see Note 12).

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

Key Management Personnel

The compensation of the key management personnel of the Group amounted to P7,889 and P7,139 for the Six-Month period ended June 30, 2021 and 2020.

16. Equity

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

Capital Stock

As at June 30, 2021 and December 31, 2020, the capital stock of the Parent Company is as follows:

	June 30, 2021	December 31, 2020
Common shares	**P1,150,875**	P1,150,875
Additional paid-in capital	**21,421,033**	21,421,033
	P22,571,908	P22,571,908

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

Additional paid-in capital pertains to amount paid on the issuance of shares in excess of par value.

Below are the details of the common shares as at June 30, 2021 and December 31, 2020:

	Shares	**Amount**
Authorized: Common shares (P0.10 par value per share)	**20,000,000,000**	**P2,000,000**
Subscribed and outstanding: Common shares (P0.10 par value per share)	**11,508,750,305**	**P1,150,875**

Movement in the proforma issued and outstanding capital stocks of TKHI is as follows:

			Number of Shares
Date	Activity	Issue Price	Common Shares
September 3, 1991	Issuance of capital stocks as of listing date	P2.85	1,124,999,969
January 1, 2018	Effect of reduction in par value	-	(866,249,664)
January 1, 2018	Issuance of capital stocks under share swap arrangement	2.00	11,250,000,000
			11,508,750,305

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.

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.

There were no declaration of cash dividends for the Six-Month periods ended June 30, 2021 and 2020.

17. Cost of Goods Sold

This account consists of:

	Note	**June 30, 2021**	June 30, 2020
Inventory at beginning of period	*7*	**P3,659,336**	P4,744,683
Net purchases		**3,206,699**	1,836,943
Total goods available for sale		**6,866,035**	6,581,626
Inventory at end of period	*7*	**(3,702,283)**	(4,209,895)
		P3,163,752	P2,371,731

18. Operating Expenses

This account consists of:

	Note	**June 30, 2021**	June 30, 2020
Distribution costs		**P96,773**	P82,118
Advertisement		**70,473**	53,005
Taxes and licenses		**69,816**	16,296
Salaries and other employee benefits		**46,293**	38,721
Depreciation and amortization	*9, 20*	**36,752**	17,466
Outside services		**18,379**	20,488
Insurance		**5,671**	5,991
Utilities and communication		**1,980**	1,310
Transportation and travel		**1,701**	2,510
Representation and entertainment		**40**	1,416
Miscellaneous		**6,116**	5,947
		P353,994	P245,268

19. Other Income (Charges) - net

This account consists of:

	Note	**June 30, 2021**	June 30, 2020
Interest income	*5*	**P10,537**	P5,410
Interest expense	*13,14,20*	**(5,844)**	(16,755)
Foreign exchange gain (loss) - net		**(5,762)**	3,829
Bank charges		**(277)**	(580)
		(P1,346)	(P8,096)

20. 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 P16,549 and P16,504 as at June 30, 2021 and December 31, 2020, respectively, which are shown under "Other noncurrent assets" account in the interim consolidated statements of financial position (see Note 111).

The movements and balances of the right-of-use assets and lease liabilities as at and for the period ending June 30, 2021 and December 31, 2020 are as follows:

i. Right-of-Use Assets

	Note	**June 30, 2021**	December 31, 2020
Balance at beginning of period		**P185,853**	P34,046
Additions		**42,394**	205,289
Amortization charge for the period	*18*	**(30,021)**	(53,482)

Balance at end of year	**P198,226**	P185,853

ii. Lease Liabilities

	Note	**June 30, 2021**	December 31, 2020
Balance at beginning of period		**P201,960**	P37,167
Additions		**42,394**	205,289
Interest charge for the period	*19*	**4,913**	7,357
Payments made		**(42,672)**	(47,853)
Balance at end of period	*27*	**P206,595**	P201,960

Maturity analyses of the undiscounted lease liabilities as at June 30, 2021 and December 31, 2020 are as follows:

	Undiscounted Lease Payments	**Interest**	**Present Value of Lease Liabilities**
Not later than one year	**P62,006**	**P8,036**	**P53,970**
Later than one year but not later than five years	**161,932**	**9,307**	**152,625**
Balance at June 30, 2021	**P223,938**	**P17,343**	**P206,595**

	Undiscounted Lease Payments	Interest	Present Value of Lease Liabilities
Not later than one year	P59,762	P7,209	P52,553
Later than one year but not later than five years	160,396	10,989	149,407
Balance at December 31, 2020	P220,158	P18,198	P201,960

As at June 30, 2021 and December 31, 2020, the Group's lease liabilities are classified in the interim consolidated statements of financial positions as follows:

	June 30, 2021	December 31, 2020
Current	**P35,964**	P52,553
Noncurrent	**170,631**	149,407
	P206,595	P201,960

iii. Amounts recognized in profit or loss for the Six-Month periods ended June 30, 2021 and 2020:

	Note	**June 30, 2021**	June 30, 2020
Amortization expense	*18*	**P30,021**	P13,729
Interest on lease liabilities	*19*	**4,913**	911
		P34,934	P14,640

iv. Amounts recognized in the statements of cash flows for the Six-Month periods ended June 30, 2021 and 2020:

	June 30, 2021	June 30, 2020
Total cash outflow for leases	**P42,672**	P13,879

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21. Retirement Benefits Liability

The Group does not have an established retirement plan and only conforms to the minimum regulatory benefit under the Retirement Pay Law (Republic Act No. 7641) which is of the final salary defined benefit type and provides a retirement benefit equal to 22.5 days' pay for every year of credited service for employees who attain the normal retirement age of sixty (60) with at least five (5) years of service. The regulatory benefit is paid in a lump sum upon retirement.

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 statements of financial position. Annual cost is determined using the projected unit credit method. The Group's latest actuarial valuation date is December 31, 2020.

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, 2021 and December 31, 2020:

	June 30, 2021	December 31, 2020
Balance at beginning of year	**P15,330**	P12,304
Recognized in Profit or Loss		
Current service cost	**-**	1,547
Interest cost	**-**	638
	-	2,185
Recognized in Other Comprehensive Income (Loss)		
Actuarial loss (gain) arising from:		
Change in demographic assumptions	**-**	1,115
Change in financial assumptions	**-**	319
Experience adjustments	**-**	(593)
	-	841
Balance at end of year	**P15,330**	P15,330

The retirement benefits cost is recognized as part of "Salaries and other employee benefits" account under operating expenses in profit or loss. The Group did not accrue retirement benefits costs for the Six-Month periods ended June 30, 2021 and 2020.

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, 2021 and December 31, 2020, accumulated remeasurements on retirement benefits amounted to P4,760 and P4,691, respectively, 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 2021	June 30 2020
Discount rate	**3.95%**	3.95%
Future salary increases	**5.00% to 8.00%**	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, 2021 and December 31, 2020.

As at June 30, 2021 and December 31, 2020, 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, 2021		December 31, 2020	
	Defined Benefits Liability		Defined Benefits Liability	
	1 Percent Increase	**1 Percent Decrease**	1 Percent Increase	1 Percent Decrease
Discount rate	**(P1,180)**	**P1,260**	(P1,143)	P1,220
Salary increase rate	**1,322**	**(1,117)**	1,280	(1,082)

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	**P15,330**	**P13,529**	**P764**	**P8,902**	**P3,863**
2020	P15,330	P13,529	P764	P8,902	P3,863

22. 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, 2021	June 30, 2020
Current	**P134,803**	P142,906
Deferred	**128**	-
	P134,931	P142,906

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, 2021 and 2020.

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, 2021	June 30, 2020
Income before income tax	**P785,609**	P557,901
Provision for income tax at the statutory income tax rate*	**P196,402**	P167,371
Additions to (reductions from) income taxes resulting to the tax effects of:		
Impact of CREATE Act	**(32,707)**	-
Change in unrecognized deferred income tax asset	**14,573**	196
Share in net income of an associate	**(1,424)**	1,916
Availment of optional standard deduction	**(39,461)**	(25,624)
Non-deductible expenses	**182**	670
Interest income subjected to final tax	**(2,634)**	(1,623)
Provision for income tax	**P134,931**	P142,906

**Statutory income tax rate for the Six-Month period ended June 30, 2021 and 2020 is 25% and 30%, respectively*

The components of the Group's net deferred income tax assets as at June 30, 2021 and December 31, 2020 are as follows:

	June 30, 2021	December 31, 2020
Retirement benefits liability	**P3,619**	P3,678
Allowance for expected credit losses on trade receivables	**786**	786

PFRS 16, *Leases* adjustment	**323**	323
Unrealized foreign exchange gain (loss) - net	**(25)**	(25)
	P4,703	P4,762

TKHI

As at June 30, 2021 and December 31, 2020, TKHI has carryforward benefits of unused NOLCO amounting to P 61,095 and P2,852, 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 2020 are as follows:

Period Incurred	Amount	Applied Previous Year	Applied Current Year	Expired	Ending Balance	Expiry Date
2017	P975	P -	P -	P975	P -	2020
2018	715	-	-	-	P715	2021
2019	1,048	-	-	-	1,048	2022
2020	1,089	-	-	-	1,089	2025*
2021	58,243	-	-	-	58,243	2026*
	P62,070	**P -**	**P -**	**P975**	**P61,095**	

**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, 2021	December 31, 2020
PFRS16, *Leases* adjustment	**P5,866**	P4,110
Unrealized foreign exchange losses - net	**11**	16,696
Retirement benefits liability	**3,072**	3,072
	P8,949	P23,878

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

	June 30 2021	June 30 2020
Amount charged to profit or loss	**(P128)**	P49
Amount charged to OCI relating to remeasurement on retirement benefits	**68**	152
Net increase (decrease) in deferred income tax assets	**(P60)**	P201

23. 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, 2021 and December 31, 2020 are as follows:

	June 30, 2021	December 31, 2020
Balances at beginning of year	**P11,975**	P13,901
Provision used during the year	**-**	(1,926)
Balances at end of year	**P11,975**	P11,975

No provision for probable losses was recognized by the Group for the Six-Month period ended June 30, 2021 and 2020.

24. Earnings Per Share

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

(In thousands)	**June 30, 2021**	June 30, 2020
Net income (a)	**P650,678**	P414,996
Weighted average number of common shares outstanding for the year* (b)	**11,508,750**	11,508,750
Basic EPS (a/b)	**P0.06**	P0.04

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

Weighted average number of common shares in 2021 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	11,508,750,305	6/6	11,508,750,305

Details of the number of common shares used for the purposes of basic earnings per share assuming the transaction happened as at January 1, 2018 as follows:

	Number of Shares
Number of shares before share swap transaction	1,124,999,969
Effect of changes in par value	(866,249,664)
Issuance of shares under share swap transaction	11,250,000,000

Number of shares after share swap transaction	11,508,750,305

The Group has no potential dilutive instruments as at June 30, 2021 and 2020, hence, diluted EPS is the same as the basic EPS.

Historical basic/diluted loss per share (LPS) of TKHI is computed as follows:

(In thousands)	**June 30, 2021**	June 30, 2020
Net loss	**P58,243**	P653
Weighted average number of common shares outstanding for the Six-Month period (b)	**1,125,000**	**1,125,000**
Basic LPS (a/b)	**P0.0052**	P0.0006

Historical weighted average number of common shares in 2021 used for the purposes of basic loss per share were computed as follows:

	Number of Common Shares	Proportion to Period	Weighted Average
Outstanding shares at the beginning and end of period	1,124,999,969	6/6	1,124,999,969

25. 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, 2021**	December 31, 2020
Cash in banks	*5*	**P528,773**	P636,115
Cash equivalents	*5*	**1,191,536**	1,896,472
Trade and other receivables	*6*	**1,000,879**	1,574,625
Refundable deposits	*11*	**16,549**	16,504
		P2,737,737	P4,123,716

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, 2021 and December 31, 2020, 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, 2021 and December 31, 2020:

	June 30, 2021		
	Gross Carrying Amount	**Impairment Loss Allowance**	**Credit-impaired**
Current (not past due)	**P782,766**	**P -**	**No**
1 - 30 days past due	**159,848**	**-**	**No**
31 - 120 days past due	**60,886**	**2,621**	**Yes**
Balance at June 30, 2021	**P1,003,500**	**P2,621**	

	December 31, 2020		
	Gross Carrying Amount	Impairment Loss Allowance	Credit-impaired
Current (not past due)	P1,304,237	P -	No
1 - 30 days past due	228,156	-	No
31 - 120 days past due	44,853	2,621	Yes
Balance at December 31, 2020	P1,577,246	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, 2021 and December 31, 2020.

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.

Liquidity Risk

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, 2021 and December 31, 2020:

	June 30, 2021			
	Carrying Amount	**Contractual Cash Flows**	**1 Year or Less**	**More than 1 Year**
Financial Liabilities				
Trade and other payables*	**P720,999**	**P720,999**	**P720,999**	**P -**
Due to related parties**	**187,822**	**187,822**	**187,822**	**-**
Dividends payable	**100,000**	**100,000**	**100,000**	**-**
Lease liabilities	**206,595**	**206,595**	**53,969**	**152,626**
Total	**P1,215,416**	**P1,215,416**	**P1,062,790**	**P152,626**

**Excluding statutory obligations and accrued interest payable amounting to P66,760 and P2,508, respectively.*
***Including accrued interest payable from advances from entity under common control amounting to P2,508.*

	December 31, 2020			
	Carrying Amount	Contractual Cash Flows	1 Year or Less	More than 1 Year
Financial Liabilities				
Trade and other payables*	P1,231,552	P1,231,552	P1,231,552	P -
Due to related parties**	203,061	203,061	203,061	-
Dividends payable	300,000	300,000	300,000	-
Lease liabilities	201,960	220,158	59,762	160,396
Loans payable***	42,056	42,127	42,127	-
Total	P1,978,629	P1,996,898	P1,836,502	P160,396

**Excluding statutory obligations and accrued interest payable amounting to P91,650 and P2,564, respectively.*
***Including accrued interest payable from advances from entity under common control amounting to P2,508.*

**** Including accrued interest payable amounting to P56.*

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, 2021 and December 31, 2020:

	June 30, 2021					
	USD	**SGD**	**EUR**	**AUD**	**GBP**	**PHP Equivalent**
Foreign currency - denominated monetary assets:						
Cash	**1,525**	**-**	**-**	**-**		**74,523**
Foreign currency - denominated monetary liabilities:						
Trade payables	**140**	**7**	**10,334**	**73**	**11**	**610,868**
Net foreign currency - denominated monetary asset (liabilities)	**1,385**	**(7)**	**(10,334)**	**(73)**	**(11)**	**(536,345)**

	December 31, 2020				
	USD	SGD	EUR	AUD	PHP Equivalent
Foreign currency - denominated monetary assets:					
Cash	98	-	-	-	4,731
Trade receivables	28	-	125	40	10,141
	126	-	125	40	14,872
Foreign currency - denominated monetary liabilities:					
Trade payables	262	16	14,017	118	839,160
Net foreign currency - denominated monetary asset (liabilities)	(136)	(16)	(13,892)	(78)	(824,288)

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, 2021	December 31, 2020
USD	**48.85**	48.04
SGD	**36.26**	35.74
EUR	**58.10**	58.69
AUD	**36.65**	36.40
GBP	**67.48**	-

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

	June 30, 2021	
	Percentage Decrease in Foreign Exchange Rates	**Increase (Decrease) in Income before Income Tax**
USD	**2%**	**899**
SGD	**1%**	**(3)**
EUR	**(1%)**	**4,527**
AUD	**1%**	**(12)**
GBP	**4%**	**(23)**

	December 31, 2020	
	Percentage Decrease in Foreign Exchange Rates	Increase (Decrease) in Income before Income Tax
USD	(5.32%)	348
SGD	(4.67%)	27
EUR	4.15%	(33,836)
AUD	3.23%	(92)

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, 2021	December 31, 2020
Debt	**1,402,633**	P2,283,022
Equity	**7,131,485**	6,480,738
Debt to equity ratio	**0.20:1**	0.35:1

26. 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, 2021 and December 31, 2020, 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, 2021	
	Carrying Amount	**Fair Value**
Financial Assets at Amortized Cost		
Cash in banks	**P528,773**	**P528,773**
Cash equivalents	**1,191,536**	**1,191,536**
Trade and other receivables - net	**1,000,879**	**1,000,879**
Refundable deposits	**16,549**	**16,549**
	P2,737,737	**P2,737,737**
Other Financial Liabilities		
Trade and other payables	**P790,267**	**P790,267**
Due to related parties	**185,314**	**185,314**
Dividends payable	**100,000**	**100,000**
Lease liabilities	**206,595**	**206,595**
	P1,282,176	**P1,282,176**

	December 31, 2020	
	Carrying Amount	Fair Value
Financial Assets at Amortized Cost		
Cash in banks	P636,115	P636,115
Cash equivalents	1,896,472	1,896,472
Trade and other receivables - net	1,574,625	1,574,625
Refundable deposits	16,504	16,486
	P4,123,716	P4,123,698
Other Financial Liabilities		
Trade and other payables	P1,231,552	P1,231,552
Due to related parties	200,552	200,552
Dividends payable	300,000	300,000
Lease liabilities	201,960	220,158
Loans payable	42,000	44,564
	P1,976,064	P1,996,826

27. Reconciliation Between the Opening and Closing Balances for Liabilities Arising from Financing Activities

Reconciliation of movements of liabilities to cash flows arising from financing activities are as follows:

	June 30, 2021							
	Notes Payable	**Loan Payable**	**Accrued Interests**	**Advances from a Stockholder**	**Dividends Payable**	**Lease Liabilities**	**Due to Related Parties**	**Total**
Balances at beginning of the Six-Month period	**P -**	**P42,000**	**P2,564**	**P -**	**P300,000**	**P201,960**	**P200,553**	**P747,077**
Changes from Financing Cash Flows								
Payments of:								
Loans payable	**-**	**(42,000)**	**-**	**-**	**-**	**-**	**-**	**(42,000)**
Notes payable	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Interest	**-**	**-**	**(987)**	**-**	**-**	**-**	**-**	**(987)**
Advances from a stockholder	**-**	**-**	**-**	**-**	**-**	**-**	**(124,500)**	**(124,500)**
Dividends payable	**-**	**-**	**-**	**-**	**(200,000)**	**-**	**-**	**(200,000)**
Lease liabilities	**-**	**-**	**-**	**-**	**-**	**(42,672)**	**-**	**(42,672)**
Proceeds from availment of loan payable	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Advances received from related parties and from a stockholder	**-**	**-**	**-**	**-**	**-**	**-**	**109,261**	**109,261**
Total Changes from Financing Cash Flows	**-**	**(42,000)**	**(987)**	**-**	**(200,000)**	**(42,672)**	**(15,239)**	**(300,898)**
Liability-related Other Changes					**-**			
Additions from new lease agreements entered during the year	**-**	**-**	**-**	**-**	**-**	**42,394**	**-**	**42,394**
Interest expense	**-**	**-**	**931**	**-**	**-**	**4,913**	**-**	**5,844**
Dividends declared	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total liability-related other changes	**-**	**-**	**931**	**-**	**-**	**47,307**	**-**	**48,238**
Balances at end of Six-Month period	**P -**	**P -**	**P2,508**	**P -**	**P100,000**	**P206,595**	**P185,314**	**P494,417**

	June 30, 2020							
	Notes Payable	Loan Payable	Accrued Interests	Advances from a Stockholder	Dividends Payable	Lease Liabilities	Due to Related Parties	Total
Balances at beginning of year	P120,000	P609,000	P-	P659,500	P150,000	P37,167	P199,614	P1,775,281
Changes from Financing Cash Flows								
Payments of:								
Loans payable	-	(154,000)	-	-	-	-	-	(154,000)
Notes payable	(120,000)	-	-	-	-	-	-	(120,000)
Interest	-	-	(15,843)	-	-	-	-	(15,843)
Advances from a stockholder	-	-	-	(659,500)	-	-	-	(659,500)
Dividends payable	-	-	-	-	-	-	-	-
Lease liabilities	-	-	-	-	-	(13,879)	-	(13,879)
Proceeds from availment of loan payable	-	20,000	-	-	-	-	-	20,000
Advances received from related parties and from a stockholder	-	-	-	-	-	-	375	375
Total Changes from Financing Cash Flows	(120,000)	(134,000)	(15,843)	(659,500)	-	(13,879)	375	(942,847)
Liability-related Other Changes								
Additions from new lease agreements entered during the year	-	-	-	-	-	84,966	-	84,966
Interest expense	-	-	15,843	-	-	911	-	16,754
Dividends declared	-	-	-	-	-	-	-	-
Total liability-related other changes	-	-	15,843	-	-	85,877	-	101,720
Balances at end of Six-Month period	P -	P475,000	P-	P-	P150,000	P109,165	P199,989	P934,154