SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q

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

1. *For the quarterly period ended* **March 31, 2012**

2. *SEC Identification Number* **AS093046**

3. *BIR Tax Identification No.* **003-831-302-000**

4. *Exact name of issuer as specified in its charter* **ALLIANCE GLOBAL GROUP, INC.**

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

6. (*SEC Use Only)*
   Industry classification code

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

8. **(632) 70920-38 to -41**
   Registrant's telephone number, including area code

9. *Securities registered pursuant to Sections 8 and 12 of the SRC, or secs. 4 and 8 of the RSA*

Title of Each Class	*Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding*
Common	**10,269,827,979**

10. *Are any or all of these securities listed on a Stock Exchange?* **Yes, on the Philippine Stock Exchange.**

11. *(a) AGI has filed all reports required to be filed by Section 17 of the SRC and SRC Rule 17 thereunder or Section 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.*

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

PART I – FINANCIAL INFORMATION

Item 1. Financial Statements

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

The interim consolidated financial statements have been prepared in accordance with the Philippine Financial Reporting Standards (PFRS) and Philippine Accounting Standard 34, *Interim Financial Reporting*. As such, they do not include all of the information and disclosures required for full annual consolidated financial statements, and thus should be read in conjunction with the audited consolidated financial statements of the Group as at and for the year ended December 31, 2011 (ACFS). The accounting policies and methods used in the interim financial statements are consistent with those applied in ACFS.

The consolidated financial statements have been prepared using the measurement bases specified by PFRS for each type of asset, liability, income and expense. These consolidated financial statements have been prepared on the historical cost basis, except for the measurement of certain financial assets and liabilities. Accounting estimates, assumptions and judgments are used in preparing these statements. Although these estimates and assumptions are based on management's best knowledge of current events and actions, historical experience, and evaluation of relevant facts and circumstances, including expectations of future events that are believed to be reasonable under the circumstances, actual results may ultimately differ from such estimates.

For a more thorough understanding of the accounting policies used in the preparation of the financial statements, reference should be made to the notes to the latest ACFS filed under SEC 17-A, a copy of which may be found in the Company's website [allianceglobalinc.com] and PSE website [pse.com.ph].

The interim consolidated financial statements comprise the financial statements of the Company and its subsidiaries, after elimination of material intercompany transactions.

Subsidiaries are consolidated from the date the Company obtains control using the acquisition method of accounting (previously called "purchase method"). The excess of the cost of an acquisition over the fair value of the Group's share in the net identifiable assets of the acquired subsidiary at date of acquisition is carried as goodwill and included under Intangible Assets in the consolidated statements of financial position, while the excess of the Group's interest in the net fair value of the net identifiable assets acquired over the acquisition cost is charged directly to income. (It is in this regard that AGI recognized gain in the acquisition of a new subsidiary in 2011.)

In the normal course of business, there were intercompany transactions among the Company and its subsidiaries and these intercompany balances and transactions, including income, expenses, dividends and unrealized profits and losses from intercompany transactions that are recognized in assets are eliminated in full. In addition, shares of stock of the Company acquired by any of these subsidiaries are recognized as treasury shares and these are presented at cost as deduction in the consolidated statements of changes in equity. Any changes in their market values as recognized separately by the subsidiaries are likewise eliminated in full. Gain or loss on the sale of these treasury shares is presented as addition to or deduction from additional paid-in capital (APIC).

The financial statements of subsidiaries are prepared for the same accounting period as the Company's, using consistent accounting policies. Adjustments are made to bring into line any dissimilar accounting policies that may exist.

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

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

Business Segments

The Group classifies its businesses into the following segments, each managed separately and each representing a strategic business unit that offers different products and serves different markets. Entities not classified under these main business segments are presented as part of corporate and investments.

- Food and beverage segment (F&B) includes the manufacture and distribution of distilled spirits (under the labels of Emperador Brandy, Generoso Brandy and The Bar flavored alcoholic beverage), glass containers and potato snack products (under Pik-Nik label). It also includes the distribution of consumer products under international labels. Emperador Distillers Inc. (EDI) front runs this segment.

- Real estate segment (RE) involves the investment in and development of real estate, lease of properties, hotel development and operations, and integrated tourism development. The real estate portfolio encompasses a wide array of products that cater to niche markets ranging from luxury, middle-income and affordable home sectors to vacation homes segment. RE segment is led by publicly-listed Megaworld Corporation (Megaworld or MEG) with its live-work-play-learn-shop community townships. Empire East and Suntrust are the middle-income and affordable housing brands.
- RE segment also includes integrated tourism businesses under Travellers International Hotel Group, Inc. (Travellers) and Global-Estate Resorts, Inc., AGI's

integrated tourism vehicles in and outside Metro Manila, respectively. Travellers operates Resorts World Manila which currently houses Maxims Tower (the Philippines' first six-star luxury all-suite hotel), Marriott Hotel Manila, Remington Hotel and the Newport Performing Arts Theater. GERI has rolled out the first and only tourism estate in Boracay Island in 2011, the Boracay Newcoast. MEG operates two Richmonde hotels, one in Ortigas Center and the other in Eastwood City.

- Quick service restaurant business (QSR) operates under the McDonald's brand, in accordance with a master franchise agreement with McDonald's USA. Golden Arches Development Corporation represents this segment.

Please refer to Note 1 to the Interim Consolidated Financial Statements and ACFS for a comprehensive list of subsidiaries, associates and joint venture in each business segment.

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

Key Performance Indicators

Presented below are the top five (5) key performance indicators of the Company and subsidiaries as of and for the first three months ended March 31:

	2012	2011	Growth
REVENUES	24,345	16,806	44.9%
Income from acquisition of a subsidiary		3,132	
REVENUES before non-recurring income	24,345	13,674	78.0%
NET PROFIT	4,151	5,979	-30.6%
Income from acquisition of a subsidiary		3,132	
NET PROFIT before non-recurring income	4,151	2,847	45.8%
NET PROFIT ATTRIBUTABLE TO OWNERS	2,961	5,345	-44.6%
Income from acquisition of a subsidiary		3,132	
NET PROFIT ATTRIBUTABLE TO OWNERS before non-recurring income	2,961	2,213	33.8%

	2012	2011
Net profit rate – before non-recurring income	17.0%	20.8%
Attributable to owners	12.2%	16.2%
Net profit rate	17.0%	35.6%
Atrributable to owners	12.2%	17.6%
Return on investment	1.6%	3.2%
Current ratio [times]	3/31/12 3.0x	12/31/1 1 3.5x
Quick ratio	2.1x	2.4x

- o Revenue growth – measures the percentage change in sales/revenues over a designated period of time. Performance is measured both in terms of amount and volume, where applicable.
- o Net profit growth – measures the percentage change in net profit over a designated period of time
- o Net profit rate– computed as percentage of net profit to revenues - measures the operating efficiency and success of maintaining satisfactory control of costs
- o Return on investment [or capital employed] – the ratio of net profit to total assets - measures the degree of efficiency in the use of resources to generate net income
- o Current ratio – computed as current assets divided by current liabilities – measures the ability of the business to meet its current obligations. To measure immediate liquidity, quick assets [cash, marketable securities, accounts receivables] is divided by current liabilities.

Results of Operations – First Three Months

Comparative interim results per segment were as follows:

In Billion Pesos	RE	F&B	QSR	Corporate & Others	TOTAL
2012					
Revenues	14.39	5.75	3.26	0.94	24.34
EBIT	3.3	1.40	0.26	0.93	5.89
Interest expense	0.43		0.03	0.37	0.83
Tax	0.49	0.33	0.08	0.01	0.90
Net profit	**2.38**	**1.07**	**0.15**	**0.55**	**4.15**
Net profit to owners	1.27	1.07	0.07	0.55	2.96
2011					
Revenues	6.35	3.55	2.82	*0.96	*13.67
EBIT	2.26	0.64	0.24	*0.95	*4.09
Interest expense	0.18		0.02	0.40	0.61
Tax	0.42	0.15	0.06	0.01	0.64
Net profit before acquisition gain	**1.66**	**0.49**	**0.15**	**0.55**	**2.85**
Income on acquisition				3.13	3.13
Net profit	1.66	0.49	0.15	3.68	5.98
Net profit to owners	**0.07**	**0.49**	**1.10**	**3.68**	**5.34**
Net profit to owners – before gain	0.07	0.49	1.10	0.55	2.21

In Billion Pesos	RE	F&B	QSR	Corporate & Others	TOTAL
Year-on-Year change					
Revenues	126.6%	62.2%	15.7%	*-2.0%	*78.0%
EBIT	45.6%	119.3%	9.9%	*-2.2%	*43.9%
Interest expense	137.2%		15.3%	-6.9%	37.7%
Tax	14.1%	125.6%	25.3%	57.4%	41.1%
Net profit	43.5%	117.4%	2.5%	-85.1%	-30.6%
Net profit before gain	43.5%	117.4%	2.5%	0.28%	45.8%

* Before acquisition income of P3.13 billion in 2011.
Note: Numbers may not add up due to rounding off.

AGI's net profit for the first three months of the year hit P4.2 billion which was 45.8% higher than the P2.8 billion net profit before acquisition income reported a year ago. Of this, net profit attributable to owners of the parent company amounted to P3.0 billion compared to P2.2 billion a year ago. This is on the back of sustained strong operating results from the F&B and RE segments in first quarter. EDI's revenues and net income jumped by 64% and 124%, respectively, in the first quarter.

(Acquisition income in 2011 refers to the income from acquisition of GERI which represents the excess of the proportionate share in the net assets acquired over the acquisition paid. Since this is a non-recurring one-time gain, it is excluded in most of the presentation and discussions.)

The revenues and net profit of the major subsidiaries, as taken from their separate statements of income, were as follows:

In Billion Pesos				Contribution	Contribution
	2012	2011	Growth	2012	2011
Revenues					
MEG [2]	6.89	5.72	20%	28%	42%
EDI	5.50	3.35	64%	23%	24%
GADC	3.26	2.82	16%	13%	21%
Travellers [1]	7.14	0.40		29%	3%
GERI	0.38	0.26	45%	2%	2%
Others	1.17	1.12	4%	5%	8%
Consolidated total before acq. income	24.34	*13.67	78%	100%	100%

* Before acquisition income in 2011.
[1] Consolidated in 2012; under equity accounting in 2011, amount shown here was the 40% equity, with another 10% included under Meg.
[2] 2012 is adjusted to take out 10% equity share in net profit of Travellers.

In Billion Pesos				Contribution	Contribution
Net Profit	2012	2011	Growth	2012	2011
MEG [2]	1.50	1.24	20%	36%	21%
EDI	1.03	0.46	124%	25%	8%
Travellers [1]	0.85	0.40	115%	21%	7%
GADC	0.151	0.148	3%	4%	2%
GERI	0.05	0.04	15%	1%	1%
Others	0.57	0.55	3%	13%	9%
Consolidated before acquisition income	4.15	2.85	46%	100%	48%
Acquisition income		3.13			52%
Total	4.15	5.98	-31%		100%

Revenues from recurring operations increased by 78% to P24.3 billion from P13.7 billion a year ago, primarily due to revenues from Resorts World Manila (P7.1 billion), 41% growth in consumer products sales (P2.4 billion) and 25% in real estate sales (P868 million). Rendering of services grew by 91% due to revenues added from Travellers' hotel, cinema and mall operations.

All the business segments reported improved revenues. Segment-wise, RE made the highest contribution this year, followed by F&B and QSR.

In Billion Pesos	2012	2011	Change
REVENUES			
Sales and services	22.28	11.64	91.5%
Sale of goods	8.44	5.99	40.9%
Gaming	6.13		100.0%
Real estate sales	4.36	3.49	24.8%
Rendering of services	2.23	1.12	98.6%
Realized gross profit on prior year's RE sales	0.80	0.79	0.7%
Interest income on real estate sales	0.32	0.24	36.4%
Share in net profits of associates and joint ventures	.002	0.54	-95.9%
Finance and other income	2.04	1.50	35.9%
	24.34	13.67	78.0%
Income from acquisition of a subsidiary		3.13	
TOTAL	24.34	16.80	44.9%

RE	14.39	6.35	126.6%
F&B	5.75	3.55	62.2%
QSR	3.26	2.82	15.7%
Others	0.94	*0.96	-2.0%
TOTAL	24.34	*13.67	78.0%

RE revenues come from sales of lots, condominium and office units, and golf club and resort shares; rental/lease of office and commercial spaces and hotel operations, and finance and other income. RE portfolio targets a wider spectrum through projects of Megaworld, Empire East, Suntrust and GERI. The Group's revenues were derived from the projects in Newport City, McKinley Hill, Forbestown Center, Eastwood City, Manhattan Heights, Newcoast Shophouse and Boutique Hotel, Sta Barbara Heights, California Gardens Square, Little Baguio Terraces, Pioneer Woodlands, The Cambridge Village, San Lorenzo Place, Kasara Urban Resort Residences, Laguna Bel-Air, The Sonoma, Suntrust Verona, Suntrust Capitol Plaza plus other projects in Metro Manila.

Revenues from gaming, hotel, food and beverage, theater, cinema operations, retail shopping mall and commercial office space rentals of Travellers were consolidated in 2012. In 2011, only the group's share in net profits of Travellers was included in revenues (Travellers reported net profit of P991 million in 2011).

F&B revenues swelled up by 62% from a year ago due to invigorating demand for the distilled spirits products. Emperador Brandy and The Bar flavored alcoholic drinks continued to enjoy *spirited* sales in the first quarter of the year. The demand for Emperador Light, with its catchy 'Gawin Mong Light' campaign, boosted sales. Pik-Nik sales, on the other hand, rose by 39% from a year ago, with its USA sales gaining 20% while international sales outside of USA expanded by 50%.

QSR revenues grew by 16%. Product sales generated from company-operated restaurants, in particular, went up by 15% and revenue from franchised restaurants by 32%. The growth came from the opening of 25 new restaurants from a year ago, increase and improved performance of its business extensions (24-hour delivery service, drive-thru, dessert centers, midnight hours and breakfast daypart), the re-imaging of restaurants and aggressive advertising/promotional campaigns to support Breakfast, Premium Desserts, McDelivery, McSaver Meals and P25 McSavers (sundae, floats, fries and Burger McDo). Total number of restaurants nationwide is 335 as of end-March. The newly-opened restaurants contributed 6% to total system sales.

Finance and other income grew by 36% due to higher interest earnings and fair value gains on bonds and securities.

In Billion Pesos	2012	2011	Change
COSTS AND EXPENSES			
Cost of sales and services	13.48	7.84	71.9%
Goods sold	6.09	4.41	38.1%
Gaming	3.29		100.0%
Real estate sales	2.72	2.17	24.9%
Deferred gross profit on real estate sales	1.00	1.08	-7.2%
Services	0.38	0.17	119.3%
Operating expenses	4.77	1.74	173.8%
Selling expenses	2.27	0.81	180.5%
General and administrative	2.50	0.93	167.9%
Finance costs and other charges	1.04	0.60	72.3%
TOTAL	19.29	10.19	89.4%

RE	11.53	4.27	170.1%
F&B	4.36	2.91	49.7%
QSR	3.03	2.61	16.2%
Others	0.37	0.40	-6.4%
TOTAL	19.29	10.19	89.4%

Costs and expenses went up by 89% to P19.3 billion from P10.2 billion due to 38%, 25%, 119%, and 180% rise in cost of goods sold, cost of real estate sales, cost of services, and selling expenses, respectively, reflecting robust sales and service rendition. The higher sales translated into higher commissions, advertising and promotions, freight, royalty and fuel expenses. Costs of sales and services from Travellers amounted to P3.44 billion while its selling expenses amounted to P1.27 billion.

The top three cost components in the manufacture of alcoholic drinks were raw materials, depreciation and amortization, and factory supplies representing 90% of cost. In the QSR, these were food and paper, rental and utilities and personnel costs, representing about 90% of cost.

General and administrative expenses rose by 168% primarily due to those expended by Travellers.

Finance costs, which represented 5% of total costs and expenses, went up by 72% to P1.04 billion from P605 million a year ago, due to interest on interest-bearing notes and bonds, including those of Travellers.

Tax expense totaled P902 million from P639 million a year ago as a result of increased sales and profits. The bulk of the increase came from the RE segment.

Earnings before interest, taxes, depreciation and amortizations (EBITDA), computed as net profit before acquisition income, share in net profits of associates and joint ventures, income taxes, interest expense, depreciation, amortizations and impairment provisions, amounted to P6.6 billion as compared to P4.4 billion a year ago, for 51.4% improvement year-on-year.

Financial Condition

Consolidated total assets amounted to P258 billion at end-March from P220 billion at beginning of year.

Cash and cash equivalents increased by P14.6 billion or 29.7% - from P49.1 billion at the beginning to P63.8 billion at the end of the interim period. The increase included P13.3 billion from Travellers. The increase came significantly from operations. Cash flows from operating, financing and investing activities during the period were presented in the interim consolidated statements of cash flows.

Financial assets at fair value through profit or loss increased by P1.7 billion or 14.7% this period, primarily due to appreciation in market prices of these bonds and securities. The fair value gains were included under Finance and Other Income in consolidated statements of comprehensive income. Financial assets classified in this category are held for selling in the short term and are measured at fair value. The Group does not actively engage in the trading of financial assets for speculative purposes.

Available-for-sale financial assets increased by P468 million or 9% due to appreciation in market prices of these financial assets. The fair value gains were included under Revaluation reserves in consolidated statements of changes in equity.

Current trade and other receivables went up by P0.5 billion or 2.1% and noncurrent portion went up by P3.9 billion or 19.1% due to increased real estate sales and collection of maturing accounts.

Property development costs decreased by P1.1 billion or 10.4% due to completed projects.

Investment property increased by P2.8 billion or 21.4% primarily due to completed projects that are for lease. Travellers' investment property amounted to P1.4 billion as of end-March.

Property, plant and equipment increased by P25.3 billion or 385% primarily due to those at Travellers.

Investments in and advances to associates and other related parties decreased by P2.4 billion or 12.4% primarily due to redemption of preferred shares by Travellers and payment of advances to associates and other related parties.

Deferred tax assets decreased by P57 million or 8.5% as a result P59 million reduction in GADC.

Investments in related parties went down by P12.9 billion or 68% primarily due to reversal of investment in Travellers resulting from its consolidation.

The increases in customers' deposits, reserve for property development, deferred income on real estate sales, trade and other payables, and other current and non-current liabilities, all of which are related to RE segment, were attributed to pumping up of RE development and lease activities as well as vigorous marketing and pre-selling campaigns. The reserve pertains to cost to complete the development of various projects while the deferred income represents unearned revenue. Travellers' trade and other payables amounted to P6.9 billion at end-March.

Interest-bearing loans and borrowings current and non-current portions increased by P2.0 billion or 70% and P4.3 billion or 72%, respectively, and bonds payable by P12.2 billion or 35% primarily due to obligations carried in Travellers which totaled P19.9 billion.

Retirement benefit obligations went up by P76 million or 13% on account of Travellers.

Derivative liability represents liability booked by Travellers.

The changes in equity components are presented in detail in the consolidated statements of changes in equity.

Treasury shares are AGI shares held by subsidiaries but not cancelled and are carried at cost in the consolidated statements of changes in equity. The shares are reported at cost so that fair value gains (losses) on the shares held by subsidiaries were eliminated in full and were not recognized in the consolidated financial statements. Any gain on subsequent reissuance/sale of these shares is considered as additional paid-in capital (APIC). AGI, the parent company, does not hold any of its own shares as of end-March.

Accumulated translation adjustments represent the translation adjustments resulting from the conversion of foreign currency denominated financial statements of certain subsidiaries into the Philippine pesos, the Group's presentation currency.

Revaluation reserves represent cumulative changes in unrealized gain or loss in fair value of available-for-sale financial assets.

The consolidated balance sheets showed strong liquidity. Current assets as of beginning and end of the period totaled P128.6 billion and P145.1 billion, respectively, while current liabilities for the same periods remained low at P36.2 billion and P48.3 billion, respectively. Current ratios were at 3.5:1 and 3.0:1 as of the start and end of the current period, respectively. Liabilities-to-equity ratios remained low at 0.75:1 and 0.93:1 at beginning and end of the period, respectively, while interest-bearing-debt-to-controlling equity ratios were 0.37:1 and 0.45:1 at the beginning and end of the period.

The Group's net cash position will provide the financial muscle to pursue its strategic activities.

(In Billions)	March 31, 2012	December 31, 2011
Cash and equivalents	63.77	49.15
Interest-bearing debt [bonds included]	62.51	44.02
Net cash	1.26	5.13
Cash and cash equivalents to interest-bearing debt	102%	112%
Interest-bearing debt to controlling equity	81%	60%

Prospects for the future

AGI remains focused on its business programs. Management will continue to adopt prudent measures to ensure financial sustainability and look for new opportunities that will enhance the overall profitability of the group while maintaining established markets.

In 2012, all the business segments are expected to sustain their growth momentum.

Others

Others

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

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

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

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

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

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

SIGNATURE

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

Alliance Global Group, Inc.
Issuer
By:

DINA D.R. INTING
First Vice President for Finance
& Corporate Information Officer
& Duly Authorized Officer
May 16, 2012

ALLIANCE GLOBAL GROUP, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
MARCH 31, 2012 AND DECEMBER 31, 2011
(Amounts in Philippine Pesos)

	March 31, 2012 UNAUDITED	December 31, 2011 AUDITED
A S S E T S		
CURRENT ASSETS		
Cash and cash equivalents	**P 63,769,280,802**	P 49,147,857,784
Trade and other receivables - net	**26,024,919,548**	25,492,119,918
Financial assets at fair value through profit or loss	**12,982,418,426**	11,313,946,985
Inventories - net	**29,794,127,520**	28,952,674,354
Property development costs	**9,586,957,937**	10,696,529,365
Other current assets	**2,984,468,733**	3,025,158,564
Total Current Assets	**145,142,172,966**	128,628,286,970
NON-CURRENT ASSETS		
Trade and other receivables	**24,509,686,084**	20,576,511,215
Available-for-sale financial assets	**5,912,665,985**	5,444,323,686
Advances to landowners and joint ventures	**4,839,360,041**	4,876,467,682
Land for future development	**9,803,938,709**	9,419,790,279
Investments in and advances to associates and other related parties	**6,038,308,911**	18,994,274,815
Property, plant and equipment - net	**31,828,294,671**	6,560,730,099
Investment property - net	**15,828,120,996**	13,033,771,373
Intangible assets - net	**11,228,796,376**	11,257,148,522
Deferred tax assets	**613,373,438**	670,407,846
Other non-current assets - net	**2,336,093,615**	1,070,572,748
Total Non-current Assets	**112,938,638,826**	91,903,998,265
TOTAL ASSETS	**P 258,080,811,792**	P 220,532,285,235

LIABILITIES AND EQUITY

	2012	2011
CURRENT LIABILITIES		
Interest-bearing loans and borrowings	**P 4,931,629,364**	P 2,906,873,289
Trade and other payables	**25,568,498,373**	17,093,308,119
Customers' deposits	**4,569,305,752**	4,243,036,370
Income Tax Payable	**924,912,732**	520,771,936
Reserve for property development	**6,340,496,245**	5,331,262,967
Deferred income on real estate sales	**4,333,290,672**	3,967,374,256
Other current liabilities	**1,618,673,121**	2,191,916,904
Total Current Liabilities	**48,286,806,259**	36,254,543,841
NON-CURRENT LIABILITIES		
Interest-bearing loans and borrowings	**10,244,601,132**	5,960,519,598
Bonds payable	**47,329,771,965**	35,156,343,267
Customers' deposits	**1,340,247,320**	456,003,854
Advances from related parties	**206,883,462**	224,177,805
Retirement benefit obligation	**667,527,269**	591,342,731
Reserve for property development	**3,819,063,562**	4,337,575,073
Deferred tax liabilities	**5,624,112,235**	5,590,007,701
Redeemable preferred shares	**430,410,777**	417,656,730
Derivative liability	**1,373,025,000**	-
Deferred income on real estate sales	**2,095,016,471**	2,160,283,199
Other non-current liabilities	**2,762,287,146**	3,378,728,233
Total Non-current Liabilities	**75,892,946,339**	58,272,638,191
Total Liabilities	**124,179,752,598**	94,527,182,032
EQUITY		
Equity attributable to owners of the parent company:		
Capital stock	**10,269,827,979**	10,269,827,979
Additional paid-in capital	**33,501,908,751**	33,501,908,751
Treasury shares	**(1,018,752,369)**	(1,018,752,369)
Revaluation reserves	**(953,778,603)**	(1,542,070,301)
Accumulated translation adjustments	**(543,795,991)**	(392,143,385)
Dilution gain	**1,277,846,481**	1,289,847,712
Share options	**1,890,149**	1,890,149
Retained earnings	**34,333,199,490**	31,372,319,070
	76,868,345,887	73,482,827,606
Non-controlling interest	**57,032,713,307**	52,522,275,597
Total Equity	**133,901,059,194**	126,005,103,203
TOTAL LIABILITIES AND EQUITY	**P 258,080,811,792**	P 220,532,285,235

ALLIANCE GLOBAL GROUP, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE QUARTERS ENDED MARCH 31, 2012 AND 2011
(Amounts in Philippine Pesos)
UNAUDITED

	2012	2011
REVENUES		
Sale of goods	P 8,437,490,369	P 5,987,007,672
Gaming	6,126,585,000	
Real estate sales	4,363,785,653	3,495,517,645
Finance and other income	2,039,618,331	1,500,225,124
Rendering of services	2,233,259,518	1,124,501,350
Realized gross profit on prior years' real estate sale	800,547,685	794,676,061
Share in net profits of associates and joint ventures - net	21,704,443	535,755,104
Interest income on real estate sales	322,281,340	236,181,953
	24,345,272,339	13,673,864,909
COSTS AND EXPENSES		
Cost of goods sold	6,093,690,991	4,411,178,971
Cost of gaming	3,287,565,000	
Cost of real estate sales	2,717,165,162	2,174,718,079
General and administrative expenses	2,500,460,327	933,354,686
Deferred gross profit on real estate sales	1,004,453,156	1,082,811,654
Selling expenses	2,269,694,978	809,052,245
Finance costs and other charges	1,042,196,663	605,000,659
Cost of services	377,063,436	171,944,921
	19,292,289,713	10,188,061,215
PROFIT BEFORE TAX AND ACQUISITION INCOME	5,052,982,626	3,485,803,694
TAX EXPENSE	901,760,461	639,099,670
NET PROFIT BEFORE ACQUISITION INCOME	4,151,222,165	2,846,704,024
Income from acquisition of a subsidiary	-	3,131,993,894
NET PROFIT	4,151,222,165	5,978,697,918
OTHER COMPREHENSIVE INCOME		
Net unrealized fair value gains (losses) on available-for-sale financial assets	586,528,873	(137,396,308)
Translation adjustments	(151,652,606)	(44,587,860)
Revaluation reserves due to available-for-sale financial assets of a newly-consolidated subsidia	-	12,600,474
	434,876,267	(169,383,694)
TOTAL COMPREHENSIVE INCOME	P 4,586,098,432	P 5,809,314,224

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		2012		2011
Net profit attributable to:				
Owners of the parent company	**P**	**2,960,880,420**	P	5,345,089,417
Non-controlling interest		**1,190,341,745**		633,608,501
	P	**4,151,222,165**	P	5,978,697,918
Total comprehensive income attributable to:				
Owners of the parent company	**P**	**3,395,756,687**	P	5,175,705,723
Non-controlling interest		**1,190,341,745**		633,608,501
	P	**4,586,098,432**	P	5,809,314,224
Earnings Per Share for the Net Profit Attributable to Owners of the Parent Company - Basic and Diluted	**P**	**0.29**	P	0.57

ALLIANCE GLOBAL GROUP, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE QUARTERS ENDED MARCH 31, 2012 AND 2011
(Amounts in Philippine Pesos)
UNAUDITED

	2012	2011
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT COMPANY		
Capital Stock	**P 10,269,827,979**	P 10,269,827,979
Additional Paid-in Capital		
Balance at beginning of year	**33,501,908,751**	27,175,173,772
Sale of treasury shares	**-**	39,818,163
Balance at end period	**33,501,908,751**	27,214,991,935
Treasury Shares - at cost		
Balance at beginning of year	**(1,018,752,369)**	(3,194,861,260)
Net sale (purchase) of treasury shares	**-**	48,553,276
Balance at end of period	**(1,018,752,369)**	(3,146,307,984)
Revaluation Reserves		
Balance at beginning of year	**(1,542,070,301)**	(61,488,392)
Net unrealized fair value gains (losses) on available-for-sale financial assets - net of tax	**586,528,873**	(137,396,308)
Addition representing the shares held by a consolidated subsidiary	**1,762,825**	-
Increase (decresase) in revaluation reserves due to available-for-sale financial assets sold by subsidiaries	**-**	12,600,474
Balance at end of year	**(953,778,603)**	(186,284,226)
Accumulated Translation Adjustments		
Balance at beginning of year	**(392,143,385)**	(530,783,788)
Currency translation adjustments during the year	**(151,652,606)**	(44,587,860)
Balance at end of year	**(543,795,991)**	(575,371,648)
Balance carried forward	**P 41,255,409,767**	P 33,576,856,056

	2012	2011
Balance brought forward	P 41,255,409,767	P 33,576,856,056
Dilution Gain		
Balance at beginning of year	1,289,847,712	1,196,566,827
Dilution gain derecognized during the period	(12,001,231)	-
Balance at end of period	1,277,846,481	1,196,566,827
Share Options	1,890,149	-
Retained Earnings		
Appropriated		
Balance at beginning and end of period	300,000,000	446,297,286
Unappropriated		
Balance at beginning of year	31,072,319,070	22,946,739,663
Net profit for the period	2,960,880,420	5,558,336,574
Balance at end of period	34,033,199,490	28,505,076,237
Total Retained Earnings	34,333,199,490	28,951,373,523
Total	76,868,345,887	63,724,796,406
NON-CONTROLLING INTEREST		
Balance at beginning of year	52,522,275,597	33,466,430,520
Share in consolidated net profits	1,190,341,745	633,608,501
Non-controlling interest in additional investments	3,327,652,965	5,977,989,642
Dividend from investee	(7,557,000)	(1,259,621)
Balance at end of period	57,032,713,307	40,076,769,042
TOTAL EQUITY	P 133,901,059,194	P 103,801,565,448

ALLIANCE GLOBAL GROUP, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE QUARTERS ENDED MARCH 31, 2012 AND 2011
(Amounts in Philippine Pesos)
UNAUDITED

	2012	2011
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	P 5,052,982,626	P 6,617,797,588
Adjustments for:		
Interest income	(1,038,099,932)	(613,542,739)
Interest expense	832,944,663	605,000,659
Depreciation and amortization	755,153,404	294,203,173
Fair value losses (gains) - net	(412,954,381)	(181,167,584)
Unrealized foreign currency losses - net	(132,119,934)	48,635,894
Amortization of trademarks	25,314,319	25,314,319
Share in net profits of associates and a joint venture	(21,704,443)	(535,755,104)
Dividend income	(401,688)	(3,114,400)
Impairment losses	4,811,373	1,878,738
Income from acquisition of a subsidiary	-	(3,131,993,894)
disposal of property, plant and equipment	-	2,038,803
Operating income before working capital changes	5,065,926,007	3,129,295,453
Increase in trade and other receivables	(2,506,313,119)	(849,357,379)
Decrease (increase) in financial assets at fair value through profit or loss	(914,144,126)	4,015,307,759
Increase in inventories	(722,891,539)	(714,345,434)
Decrease (increase) in property development costs	1,109,571,428	(502,354,572)
Decrease in other current assets	182,531,831	18,459,317
Increase (decrease) in trade and other payables	3,537,816,116	(212,063,927)
Increase in customers' deposits	1,210,512,848	781,058,865
Increase in reserve for property development	490,721,767	228,198,408
Increase in deferred income on real estate sales	300,649,688	374,258,032
Increase (decrease) in retirement benefit obligations	18,708,538	(400,466)
Decrease in other liabilities	(1,058,324,823)	(378,141,378)
Cash generated from operations	6,714,764,616	5,889,914,678
Cash paid for taxes	(413,077,723)	(298,709,271)
Net Cash From Operating Activities	6,301,686,893	5,591,205,407
Balance carried forward	P 6,301,686,893	P 5,591,205,407

	2012	2011
Balance brought forward	**P 6,301,686,893**	P 5,591,205,407
CASH FLOWS FROM INVESTING ACTIVITIES		
Reductions (additions) to:		
Investments in and advances to associates and other related parties	**(2,350,339,094)**	(814,155,236)
Property, plant and equipment and investment property	**(4,570,887,772)**	(753,585,763)
Available-for-sale financial assets	**145,656,574**	160,814,267
Land for future development	**(384,148,430)**	(799,776,802)
Advances to landowners and joint ventures	**37,107,641**	-
Other non-current assets	**(811,186,473)**	(63,005,506)
Interest received	**1,064,112,552**	600,605,044
Cash dividends received	**401,688**	3,114,400
Proceeds from sale of property, plant and equipment	**-**	3,510,599
Net Cash From (Used In) Investing Activities	**(6,869,283,314)**	(1,662,478,997)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net increase in interest-bearing loans and borrowings	**(1,705,443,693)**	(2,554,437,043)
Net increase (decrease) in advances from related parties	**(17,294,343)**	(62,024,050)
Interest paid	**(1,395,929,525)**	(765,724,363)
Sale of treasury shares	**-**	88,371,439
Net Cash Used In Financing Activities	**(3,118,667,561)**	(3,293,814,017)
NET INCREASE IN CASH AND CASH EQUIVALENTS	**(3,686,263,982)**	634,912,393
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**49,147,857,784**	47,264,487,187
BEGINNING BALANCE OF CASH AND CASH EQUIVALENTS OF ACQUIRED SUBSIDIARIES	**18,307,687,000**	733,493,726
CASH AND CASH EQUIVALENTS AT END OF PERIOD	P 63,769,280,802	P 48,632,893,306

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ALLIANCE GLOBAL GROUP, INC. AND SUBSIDIARIES

NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2012

(Amounts in Philippine Pesos)

1. CORPORATE INFORMATION

Alliance Global Group, Inc. (the Company or AGI) was incorporated in the Philippines on October 12, 1993, and is authorized to carry out a general mercantile and commercial business of holding, importing and exporting, manufacturing, buying and distributing products of all classes and descriptions, either as principal or distributor, selling and disposing of real and personal properties, including debt and equity securities of any corporation.

Currently, the Company operates primarily as a holding company with ownership interests in the following subsidiaries, associates and jointly controlled entities (collectively, together with the Company, hereinafter referred to as the Group):

Subsidiaries/Associates/Jointly Controlled Entity	Explanatory Notes	Percentage of Effective Ownership of AGI March 31, 2012	Dec 31, 2011
Subsidiaries			
Real Estate			
Megaworld Corporation (Megaworld)	(a)	**58%**	58%
New Town Land Partners, Inc. (NTLPI)	(b)	**100%**	100%
First Centro, Inc. (FCI)		**100%**	100%
Oceanic Realty Group International, Inc.	(c)	**100%**	100%
ERA Real Estate Exchange, Inc.	(c)	**100%**	100%
Megaworld Resort Estates, Inc. (MREI)	(d)	**79%**	79%
Adams Properties, Inc. (Adams)	(e)	**60%**	60%
Megaworld Land, Inc.	(f)	**58%**	58%
Prestige Hotels and Resorts, Inc.	(f)	**58%**	58%
Mactan Oceanview Properties and Holdings, Inc.	(f)	**58%**	58%
Megaworld Cayman Islands, Inc. (MCII)	(f, t)	**58%**	58%
Richmonde Hotel Group International (RHGI)	(f, k)	**58%**	58%
Eastwood Cyber One Corporation (ECOC)	(f)	**58%**	58%
Forbes Town Properties and Holdings, Inc.	(f)	**58%**	58%
Megaworld Newport Property Holdings, Inc.	(f)	**58%**	58%
Oceantown Properties, Inc.	(f)	**58%**	58%
Piedmont Property Ventures, Inc.	(f, z)	**58%**	58%
Stonehaven Land, Inc.	(f, z)	**58%**	58%
Streamwood Property, Inc.	(f, z)	**58%**	58%
Suntrust Properties, Inc.	(f)	**48%**	48%
Townsquare Development, Inc. (TDI)	(f)	**47%**	47%
Empire East Land Holdings, Inc. (EELHI)	(m)	**35%**	35%
Valle Verde Properties, Inc.	(g)	**35%**	35%
Empire East Communities, Inc.	(g)	**35%**	35%
Sherman Oak Holdings, Inc.	(g)	**35%**	35%
Eastwood Property Holdings, Inc.	(g)	**35%**	35%
Megaworld-Daewoo Corporation	(f)	**35%**	35%
Megaworld Central Properties, Inc.	(f)	**30%**	30%
Megaworld Globus Asia, Inc.	(f)	**29%**	29%
Philippine International Properties, Inc.	(f, z)	**28%**	28%

Subsidiaries/Associates/Jointly Controlled Entity	Explanatory Notes	Percentage of Effective Ownership of AGI March 31, 2012	December 31, 2011
Subsidiaries			
Real Estate			
Global Estate Resorts, Inc. (GERI)	(h)	**62%**	62%
Fil-Estate Properties, Inc. (FEPI)	(i)	**62%**	62%
Aklan Holdings Inc.	(i)	**62%**	62%
Blu Sky Airways, Inc.	(i)	**62%**	62%
Fil-Estate Subic Development Corp.	(i)	**62%**	62%
Fil-Power Construction Equipment Leasing Corp.	(i)	**62%**	62%
Golden Sun Airways, Inc.	(i)	**62%**	62%
La Compaña De Sta. Barbara, Inc.	(i)	**62%**	62%
MCX Corporation	(i)	**62%**	62%
Pioneer L-5 Realty Corp.	(i)	**62%**	62%
Prime Airways, Inc.	(i)	**62%**	62%
Sto. Domingo Place Development Corp.	(i)	**62%**	62%
Fil-Power Concrete Blocks Corp.	(i)	**62%**	62%
Fil-Estate Golf and Development, Inc	(i)	**62%**	62%
Golforce, Inc.	(i)	**62%**	62%
Fil-Estate Urban Development Corp.	(i)	**62%**	62%
Novo Sierra Holdings Corp.	(i, z)	**62%**	62%
Megaworld Global-Estate, Inc.	(j, z)	**60%**	60%
Fil-Estate Industrial Park, Inc.	(i)	**49%**	49%
Sherwood Hills Development Inc.	(i)	**34%**	34%
Fil-Estate Ecocentrum Corp.	(i)	**34%**	34%
Philippine Aquatic Leisure Corp.	(i)	**34%**	34%
Twin Lakes Corp.	(i, z)	**33%**	33%
Sonoma Premiere Land, Inc.		**61%**	61%
Gilmore Property Marketing Associates Inc.	(f, l)	**67%**	67%
Manila Bayshore Property Holdings, Inc.	(n, z)	**52%**	52%
Travellers International Hotel Group Inc. (Travellers)	(w)	**46%**	-
Food and Beverage			
Emperador Distillers, Inc. (EDI)		**100%**	100%
Anglo Watsons Glass, Inc. (AWGI)		**100%**	100%
Tradewind Estates, Inc. (TEI)	(b)	**100%**	100%
Great American Foods, Inc. (GAFI)	(q)	**100%**	100%
McKester America, Inc.	(q)	**100%**	100%
The Bar Beverage, Inc.	(r, z)	**100%**	100%
Quick Service Restaurant			
Golden Arches Development Corporation (GADC)		**49%**	49%
Golden Arches Realty Corporation (GARC)	(s)	**49%**	49%
Clark Mac Enterprises, Inc.	(s)	**49%**	49%
Golden Laoag Foods Corporation	(s)	**38%**	38%
Advance Food Concepts Manufacturing, Inc.	(s)	**37%**	37%
Davao City Food Industries, Inc.	(s)	**37%**	37%
First Golden Laoag Ventures	(s)	**34%**	34%
Retiro Golden Foods, Inc.	(s)	**34%**	34%
Corporate and Others			
Alliance Global Brands, Inc. (AGBI)		**100%**	100%
McKester Pik-nik International Limited (MPIL)	(b, k)	**100%**	100%
Emperador International Ltd. (EIL)	(r, k)	**100%**	100%
Venezia Universal Ltd. (Venezia)	(k)	**100%**	100%
Travellers Group Ltd. (TGL)	(k, z)	**100%**	100%
Alliance Global Group Cayman Islands, Inc (AG Cayman)	(t)	**100%**	100%

Greenspring Investment Holdings Properties Ltd. (Greenspring)	(k)	**100%**	100%
Laguna Bel-Air School, Inc.	(g)	**25%**	25%

Associates/Jointly Controlled Entity	Explanatory Notes	Percentage of Effective Ownership of AGI March 31, **2012**	December 31, **2011**
Associates			
Alliance Global Properties, Inc. (AGPL)	(t)	**30%**	30%
Suntrust Home Developers, Inc. (SHDI)	(u)	**25%**	25%
First Oceanic Property Management, Inc. (FOPMI)	(o)	**25%**	25%
Citylink Coach Services, Inc.	(p)	**25%**	25%
Palm Tree Holdings and Development Corporation	(u)	**23%**	23%
Oceanfront Properties, Inc.	(v)	**31%**	31%
Fil-Estate Network, Inc.	(v)	**12%**	12%
Fil-Estate Sales, Inc.	(v)	**12%**	12%
Fil-Estate Realty and Sales Associates, Inc.	(v)	**12%**	12%
Fil-Estate Realty Corp.	(v)	**12%**	12%
Nasugbu Properties, Inc.	(v)	**9%**	9%
Jointly Controlled Entities			
Travellers	(w)	-	46%
Golden City Food Industries, Inc (GCFII)	(y)	**24%**	24%

Explanatory notes:

(a) AGI's percentage of effective ownership also includes indirect interests through FCI and NTLPI. Megaworld is presently engaged in the real estate business, hotel operations and marketing services; its shares are publicly listed in the Philippine Stock Exchange (PSE).

(b) Wholly owned subsidiaries of AGBI.

(c) Wholly owned subsidiaries of FCI.

(d) A subsidiary of which AGI directly owns 49%, while Megaworld owns 51%, which is equivalent to effective ownership interest by AGI through Megaworld of 30% as of December 31, 2011.

(e) Adams holds 25% of Travellers shares.

(f) Subsidiaries of Megaworld; Percentage ownership represents effective interest of AGI through Megaworld which slightly increased in 2011.

(g) Subsidiaries of EELHI.

(h) GERI is presently engaged in the real estate business; its shares are publicly listed in the PSE.

(i) Subsidiaries of GERI; Percentage ownership represents effective interest of AGI through GERI.

(j) A subsidiary which GERI directly owns 60% while Megaworld owns 40%, which is equivalent to effective ownership interest by AGI through GERI and Megaworld of 60%.

(k) Foreign corporations operating under the Business Companies Act of the British Virgin Islands.

(l) In November 2011, MREI acquired 100% ownership in GPMAI which resulted in Megaworld's indirect interest of 51% as of December 31, 2011. Consequently, GPMAI became a subsidiary of Megaworld through EELHI. Aside from Megaworld's interest, the Company has 49% ownership in GPMAI through 49% direct ownership of MREI, which in turn owned 60% of TSDI. TSDI owned 48% of GPMAI.

(m) As of December 31, 2011, Megaworld's ownership in EELHI stands at 61.13%.

(n) MBPHI was incorporated in October 2011 and has not yet started commercial operations as of December 31,2011. MBPHI is 50% owned by Megaworld and 50% owned by Travellers. Megaworld has 55% effective ownership of MBPHI since it owned 10% of Travellers.

(o) A wholly owned subsidiary of SHDI in 2011.

(p) Wholly owned subsidiary of FOPMI.

(q) Wholly owned subsidiaries of MPIL. Operate in the United States of America (USA).

(r) Wholly owned subsidiaries of EDI.

(s) Subsidiaries of GADC; Percentage ownership represents effective interest of AGI.

(t) Finance subsidiaries of the Company incorporated under the laws of the Cayman Islands.

(u) Associates of Megaworld.

(v) Associates of GERI; Percentage ownership represents effective interest of AGI through GERI.

(w) Travellers is primarily engaged in the business of hotels, restaurants, leisure parks, entertainment centers and other tourism-related businesses. Consolidated in 2012
(x) Wholly owned subsidiaries of Travellers.
(y) Incorporated joint venture of GADC.
(z) Has not yet started commercial operations as of December 31, 2011.

Except for MPIL, GAFI, MAI, EIL, Venezia, RHGI, MCII, TGL, AGPL, AG Cayman and Greenspring, the foregoing companies were incorporated in the Philippines and operate within the country.

The Company's shares and those of Megaworld, GERI, EELHI and SHDI are listed in the PSE.

The Company's registered office and primary place of business is located at the 7th Floor, 1880 Eastwood Avenue, Eastwood City CyberPark, 188 E. Rodriguez, Jr. Avenue, Bagumbayan, Quezon City.

2. BASIS OF PREPARATION OF INTERIM CONSOLIDATED FINANCIAL STATEMENTS

These interim consolidated financial statements have been prepared in accordance with Philippine Accounting Standard (PAS) 34, *Interim Financial Reporting*. They do not include all of the information required for full annual financial statements in accordance with Philippine Financial Reporting Standards (PFRS), and should thus be read in conjunction with the audited consolidated financial statements of the Group for the year ended December 31, 2011.

The preparation of the interim consolidated financial statements in accordance with PFRS requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. Although these estimates are based on management's best knowledge of current events and actions, actual results may ultimately differ from those estimates.

The interim consolidated financial statements are presented in Philippine pesos, the Company's functional and presentation currency. Except for MPIL, GAFI, MAI, EIL, Venezia, RHGI, MCII, TGL, AG Cayman and AGPL, whose functional currency is the U.S. dollar, all entities in the Group have Philippine peso as their functional currency.

2.1 Basis of Consolidation

The Company obtains and exercises control through voting rights. The Group's consolidated financial statements comprise the financial statements of the Company, and its subsidiaries as enumerated in Note 1, as of March 31, 2012 and December 31, 2011, after the elimination of material intercompany transactions. All intercompany balances and transactions with subsidiaries, including income, expenses and dividends and unrealized profits and losses from intercompany transactions that are recognized in assets are eliminated in full. Intercompany losses that indicate impairment are recognized in the consolidated financial statements.

In addition, shares of stock of the Company acquired by any of the subsidiaries are recognized as treasury shares and these are presented as deduction in the consolidated statement of changes in equity at cost. Any changes in their market values as recognized separately by the subsidiaries are likewise eliminated in full. Gain or loss on the sale of these treasury shares is presented as under Additional Paid-in Capital.

The Group accounts for its investments in subsidiaries and associates, interests in joint ventures, and transactions with non-controlling interest as follows:

(a) Investments in Subsidiaries

Subsidiaries are all entities over which the Group has the power to control the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are consolidated from the date the Company obtains control until such time that such control ceases.

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

(b) Investments in Associates

Associates are those entities over which the Group is able to exert significant influence but not control and which are neither subsidiaries nor interests in a joint venture. Investments in associates are initially recognized at cost and subsequently accounted for using the equity method.

Acquired investments in associates are also subject to purchase accounting. However, any goodwill or fair value adjustment attributable to the share in the associates is included in the amount recognized as investment in associates. All subsequent changes to the share of interest in the equity of the associate are recognized in the carrying amount of the Group's investment. Changes resulting from the profit or loss generated by the associate are shown as Share in Net Profits (Losses) of Associates in the Group's consolidated statement of comprehensive income and therefore affect the net results of operations of the Group.

Changes resulting from other comprehensive income of the associates or items that have been directly recognized in the associate's equity, for example, resulting from the associate's accounting for AFS financial assets, are recognized in consolidated other comprehensive income and equity of the Group.

(c) Interests in Joint Ventures

For interest in a jointly controlled entity, the Group recognizes in its consolidated financial statements its interest using the equity method. Under the equity method, the interest in a jointly controlled entity is initially recognized at cost and the carrying amount is increased or decreased to recognize the Group's share in the profit or loss of the joint venture after the date of acquisition. Unrealized gains arising from transactions with jointly controlled entity are eliminated to the extent of the Group's interest in joint venture against the related investment. Unrealized losses are eliminated similarly but only to the extent that there is no evidence of impairment of the asset transferred.

(d) Transactions with Non-controlling Interest

The Group's transactions with non-controlling interest that do not result in loss of control are accounted for as equity transactions – that is, as transaction with the owners of the Group in their capacity as owners. The difference between the fair value of any consideration paid and the relevant share acquired of the carrying value of the net assets of the subsidiary is recognized in equity. Disposals of equity investments to non-controlling interest result in gains and losses for the Group that are also recognized in equity.

When the Group ceases to have control over a subsidiary, any retained interest in the entity is remeasured to its fair value at the date when control is lost, with the change in carrying amount recognized in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognized in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognized in other comprehensive income are reclassified to profit or loss.

2.2 Functional Currency and Foreign Currency Transactions

(a) Functional and Presentation Currency

The consolidated financial statements are presented in Philippine pesos, which is the Company's functional and presentation currency.

(b) Transactions and Balances

Foreign currency transactions during the period are translated into the functional currency at exchange rates which approximate those prevailing on transaction dates.

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

(c) Translation of Financial Statements of Foreign Subsidiaries and an Associate

The operating results and financial position of MPIL, GAFI, MAI, EIL, Venezia, RHGI, MCII, TGL, AG Cayman, AGPL and Greenspring which are measured using the U.S. dollars, their functional currency, are translated to Philippine pesos, the Company's functional currency as follows:

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

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

(iii) All resulting exchange differences are recognized in other comprehensive income and in a separate component of equity under Accumulated Translation Adjustments.

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

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

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

3. ACCOUNTING POLICIES

The significant accounting policies used in the preparation of these interim consolidated financial statements are consistent with those applied in the Group's annual consolidated financial statements as of and for the year ended December 31, 2011.

The Group has decided not to early adopt any PFRS for its 2011 annual financial reporting and therefore, the interim consolidated financial statements do not reflect the impact of any PFRS, including PFRS 9, *Financial Instruments: Classification and Measurement* (effective from January 1, 2015). This PFRS is the first part of a new standard on classification and measurement of financial assets and financial liabilities that will replace PAS 39, *Financial Instruments: Recognition and Measurement* in its entirety. This chapter deals with two measurement categories for financial assets: amortized cost and fair value. All equity instruments will be measured at fair value while debt instruments will be measured at amortized cost only if the entity is holding it to collect contractual cash flows which represent payment of principal and interest.

To date, other chapters of PFRS 9 dealing with impairment methodology and hedge accounting are still being completed. The Group would not make an early adoption for its

2012 financial reporting. The Group does not expect to implement and adopt PFRS 9 until its effective date in 2015 or until all chapters of this new standard have been published, at which time the Group can comprehensively assess the impact of all changes in the revised standard.

The policies have been consistently applied to all periods presented, unless otherwise stated.

3.1 Financial Assets

Financial assets are recognized when the Group becomes a party to the contractual terms of the financial instrument. Regular purchases and sales of financial assets are recognized on their trade date.

Financial assets other than those designated and effective as hedging instruments are classified into the following categories: financial assets at fair value through profit or loss (FVTPL), loans and receivables, held-to-maturity (HTM) investments and AFS financial assets. Financial assets are assigned to the different categories by management on initial recognition, depending on the purpose for which the investments were acquired.

More detailed descriptions of the Group's relevant financial assets are as follows:

(a) Financial Assets at FVTPL

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

The financial assets included in this category are measured at fair value with changes in fair value recognized in profit or loss. Financial assets originally designated as financial assets at FVTPL may not be subsequently reclassified.

The Group's financial assets included in this category consist mainly of investments in marketable debt securities and derivative assets.

(b) Loans and Receivables

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

Loans and receivables are subsequently measured at amortized cost using the effective interest method, less impairment loss, if any. Impairment loss is provided when there is objective evidence that the Group will not be able to collect all amounts due to it in accordance with the original terms of the receivables.

The Group's financial assets categorized as loans and receivables include Cash and Cash Equivalents, Trade and Other Receivables and Advances to Associates and Other Related Parties.

(c) AFS Financial Assets

This category includes non-derivative financial assets that are either designated to this category or do not qualify for inclusion in any of the other categories of financial assets. They are included in the non-current assets section in the statement of financial position unless management intends to dispose of the investment within 12 months from the reporting period.

All financial assets within this category are subsequently measured at fair value. Gains and losses from changes in fair value are recognized in other comprehensive income, net of any income tax effects, and are reported as part of the Revaluation Reserves account in equity. When the financial asset is disposed of or is determined to be impaired, the cumulative fair value gains or losses recognized in Revaluation Reserves is reclassified from equity to profit or loss and is presented as reclassification adjustment within other comprehensive income.

The Group's AFS financial assets include investments in marketable equity securities where the Group held no significant influence and shares that are not listed in the stock exchange and investments in marketable debt securities designated by management at initial recognition.

All income and expenses, including impairment losses, relating to financial assets that are recognized in profit or loss are presented as part of Finance Costs and Other Charges or Finance and Other Income in the consolidated statement of comprehensive income.

A financial asset is presented net of a financial liability when the Group: (i) currently has a legally enforceable right to set off the recognized amounts; and, (ii) intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

3.2 Inventories

Inventories are valued at the lower of cost and net realizable value. Cost is determined using the weighted average method, except for food, paper and promotional items which use the first-in, first-out method.

3.3 Real Estate Transactions

Acquisition costs of raw land intended for future development, including other costs and expenses incurred to effect the transfer of title of the property to the Group, are charged to the Land for Future Development account. These costs are reclassified to Property Development Costs account when the development of the property starts. Related property development costs are then accumulated in this account. Borrowing costs on certain loans, if any, incurred during the development of the real estate properties are also capitalized by the Group as part of Property Development Costs. Once a revenue transaction occur on a per project basis, up to the stage the unit is sold, the related property development costs are reclassified to Residential and Condominium Units for Sale under Inventories account.

The cost of real estate property sold before completion of the development, if any, is determined based on the actual costs incurred to date plus estimated costs to complete the development of the property. The estimated expenditures for the development of sold real estate property, as determined by the project engineers, are charged to the Cost of Real Estate Sales presented in the consolidated statement of comprehensive income with a corresponding credit to the liability account, Reserve for Property Development account.

Land for Future Development, Property Development Costs, Residential and Condominium Units For Sale (under Inventories account) are valued at the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs to complete and the estimated costs necessary to make the sale.

3.4 Property, Plant and Equipment

Property, plant and equipment, except land, are stated at cost less accumulated depreciation, amortization and any impairment in value. Land held for use in production or administration is stated at cost less any impairment in value.

Expenditures for additions, major improvements and renewals are capitalized; expenditures for repairs and maintenance are charged to expense as incurred.

Depreciation is computed on the straight-line basis over the estimated useful lives of the assets. Leasehold improvements are amortized over the life of the assets or the term of the lease, whichever is shorter.

Fully depreciated and amortized assets are retained in the accounts until they are no longer in use and no further charge for depreciation and amortization is made in respect of those assets. The residual values and estimated useful lives of property, plant and equipment are reviewed, and adjusted if appropriate, at each reporting period.

3.5 Investment Property

Properties held for lease under operating lease agreements, which comprise mainly of land, buildings and condominium units, are classified as Investment Property and carried at cost net of accumulated depreciation and any impairment in value. Depreciation of investment property (excluding land) is computed using the straight-line method over the estimated useful lives of the assets ranging from 5 to 50 years.

3.6 Financial Liabilities

The categories of financial liabilities relevant to the Group are the following:

(a) Financial Liabilities at FVTPL

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

(b) *Financial Liabilities at Amortized Costs*

This category pertains to financial liabilities that are not held-for-trading or not designated as FVTPL upon inception of the liability. These include liabilities arising from operations or borrowings.

Financial liabilities, which include Interest-bearing Loans and Borrowings, Bonds Payable, Trade and Other Payables, Advances from Related Parties, Redeemable Preferred Shares, Obligations under Finance Lease, Security Deposits and Payable to MRO under Stock Option Plan are recognized when the Group becomes a party to the contractual agreements of the instrument. All interest-related charges incurred on financial liability are recognized as an expense in profit or loss under the caption Finance Costs and Other Charges in the statement of comprehensive income.

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

Financial liabilities are derecognized from the consolidated statement of financial position only when the obligations are extinguished either through discharge, cancellation or expiration.

3.7 Provisions and Contingencies

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

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

3.8 Equity

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

APIC includes any premiums received on the initial issuance or reissuance of capital stock. Any transaction costs associated with such issuances of shares are deducted from APIC, net of any related income tax benefits. Excess of proceeds over acquisition cost of treasury shares is also added to APIC.

Treasury shares are AGI shares reacquired by the Company or held by its subsidiaries but not cancelled and are carried at cost.

Revaluation reserves represent fair value gains or losses recognized on AFS financial assets and share in other comprehensive income of associates and joint ventures attributable to the Group.

Accumulated translation adjustments represent the translation adjustments resulting from the conversion of foreign currency denominated financial statements of certain subsidiaries into the Group's presentation currency.

Dilution gain or loss arises when an investor exercises its pre-emptive rights to maintain its ownership interest in an investee. This represents the difference between the book value per share in an investee versus the investee's offer price at the time the rights are exercised. This also includes the Company's share in previous period's profit (loss) as a result of the current increase (decrease) in equity ownership over its subsidiaries.

Share options represent the value of share options during vesting period upon recognition of share-based remuneration expense in profit or loss.

Retained earnings include all current and prior period results of operations as reported in the profit and loss section of the consolidated statement of comprehensive income.

3.9 Earnings Per Share

Basic earnings per share (EPS) is computed by dividing net profit attributable to equity holders of the parent company by the weighted average number of shares issued and outstanding, adjusted retroactively for any stock dividend, stock split or reverse stock split declared during the current period.

Diluted EPS is computed by adjusting the weighted average number of ordinary shares outstanding to assume conversion of potentially dilutive shares.

4. *SEGMENT INFORMATION*

4.1 Business Segments

The Group is organized into three major business segments, namely real estate, quick service restaurant and food and beverage. Entities not classified under the three main business segments are retained as part of corporate and investments. Presented below is the basis of the Group in reporting its primary segment information.

(a) The *Real Estate* segment is engaged in the development of real estate, leasing of properties, hotel operations and tourism-oriented businesses.

(b) The *Quick Service Restaurant* includes operations of McDonald's restaurants in the Philippines in accordance with the franchise agreement with McDonald's Corporation, USA.

(c) The *Food and Beverage* segment includes the manufacture and distribution of distilled spirits, glass containers and potato snacks products.

4.2 Segment Assets and Liabilities

Segment assets include all operating assets used by a segment and consist principally of operating cash and cash equivalents, trade and other receivables, inventories, property, plant and equipment, intangible assets and investment property. Segment liabilities include all operating liabilities and consist principally of trade and other payables, interest-bearing loans and borrowings, customers' deposits and bonds payable.

4.3 Intersegment Transactions

Segment revenues, expenses and performance include sales and purchases between business segments. Such sales and purchases are eliminated in consolidation.

The tables below and in the succeeding page present revenue and profit information regarding business segments for March 31, 2012 and 2011 and certain asset and liability information regarding segments as at March 31, 2012 and March 31, 2011 (amounts in millions).

2012

	Real Esatate	Quick Service Restaurant	Food and Beverage	Corporate and Others	Eliminations	Consolidated
TOTAL REVENUES						
Sales to external customers	P 13,603	P 3,213	P 5,468	P -	P -	P 22,284
Intersegment sales	-	-	306	-	(306)	-
Finance and other income	767	51	285	937	-	2,040
Share in net profits of associates						
and joint ventures	21	1	-	-	-	22
Total revenues	P 14,391	P 3,264	P 6,059	P 937	P (306)	P 24,345
RESULTS						
Segment results	P 3,505	P 261	P 1,398	P 931	P -	P 6,095
Finance costs and other charges						
Finance costs	(435)	(29)	-	(369)	-	(833)
Other charges	(209)	-	-	-	-	(209)
Profit before tax	2,861	232	1,398	562	-	5,053
Tax expense	(482)	(79)	(328)	(13)	-	(902)
Net profit	P 2,379	P 153	P 1,070	P 549	P -	P 4,151
SEGMENT ASSETS AND LIABILITIES						
Total assets	P 212,272	P 8,597	P 9,076	P 38,883	P -	P 268,828
Total liabilities	P 92,199	P 4,626	P 4,157	P 23,197	P -	P 124,179
OTHER SEGMENT INFORMATION						
Depreciation and Amortization	P 578	P 150	P 27	P -	P -	P 755

2011

	Real Esatate	Quick Service Restaurant	Food and Beverage	Corporate and Others	Eliminations	Consolidated
TOTAL REVENUES						
Sales to external customers	P 5,467	P 2,767	P 3,404	P -	P -	P 11,638
Intersegment sales	-	-	232	-	(232)	-
Finance and other income	348	53	142	957	-	1,500
Share in net profits of associates and joint ventures	535	1	-	-	-	536
Total revenues	P 6,350	P 2,821	P 3,778	P 957	P(232)	P 13,674
RESULTS						
Segment results	P 2,264	P 238	P 637	P 952	P -	P 4,091
Finance costs and other charges						
Finance costs	(183)	(26)	-	(396)	-	(605)
Other charges	-	-	-	-	-	-
Profit before tax	2,081	212	637	556	-	3,486
Tax expense	(423)	(63)	(145)	(8)	-	(639)
Net profit before acquisition Income	1,658	149	492	548	-	2,847
Income from acquisition of subsidiary	-	-	-	3,132	-	3,132
Net profit	P 1,658	P 149	P 492	P 3,680	P -	P 5,979
SEGMENT ASSETS AND LIABILITIES						
Total assets	P 146,444	P 8,205	P 27,017	P 2,334	P -	P 184,000
Total liabilities	P 64,180	P 4,228	P 1,590	P 10,413	P -	P 80,411
OTHER SEGMENT INFORMATION						
Depreciation and amortization	P 126	P 125	P 43	P -	P -	P 294

5. EARNINGS PER SHARE

Earnings per share were computed as follows:

	March 31, 2012	March 31, 2011
Basic:		
Net profit attributable to owners of the parent company	**P 2,960,880,420**	P 5,345,089,417
Divided by the weighted average number of outstanding common shares	**10,106,510,579**	9,297,952,179
	P .29	P .57
Diluted:		
Net profit attributable to owners of the parent company	**P 2,960,880,420**	P 5,345,089,417
Divided by the weighted average number of outstanding common shares	**10,153,010,579**	9,297,952,179
	P .29	P .57

As of March 31, 2012, there are 46.5 million potentially dilutive shares from the Company's ESOP. However, such number of dilutive shares has no significant effect on the weighted average number of outstanding common shares and, consequently, on the 2012 diluted EPS.

6. COMMITMENTS AND CONTINGENCIES

There are other commitments, guarantees and contingent liabilities that arise in the normal course of operations of the Group which are not reflected in the accompanying interim consolidated financial statements. The management of the Group is of the opinion that losses, if any, from these items will not have any material effect on their consolidated interim financial statements.

In addition, there are no material off-balance sheet transaction, arrangements, obligations and other relationships of the Group with unconsolidated entities or other persons created during the reporting period.

7. RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group has various financial instruments such as cash and cash equivalents, financial assets at FVTPL, AFS financial assets, interest-bearing loans and borrowings, bonds payable, trade receivables and payables and derivative asset and liabilities which arise directly from the Group's business operations. The financial debts were issued to raise funds for the Group's capital expenditures.

The Group does not actively engage in the trading of financial assets for speculative purposes.

The Group is exposed to a variety of financial risks in relation to financial instruments. The main types of risks are market risk, credit risk and liquidity risk.

7.1 Market Risk

(a) Foreign Currency Sensitivity

Most of the Group's transactions are carried out in Philippine peso, its functional currency. The currency exchange risk arises from the U.S. dollar-denominated cash and cash equivalents, loans and bonds which have been used to fund new projects. Foreign currency denominated financial assets and liabilities, translated into Philippine peso at period-end closing rate are as follows:

	March 31, 2012		December 31, 2011	
	U.S. Dollars	**Pesos**	U.S. Dollars	Pesos
Financial assets	**$ 968,128,032**	**P 41,629,505,378**	$ 832,519,052	P 36,750,896,936
Financial liabilities	**(710,744,820)**	**(30,562,027,246)**	(710,618,405)	(31,216,045,288)
	$ 257,383,212	**P 11,067,478,132**	$ 121,900,647	P 5,354,851,648

The sensitivity of the consolidated income before tax for the period in regards to the Group's financial assets and the US dollar – Philippine peso exchange rate assumes +/-16.6% and +/-16.2% changes of the Philippine peso/U.S. dollar exchange rate for the periods ended March 31, 2012 and December 31, 2011, respectively. These percentages have been determined based on the average market volatility in exchange rates in the previous 12 months, estimated at 95% level of confidence. The sensitivity analysis is based on the Group's foreign currency financial instruments held at each reporting periods.

If the Philippine peso had strengthened against the U.S. dollar, with all other variables held constant, consolidated income before tax would have decreased by P1.8 billion and P0.87 billion for the period ended March 31, 2012 and December 31, 2011, respectively. Conversely, if the Philippine peso had weakened against the U.S. dollar by the same percentage, then consolidated income before tax would have increased by the same amount.

The Group periodically reviews the trend of the foreign exchange rates and, as a practical move, increases its U.S. dollar-denominated time deposits in times when the Philippine peso is depreciating or decreases its U.S. dollar-denominated time deposits in times when the Philippine peso is appreciating.

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

(b) Interest Rate Sensitivity

The Group interest risk management policy is to minimize interest rate cash flow risk exposures to changes in interest rates. At present, the Group is exposed to changes in market interest rates through bank borrowings and cash and cash equivalents, which are subject to variable interest rates. The Group maintains a debt portfolio unit of both fixed and floating interest rates. The long-term borrowings are usually at fixed rates. All other financial assets and liabilities are subject to variable interest rates.

The sensitivity of the consolidated income before tax for the period to a reasonably possible change in interest rates of +/-3.42% for Philippine peso and +/-0.84% and US dollar in 2012 and +/-2.72% for Philippine peso and +/-0.66% for US dollar in 2011 with effect from the beginning of the period. These percentages have been determined based on the average market volatility in interest rates, using standard deviation, in the previous year and 12 months, respectively, estimated at 95% level of confidence.

The sensitivity analysis is based on the Group's financial instruments held at March 31, 2012 and December 31, 2011, with effect estimated from the beginning of the period. All other variables held constant, the consolidated income before tax would have increased by P0.8 billion and P0.4 billion for the period ended March 31, 2012 and December 31, 2011, respectively. Conversely, if the interest rates decreased by the same percentage, consolidated income before tax would have been lower by the same amount.

7.2 Credit Risk

Generally, the Group's credit risk is attributable to accounts receivable arising mainly from transactions with approved franchisees, installment receivables, rental receivables and other financial assets.

The Group maintains defined credit policies and continuously monitors defaults of customers and other counterparties, identified either individually or by group, and incorporate this information into its credit risk controls. Where available at a reasonable cost, external credit ratings and/or reports on customers and other counterparties are obtained and used. Franchisees are subject to stringent financial, credit and legal verification process. In addition, accounts receivable are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant. The Group's policy is to deal only with creditworthy counterparties. In addition, for a significant portion of sales, advance payments are received to mitigate credit risk.

With respect to credit risk arising from the other financial assets of the Group, composed of cash and cash equivalents, the Group's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments.

Trade and other receivables past due but not impaired can be shown as follows:

	Mar 31, 2012	Dec 31, 2011
Not more than 30 days	**P 5,186,695,564**	P 4,954,379,107
31 to 60 days	**3,601,596,666**	2,933,354,256
Over 60 days	**1,341,499,032**	2,674,208,611
	P 10,129,791,262	P 10,621,941,974

7.3 Liquidity Risk

The Group manages its liquidity needs by carefully monitoring scheduled debt servicing payments for long-term financial liabilities as well as cash outflows due in a day-to-day business. Liquidity needs are monitored in various time bands, on a day-to-day and week-to-week basis, as well as on the basis of a rolling 30-day projection. Long-term liquidity needs for a 6-month and one-year period are identified monthly. The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of loans, preferred shares and finance leases.

The Group maintains cash to meet its liquidity requirements for up to 60-day periods. Excess cash are invested in time deposits, mutual funds or short-term marketable securities. Funding for long-term liquidity needs is additionally secured by an adequate amount of committed credit facilities and the ability to sell long-term financial assets. In addition, the Group regularly evaluates its projected and actual cash flows. It also continuously assesses conditions in the financial markets for opportunities to pursue fund raising activities, in case any requirements arise. Fund raising activities may include bank loans and capital market issues.

As at March 31, 2012, the Group's financial liabilities have contractual maturities which are presented below.

	Current		Non-current	
	Within 6 Months	6 to 12 Months	1 to 5 Years	Later than 5 Years
Trade and other payables	P 19,721,615,550	P 5,846,883,050	P -	P -
Interest-bearing loans and borrowings	3,868,174,333	1,165,654,109	10,556,782,853	1,085,856,000
Bonds payable	1,133,747,944	1,133,747,944	48,849,387,455	8,543,203,004
Derivative liabilities	-	-	-	1,373,024,810
Security deposits	-	-	-	-
Redeemable preferred shares	-	-	-	1,574,159,348
Payable to MRO stock option	-	-	3,163,683	-
Advances from related parties	-	-	206,883,462	-
	P 24,723,537,827	P 8,146,285,103	P 59,616,217,452	P 12,576,243,162

As at December 31, 2011, the Group's financial liabilities have contractual maturities which are presented below.

	Current		Non-current	
	Within 6 Months	6 to 12 Months	1 to 5 Years	Later than 5 Years
Trade and other payables	P 12,386,360,799	P 4,706,947,320	P -	P -
Interest-bearing loans and borrowings	1,269,502,132	1,807,918,679	5,575,739,113	1,085,856,000
Bonds payable	713,862,500	713,862,500	10,710,900,000	31,931,639,490
Derivative liabilities	-	413,420,187	-	-
Security deposits	-	27,195,607	53,876,245	30,327,636
Redeemable preferred shares	-	-	-	1,574,159,348
Payable to MRO stock option	-	-	3,163,683	-
Advances from related parties	-	-	224,177,805	-
	P 14,369,725,431	P 7,669,344,293	P 16,567,856,846	P 34,621,982,474

The contractual maturities reflect the gross cash flows, which may differ from the carrying values of the liabilities at the end of the reporting period.

7.4 Other Price Risk Sensitivity

The Group's market price risk arises from its investments carried at fair value (financial assets classified as AFS financial assets). It manages its risk arising from changes in market price by monitoring the changes in the market price of the investments.

The investments in listed equity securities are considered long-term strategic investments. In accordance with the Group's policies, no specific hedging activities are undertaken in relation to these investments. The investments are continuously monitored and voting rights arising from these equity instruments are utilized in the Group's favor.

8. SEASONAL FLUCTUATIONS

There were no seasonal aspects that had a material effect on the financial condition or results of operations of the Group.

ALLIANCE GLOBAL GROUP, INC.
SCHEDULE OF FINANCIAL SOUNDNESS INDICATORS
MARCH 31, 2012 AND DECEMBER 31, 2011

	3/31/12	12/31/11
Current ratio	3.01	3.55
Quick ratio	2.13	2.37
Debt-to-equity ratio	0.93	0.75
Interest-bearing debt to total capitalization ratio	0.45	0.37
Asset -to-equity ratio	1.93	1.75
		3/31/11
Interest rate coverage ratio	707%	676%
Net profit margin [before acquiition income in 2011]	17.05%	20.82%
Return on assets	1.74%	3.43%
Return on equity/investment	3.10%	5.76%
Return on equity/investment of owners	3.85%	8.39%

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

SOLVENCY RATIOS measure the business' ability to pay all debts, particularly long-term debt.
Debt-to-equity ratio - computed as total liabilities divided by stockholders'equity.
Interest-bearing debt to total capitalization ratio - computed as interest-bearing debt divided by interest-bearing debt + stockholder's equity attributable to controlling interest

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

INTEREST RATE COVERAGE RATIOS measure the business' ability to meet its interest payments. It is computed as profit before income tax and interest expense ("EBIT") divided by interest.
In the computation, non-recurring gain is excluded from EBIT.

PROFITABILITY RATIOS
Net margin - computed as net profit divided by revenues
Return on assets - net profit divided by average total assets
Return on investment - net profit divided by total stockholders' equity
Return on investment of equity owners- net profit attributable to owners of the parent divided by equity attributable to ownersof the parent company.

ALLIANCE GLOBAL GROUP, INC. AND SUBSIDIARIES
AGING SCHEDULE OF TRADE AND OTHER RECEIVABLES
UNDER CURRENT ASSETS
March 31, 2012
(Amounts in Philippine Pesos)

Trade Receivables		
Current	P	15,001,034,171
1 to 30 days		5,186,695,564
31 to 60 days		3,601,596,666
Over 60 days		1,341,499,032
Total		25,130,825,433
Due to other related parties		894,094,115
Balance at March 31, 2012	**P**	**26,024,919,548**