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, 2018
2. SEC Identification Number
   AS093-7946
3. BIR Tax Identification No.
   003-831-302-000
4. Exact name of issuer as specified in its charter
   Alliance Global Group, Inc.
5. Province, country or other jurisdiction of incorporation or organization
   Metro Manila, Philippines
6. Industry Classification Code(SEC Use Only)

7. Address of principal office
   7th Floor, 1880 Eastwood Avenue, Eastwood City CyberPark, 188 E. Rodriguez Jr. Ave., Bagumbayan, Quezon City
   Postal Code
   1110
8. Issuer's telephone number, including area code
   (632) 709-2038 to -41
9. Former name or former address, and former fiscal year, if changed since last report
   N/A
10. Securities registered pursuant to Sections 8 and 12 of the SRC or Sections 4 and 8 of the RSA

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
Common	10,077,016,479
Treasury	192,811,500

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

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

    (•) Yes ( ) No

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

    (•) Yes ( ) No

The Exchange does not warrant and holds no responsibility for the veracity of the facts and representations contained in all corporate disclosures, including financial reports. All data contained herein are prepared and submitted by the disclosing party to the Exchange, and are disseminated solely for purposes of information. Any questions on the data contained herein should be addressed directly to the Corporate Information Officer of the disclosing party.

ALLIANCE GLOBAL

Alliance Global Group, Inc.
AGI

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, 2018
Currency (indicate units, if applicable)	Philippine Peso

Balance Sheet

	Period Ended	Fiscal Year Ended (Audited)
	Jun 30, 2018	Dec 31, 2017
Current Assets	271,500,585,253	267,905,437,648
Total Assets	583,539,146,299	561,821,792,882
Current Liabilities	96,385,556,372	111,714,388,678
Total Liabilities	290,034,510,474	289,979,745,091
Retained Earnings/(Deficit)	110,167,914,709	102,320,728,321
Stockholders' Equity	293,504,635,825	271,842,047,791
Stockholders' Equity - Parent	169,987,359,153	162,574,974,361
Book Value per Share	29.49	26.9

Income Statement

	Current Year (3 Months)	Previous Year (3 Months)	Current Year-To-Date	Previous Year-To-Date
Gross Revenue	35,776,860,840	31,949,227,500	70,069,751,005	65,021,383,649
Gross Expense	27,233,833,156	24,809,453,812	53,781,623,430	50,437,970,266
Non-Operating Income	2,079,909,380	1,191,222,037	3,089,953,679	1,821,742,366
Non-Operating Expense	1,365,383,367	1,864,513,291	3,247,060,185	3,196,034,562
Income/(Loss) Before Tax	9,257,553,697	6,466,482,434	16,131,021,069	13,209,121,187
Income Tax Expense	2,270,687,741	1,763,817,942	3,700,247,282	3,125,311,735
Net Income/(Loss) After Tax	6,986,865,956	4,702,664,492	12,430,773,787	10,083,809,452
Net Income Attributable to Parent Equity Holder	4,357,413,548	3,152,700,526	7,856,875,563	6,719,427,993
Earnings/(Loss) Per Share (Basic)	0.44	0.31	0.79	0.66
Earnings/(Loss) Per Share (Diluted)	0.44	0.31	0.79	0.66

	Current Year (Trailing 12 months)	Previous Year (Trailing 12 months)
Earnings/(Loss) Per Share (Basic)	2.11	2.12
Earnings/(Loss) Per Share (Diluted)	2.11	2.1

Other Relevant Information
Please see attached SEC Form 17-Q for the period ended 30 June 2018.

Filed on behalf by:

Name	Erika Marie Tugano
Designation	Authorized Representative

COVER SHEET

SEC Registration Number

A S 0 9 3 - 7 9 4 6

COMPANY NAME

A L L I A N C E G L O B A L G R O U P , I N C .

A N D S U B S I D I A R I E S

PRINCIPAL OFFICE *(No./Street/Barangay/City/Town)Province)*

7 T H F L O O R , 1 8 8 0 E A S T W O O D

A V E N U E , E A S T W O O D C I T Y

C Y B E R P A R K ,

1 8 8 E . R O D R I G U E Z J R . A V E N U E ,

B A G U M B A Y A N , Q U E Z O N C I T Y

Form Type	Department requiring the report	Secondary License Type, If Applicable
1 7 - Q	S E C	Certificate of Permit to Offer Securities for Sale

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number/s	Mobile Number
intingdin@ymail.com	709-2038 to 41	

No. of Stockholders	Annual Meeting Month/Day	Fiscal Year Month/Day
864	SEPTEMBER 3RD TUESDAY	DECEMBER 31

CONTACT PERSON INFORMATION

The designated contact person ***MUST*** be an Officer of the Corporation

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
DINA INTING	intingdin@ymail.com	709-2038 to 41	

Contact Person's Address

7th Floor, 1880 Eastwood Avenue, Eastwood City Cyberpark, 188 E. Rodriguez Jr. Avenue, Bagumbayan, Quezon City

Note 1: In case of death, resgination or cessation of office of the officer designated as contact person, such incident shall be reported to the Commission within thirty (30) calendar days from the occurrence thereof with information and complete contact details of the new contact person designated.

2: All Boxes must be properly and completely filled-up. Failure to do so shall cause the delay in updating the corporation's records with the Commission and/or non-receipt of Notice of Deficiencies. Further, non-receipt of Notice of Deficiencies shall not excuse the corporation from liability for its deficiencies.

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, 2018**

2. *SEC Identification Number* **AS093-7946**

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	**10,077,016,479** (net of 192,811,500 treasury shares held by AGI)

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

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 (ICFS) 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, 2017 (ACFS). The accounting policies and methods used in the ICFS are consistent with those applied in ACFS, except for changes brought about by the adoption of new standards that become effective on January 1, 2018 (see Note 2.2 to the ICFS and Note 2.3(c) to the ACFS).

Accounting estimates, assumptions and judgments are used in preparing these statements; and while these are believed to be reasonable under the circumstances, actual results may ultimately differ from such estimates (see Note 3 to the ACFS).

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

Business Segments

The Group is organized into four major business segments, which aptly correspond to its operating subsidiaries, namely Megaworld, Emperador, Travellers or RWM, and GADC, which in turn represent the main products and services provided by the Group and the lines of business in which the Group operates, i.e. real estate development and leasing, manufacture and distribution of distilled spirits, tourism-entertainment and gaming, and quick-service restaurants operations (see Note 4 to the ICFS).

Please refer to Note 1 to the ICFS and ACFS for a comprehensive list of subsidiaries, associates and joint ventures.

2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF INTERIM FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Key Performance Indicators
Presented below are the top five (5) key performance indicators:

In Million Pesos

	Jan-June 2018	Jan-June 2017	Quarter 2 2018	Quarter 2 2017	Quarter 1 2018	Quarter 1 2017
REVENUES	**73,160**	**66,843**	**37,857**	**33,140**	**35,303**	**33,703**
NET PROFIT	**12,431**	**10,084**	**6,987**	**4,703**	**5,444**	**5,381**
NET PROFIT TO OWNERS OF AGI	**7,857**	**6,719**	**4,357**	**3,153**	**3,499**	**3,567**
Revenue Growth	**9.45%**	**-0.34%**	**14.23%**	**-2.51%**	**4.75%**	**1.88%**
Net Profit Growth	**23.27%**	**-11.11%**	**48.57%**	**-22.59%**	**1.17%**	**2.13%**
NP Attributable to Parent Growth	**16.93%**	**-7.76%**	**38.21%**	**-20.10%**	**-1.89%**	**6.82%**
Net profit rate	16.99%	15.09%	18.46%	14.19%	15.42%	15.97%
NP Attributable to parent	10.74%	10.05%	11.51%	9.51%	9.91%	10.58%
Return on investment/assets [NP/TA]	2.13%	1.83%				
	Jan-June 2018	Dec-17	Growth	Jan-June 2017		
TOTAL ASSETS	583,539	561,822	3.87%	550,672		
CURRENT ASSETS	271,501	267,905	1.34%	275,795		
CURRENT LIABILITIES	96,386	111,714	-13.72%	140,891		
Current ratio	2.8X	2.4x		2.0x		
Quick ratio	1.5X	1.3x		1.1x		

Note: Numbers may not add up due to rounding.

- 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.
- Net profit growth – measures the percentage change in net profit over a designated period of time
- Net profit rate– computed as percentage of net profit to revenues - measures the operating efficiency and success of maintaining satisfactory control of costs
- Return on 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
- 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 Half

By Subsidiary groups:

In Million Pesos

	MEG	EMP	RWM	GADC	Others	TOTAL
2018						
Revenues	26,771	19,474	12,630	13,604	2,782	75,261
Intercompany/ Adjusment	-87		-45		-1,969	
Consolidated	**26,684**	**19,474**	**12,585**	**13,604**	**813**	**73,160**
%contribution	36%	27%	17%	19%	1%	100%
Costs and expenses	16,984	15,699	10,405	12,516	1,515	**57,119**
Intercompany/ Adjustment		-17	-29	-41	-4	
Consolidated	**16,984**	**15,682**	**10,376**	**12,475**	**1,511**	**57,028**
Tax Expense	**2,282**	**512**	**537**	**345**	**24.00**	**3,700**
Net profit	7,505	3,263	1,688	743	1,242	14,441
Intercompany/ Adjustment	-87	17	-16	41	-1965	
Consolidated	**7,418**	**3,280**	**1,672**	**784**	**-723**	**12,431**
%contribution	60%	26%	13%	6%	-5%	100%
Net profit to owners	7,251	3,190	1,690	741	1,243	14,115
Intercompany/ Adjustment	-2,462	-551	-943	-337	-1,965	
Consolidated	**4,789**	**2,639**	**747**	**404**	**-722**	**7,857**
%contribution	61%	34%	10%	5%	-10%	100%
2017	MEG	EMP	RWM	GADC	Others	TOTAL
Revenues	23,971	18,014	11,231	12,288	3,554	69,059
Intercompany/ Adjustment	-27		10		-2,198	
Consolidated	**23,944**	**18,014**	**11,241**	**12,288**	**1,355**	**66,843**
%contribution	36%	27%	17%	18%	2%	100%
Costs and expenses	15,224	14,753	10,665	11,391	1,634	53,666
Intercompany/ Adjustment	-3	-3	-22		-4	
Consolidated	**15,221**	**14,750**	**10,643**	**11,391**	**1,630**	**53,634**
Tax Expense	**2,056**	**564**	**193**	**303**	**9**	**3,125**
Net profit	6,692	2,698	373	595	1,910	12,268
Intercompany/ Adjustment	-24	3	32	0	-2,194	
Consolidated	**6,667**	**2,700**	**405**	**595**	**-284**	**10,084**
%contribution	66%	27%	4%	6%	-3%	100%
Net profit to owners	6,443	2,698	375	589	1,910	12,015
Intercompany/ Adjustment	-2,135	-490	-177	-300	-2,194	
Consolidated	**4,309**	**2,208**	**198**	**289**	**-284**	**6,719**
%contribution	64%	33%	3%	4%	-4%	100.0%
Year-on-year Change	MEG	EMP	RWM	GADC	Others	TOTAL
2018						
Revenues	11.44%	8.10%	11.96%	10.70%	-40.07%	9.45%
Costs and expenses	11.58%	6.32%	-2.50%	9.53%	-7.30%	6.33%
Tax Expense	11.00%	-9.17%	177.77%	14.12%	151.78%	18.40%
Net profit	11.26%	21.46%	312.92%	31.55%	154.57%	23.27%
Net profit to owners	11.15%	19.55%	277.15%	39.89%	154.53%	16.93%

Notes: Numbers may not add up due to rounding. Percentages are taken based on full numbers, not from the presented rounded amounts.
-At AGI consolidated level, as presented above, revenues and costs and expenses may differ from the totals separately reported by subsidiaries as there may be items reclassified from/to revenues to/from costs or expenses to follow the group's consolidated presentation.

Profit and loss accounts:

In Million Pesos	2018	2017	2018 vs 2017
REVENUES			
Sale of goods	37,955	35,106	8.11%
Consumer goods	19,737	18,337	7.64%
Revenues from real estate (RE) sales	18,218	16,769	8.64%
RE sales	14,665	13,624	7.64%
Realized gross profit on RE sales	2,597	2,193	18.43%
Interest income on RE sales	956	953	0.35%
Rendering of services	32,115	29,915	7.35%
Gaming	9,008	9,249	-2.61%
Sales by company-operated quick-service restaurant	12,238	10,972	11.54%
Franchise revenues	1,284	1,181	8.65%
Rental income	6,976	6,121	13.96%
Other services	2,609	2,391	9.14%
Hotel operations	2,235	2,104	6.27%
Other services	374	287	30.18%
Share in net profits of associates and joint ventures	147	135	9.30%
Finance and other income	2,943	1,687	74.43%
TOTAL	73,160	66,843	9.45%
COSTS AND EXPENSES			
Cost of goods sold	22,832	22,185	2.92%
Consumer goods sold	12,721	12,226	4.05%
RE sales	8,212	7,701	6.64%
Deferred gross profit on RE sales	1,899	2,258	-15.91%
Cost of services	15,588	14,586	6.86%
Gaming	3,677	3,743	-1.76%
Services	11,911	10,843	9.84%
Other operating expenses	15,362	13,666	12.41%
Selling and marketing	6,637	5,946	11.62%
General and administrative	8,725	7,720	13.01%
Finance costs and other charges	3,247	3,196	1.60%
TOTAL	57,029	53,634	6.33%
TAX EXPENSE	3,700	3,125	18.40%
NET PROFIT	12,431	10,084	23.27%

Note: Numbers may not add up due to rounding.

The Group raked in P12.4 billion net profit during the first half of the year, a 23% upturn from P10.1 billion a year ago, with revenues escalating 9% to P73.2 billion from P66.8 billion a year ago, as all business segments delivered double-digit net profit growths. Net profit attributable to owners jumped 17% to P7.9 billion from P6.7 billion a year ago. Quarter-on-quarter, business accelerated in the second quarter of the current year.

Megaworld, the country's largest developer and pioneer of integrated urban townships, attained P7.5billion net profit during the first half, a 12% growth from P6.7 billion last year, with revenues rising 12% as well to P26.8 billion from P24.0 billion (as classified at AGI level) a year ago. Net profit attributable to its owners was reported at P7.2 billion, a 12% rise year-on-year. The residential business (real estate sales, realized gross profit and interest income on real estate sales), which accounted for more than two-thirds of revenues, was up 9% growing to P18.2 billion from P16.8 billion a year ago. Real estate sales pumped up 8% year-on-year to P14.7 billion from P13.6 billion. These mostly came from the group's township projects across the country with product mix recorded at 59%-15%-14%-12% for Megaworld- GERI (Global-Estate Resorts, Inc.)-Empire East (Empire East Land Holdings, Inc.)-Suntrust (Suntrust Properties, Inc.) brands. Rental income from leasing of office and commercial retail spaces provided steady revenue stream as it continued to expand about 17% year-on-year in each of the two quarters, ending the first half at P6.8 billion compared to P5.8 billion a year ago. In its Lifestyle Malls, Megaworld opened its first full-scale mall outside of Luzon – the Festive Walk Mall in Iloilo – and three new community malls: The Village Square in Alabang, Three Central and San Lorenzo Place, both in Makati City. Office space inventory stood at 1.01million sqm. Hotel revenues rose 10% to P715 million from P648 million, with the expansion of homegrown hotel brands Savoy and Belmont to areas outside Metro Manila . Megaworld also announced earlier this year the 'iTownships' evolution of its developments, which is a step of incorporating digital technology, design innovations, connectivity and environmental sustainability into its township developments. These operating results brought in 36% and 60% to AGI's consolidated revenues and net profit, respectively.

Emperador, the world's largest brandy company and owner of the world's 5th largest Scotch whisky manufacturer, realized a 21% leap in net profit to P3.3 billion from P2.7 billion a year ago, with revenues rising 8% to P19.5 billion from P18.1 billion a year ago. Net profit attributable to owners closed at P3.2 billion, up 18% year-on-year. In the second quarter, net profit soared 33% year-on-year to P1.6 billion from P1.2 billion while revenues rose 7% to P9.8 billion from P9.1 billion. These strong results were lifted up by the international business, especially the Scotch whisky segment. Revenues from the Scotch Whisky business in the interim period escalated 16% to P6.2 billion from P5.3 billion a year ago, with net profit skyrocketing 77% year-on-year to P890 million, propelled by the single malts. The Dalmore remains as the best seller, followed by single malt Jura and blended Whyte&Mackay. UK, Asia and Travel Retail were the top markets for the brands. Revenues from the Brandy business, which combined Philippines' Emperador and Spain's Grupo Emperador brands, on the other hand, grew 4% to P13.6 billion from P13.1 billion a year ago, realizing net profit rise of 8% year-on-year to P2.4 billion. The Spanish brandies (particularly Fundador, Terry Centenario, and Tres Cepas) sold predominantly in the Philippines, Spain, and UK. The local market posed to be a challenge as net profit remained at same level as a year ago. The Emperador group's net profit margins went up to 17% from 15% as gross profit margins improved to 36% from 33% a year ago. For the first six months of the year, Emperador group accounted for 27% of AGI's consolidated revenues and 26% of consolidated net profit.

Travellers, the owner and operator of Resorts World Manila (RWM), reaped quadrupled net profit of P1.7 billion during the first half of the year from its revenues of P12.6 billion (as classified at AGI level) which already expanded 12% year-on-year. Gaming revenues continued to improve quarter-on-quarter as it totaled P4.52 billion in the second quarter as compared to P4.48 billion and P4.3 billion in the previous two quarters. Blended win rate was 5.3% for the first half of the year. Non-gaming revenues climbed 4% year-on-year to P2.1 billion during the first half from P2.0 billion a year ago, and surged 18% year-on-year to P1.1 billion for the second quarter. Occupancy rate for the three hotels – Maxims Hotel, Marriott Hotel Manila and Holiday Inn Express Manila Newport City - averaged at 80%. Courtyard by Marriott opened in May 2018, and is the first international hotel in Western Visayas. A portion of the ground floor gaming area in the Grand Wing (RWM's Phase 3 development) opened last May 9. The Grand Wing will be fully completed next year and is seen to enhance gaming capacity, add approximately 940 hotel rooms and more retail space. Travellers group contributed 17% and 13% to AGI's consolidated revenues and consolidated net profit respectively.

GADC, the master franchise holder of McDonald's quick-service restaurants brand in the Philippines, turned over P13.6 billion revenues, 11% higher than P12.3 billion a year ago, that escalated net profit by 25% to end at P742 million from P595 million a year ago. This is achieved from the opening of new restaurants, renovation of existing restaurants, new product launches and the continuous marketing and promotions of core menu. Fifty-nine new restaurants (twenty-one in 2018) were opened while seven (two in 2018) were closed from a year ago, bringing the total count to 585 restaurants at end of the interim period as compared to 533 a year ago (566 at end-2017). Company-owned and operated restaurants totaled 303 at end of current interim period as compared to 277 a year ago. Systemwide same-store sales grew 5.7% year-on-year. Happy Meals were bundled with the Justice League Action at the start of the year, followed by the Thomas & Friends and Barbie Fashionista, Hello Kitty & Yo-Kai Watch, and My Little Pony & Transformers during the year. New selections were added in the menu during the year: Longgadesal which was introduced in March, The New Spicy Chicken McDo in April, a new and improved McSpaghetti in May, and a new BBQ Mayo

Crispy Chicken Sandwich in June. Convenience channels continued to be accelerators for the business with the Drive-Thru, McDelivery, and dinner/midnight sales delivering double-digit growths. Gross profit margins improved to 22.6% from 22.5% a year ago weathering the impact of the new excise tax on sugar products. These operating results translated into 19% and 6% contribution to the consolidated revenues and net profit of AGI and subsidiaries, respectively.

Revenues for the first six months improved 9% to P73.2 billion as compared to P66.8 billion a year ago. Sales of goods (real estate, alcoholic beverages and snack products) at P38.0 billion expanded 8% compared to last year's P35.1 billion as a result of higher sales of Megaworld's condominium units and residential lots and Emperador's Scotch Whisky and Brandy products. Service revenues (gaming, hotel, quick-service restaurants, rentals) at P32.1 billion jumped 7% from P29.9 billion a year ago. The growth in hotel and rental operations of Megaworld and in the McDonald's stores of GADC countered the effect of slightly less gaming revenues of RWM.

Costs and expenses escalated to P57.0 billion which is 6% higher than P53.6 billion reported a year ago. Cost of goods sold and cost of services (which is a function of sales) moved at a slower pace of 3% and 7%, respectively, to P22.8 billion and P15.6 billion, respectively. Other operating expenses rose 12% year-on-year to P15.4 billion. Emperador had higher expenses this year in advertising and promotions, salaries and employee benefits and freight and handling. Megaworld had expended more on commissions, salaries and employee benefits plus higher depreciation.

Share in net profits of associates and joint ventures went up 9% to P147 million or P12 million higher this interim period from the take-up of share in net profit of Emperador's Spanish joint venture.

Finance and other income soared 74% to P2.9 billion or P1.2 billion higher than P1.7 billion a year ago from interest and dividend income earned during the period bolstered by the non-operating gain reported by Travellers. **Finance costs and other charges**, on the other hand, remained at same P3.2 billion level.

Income tax increased 18% this year or P575 million year-on-year from higher taxes expensed by Travellers, Megaworld and GADC this year.

Earnings before interest, taxes, depreciation and amortizations (EBITDA), computed as net profit before income taxes, interest expense, depreciation and amortizations and impairment provisions, and non-recurring loss/gains amounted to P20.3 billion this year as compared to P19.1 billion a year ago.

Net profit attributable to owners amounted to P7.8 billion from P6.7 billion a year ago.

Financial Condition

Consolidated total assets amounted to P583.5 billion at end of the interim period from P561.8 billion at beginning of year. The Group is strongly liquid with **current assets** exceeding **current liabilities** 2.82times. Current assets amounted to P271.5 billion while current liabilities amounted to P96.4 billion at end of the interim period.

Cash and cash equivalents shrank by P10.8 billion or 19% ending at P44.9 billion from P55.7 billion at the beginning of the year, primarily due to capital expenditures. 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 soared 63% or P8.5 billion, due to additional marketable securities acquired during the quarter and marked-to-market valuation of financial assets.

Inventories swelled 8% or P7.2 billion increased fillings of Scotch whisky and Spanish brandy and real estate for-sale inventories.

Property development cost which represents the cost attributable to the development of various projects contracted by 10% or P2.3 billion as project units are completed by Megaworld group and transferred to inventory. Meanwhile, Megaworld launched new residential projects during the first half of the year: a tower of McKinley West in Fort Bonifacio; Chelsea Parkplace in Capital Town Pampanga; Bayshore Residential Resorts Phase 2 and Gentry Manor in Westside City; Tulip Gardens in Southwoods City; and The Fifth in Ortigas.

Non-current trade and other receivables increased by 9% or P3.2 billion attesting to Megaworld's robust business.

Advances to landowners and joint ventures decreased 13% or P755million mainly due to reclassification of account to land for future development.

Investments in and advances to associates and other related parties went up 5% or P438million mainly due to additional advances made by Megaworld to related parties.

Property, plant and equipment increased by P9.2 billion or 9%, primarily from the on-going construction of Grand Wing in RWM. Three luxury hotels in RWM – Sheraton Manila Hotel, Hilton Manila and Hotel Okura Manila - are expected to be fully operational by next year and would add approximately 940 rooms, new gaming area, retail spaces, and six basement parking decks. Also, Courtyard by Marriott opened in May in Western Visayas.

Investment property went up 5% or P4.0 billion, from project cost of malls, commercial centers and office buildings intended for lease.

Deferred tax assets climbed 10% or P81 million principally from temporary tax differences of MEG and GADC while **deferred tax liabilities** went down 6% or P709million from temporary tax differences of MEG and EMP.

Trade and other payables expanded 9% or P3.9 billion from dividends payable of MEG and trade payables of Travellers.

Current interest-bearing loans decelerated 22% or P7.3 billion and **non-current interest-bearing loans** accelerated 13% or P13.8 billion mainly due to shift from short-term to term loan by Travellers.

Current bonds payable was closed at end-period as Megaworld settled it during the interim period.

Other current liabilities shrank 8% or P1.9 billion from Megaworld's customer deposits and other accounts.

Non-current advances from related parties depleted 9% or P215 million due to payment of advances made by Megaworld during the interim period.

Retirement benefit obligation plunged 41% or P800 million from the actuarial gains booked in UK in the interim period.

The **changes in equity components** are presented in detail in the consolidated statements of changes in equity. The equity attributable to owners of AGI increased 4% or P7.4 billion from net profit share less cost of treasury shares during the interim period. Non-controlling interest grew 13% or P14.2 billion, primarily from the issuance of Megaworld perpetual bonds and net profit share for the interim period.

Liquidity and Capital Resources

The consolidated statements of financial position showed strong liquidity with current assets exceeding current liabilities 2.8times. Total-liabilities-to-equity ratio is at 1:1 while interest-bearing-debt-to-equity stands at 0.6:1. Assets exceeded liabilities 2times, and equity 2times as well.

In general, working capital was sourced internally from operations and debts during the period. The Group may also from time to time seek other sources of funding, if necessary, depending on its financing needs and market conditions.

Amounts in Million Pesos	30-Jun-18	31-Dec-17
Cash and equivalents	44,868	55,673
FVTPL/AFS financial assets	22,436	13,948
Total Available	67,304	69,621
Interest-bearing debt –current	25,369	42,677
Interest-bearing debt- noncurrent	147,142	132,662
Equity-linked securities- non- current*	5,181	5,227
Total Debt	177,692	180,566
Net cash (debt)	-110,388	-110,945
Available Cash and financial assets to interest-bearing debt	38%	39%
Interest-bearing debt to total equity	61%	66%

*Presented under Other Non-current liabilities

Prospects for the future

AGI has a proven track record of creating value over time and is confident in its ability to deliver sustainable profitable growth and value for its stakeholders. AGI remains vigilant on delivering its business goals and intends to continue to adopt prudent measures to ensure financial sustainability. It recognizes the various opportunities that will enhance the overall profitability of the group while maintaining established products and markets.

Emperador is best positioned to capitalize on premiumization opportunities, with its much bigger product portfolio and inventory of high quality brandy and Scotch whisky and greater global reach. The group is looking forward into an exciting integration.

Megaworld has a strong roster of townships nationwide that are backed by adequate land banking and carefully-thought masterplans. Its aggressive thrust to grow its investment properties has resulted in increased recurring income stream. It continues to innovate its real estate development as it introduced the 'integrated lifestyle community' and the 'iTownship' concepts. It intends to acquire more land and other investment properties.

Travellers sees a lot of potential for further growth, as it continues to expand its non-gaming facilities and offerings. It is looking forward to the completion of its Grand Wing in RWM which should boost its hotel and overall gaming capacity.

GADC will continue its brand promise of making delicious feel-good moments easy for every customer. It aims to sustain its business momentum as it targets more new store openings with continuous focus on operational excellence leveraging on its taste heritage and technology, espousing the role of family and community in delivering business while exemplifying good corporate citizenship.

The Group is optimistic about its infrastructure pursuit in line with the government's aggressive push for infrastructure developments.

Others

There were no 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.

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

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

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
Chief Financial Officer/
Corporate Information Officer/
Principal Accounting Officer
August 9, 2018

ALLIANCE GLOBAL GROUP, INC. AND SUBSIDIARIES
SCHEDULE OF FINANCIAL SOUNDNESS INDICATORS
June 30, 2018

	6/30/18	12/31/17
Current Assets	271,500,585,253	267,905,437,648
Quick assets	141,027,034,441	143,001,603,709
Total Assets	583,539,146,299	561,821,792,882
Current Liabilities	96,385,556,372	111,714,388,678
Total Liabilities	290,034,510,474	289,979,745,091
Debt	177,692,224,182	180,565,662,757
Stockholders' equity	293,504,635,825	271,842,047,791
Equity to controlling interest	169,938,672,650	162,561,368,090
Cash	44,868,227,824	55,672,960,546
EBT	16,131,021,069	28,122,341,976
Nonrecurring gain (loss):		
Gain on revaluation of investment in associate	-	-
Income (loss) from acquisition of a subsidiary	-	-
Gain on sale of investment in an associate	-	113,069,227
Gain on divestment of interest in subsidiary/EMP	-	-
Preacqusition income - deducted	-	-
Gain on deconsolidation of a subsidiary	-	-
Loss from casualty	955,725,047	(430,354,462)
Interest Expense	1,953,307,972	5,554,066,867
EBIT, excl non-recurring gain	17,128,603,994	33,993,694,078
NP	12,430,773,787	21,826,569,541
NP- controlling	7,856,875,563	14,931,132,276
Revenues	73,159,704,684	141,621,986,211
Current ratio	2.82	2.40
Quick ratio	1.46	1.28
Liabilities-to-equity ratio	0.99	1.07
Interest-bearing debt to total capitalization ratio	0.61	0.66
Asset -to-equity ratio	1.99	2.07
Interest rate coverage ratio	877%	612%
Net profit margin	16.99%	15.41%
Return on assets	2.13%	3.88%
Return on equity/investment	4.24%	8.03%
Return on equity/investment of owners	4.62%	9.18%

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

SOLVENCY RATIOS measure the business' ability to pay all debts, particularly long-term debt.
- Liabilities-to-equity ratio - computed as total liabilities divided by stockholders'equity.
- 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 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
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2018 AND DECEMBER 31, 2017
(Amounts in Philippine Pesos)

		June 30, 2018 (UNAUDITED)		December 31, 2017 (AUDITED)
A S S E T S				
CURRENT ASSETS				
Cash and cash equivalents	**P**	**44,868,227,824**	P	55,672,960,546
Trade and other receivables - net		**74,174,439,557**		73,812,169,152
Financial assets at fair value through profit or loss		**21,984,367,060**		13,516,474,011
Inventories - net		**98,770,020,598**		91,579,134,140
Property development costs		**20,790,297,557**		23,111,103,124
Other current assets		**10,913,232,657**		10,213,596,675
Total Current Assets		**271,500,585,253**		267,905,437,648
NON-CURRENT ASSETS				
Trade and other receivables - net		**37,968,150,249**		34,775,424,756
Advances to landowners and joint ventures		**5,234,035,255**		5,988,892,593
Available-for-sale financial assets - net		**451,362,248**		431,645,289
Land for future development		**25,779,636,619**		25,469,878,369
Investments in and advances to associates and other related parties		**9,103,720,577**		8,665,615,820
Property, plant and equipment - net		**107,215,006,850**		98,026,484,627
Investment property - net		**76,992,299,226**		72,999,467,061
Intangible assets - net		**43,068,463,323**		41,637,659,271
Deferred tax assets - net		**881,613,711**		800,928,952
Other non-current assets		**5,344,272,988**		5,120,358,496
Total Non-current Assets		**312,038,561,046**		293,916,355,234
TOTAL ASSETS	**P**	**583,539,146,299**	P	561,821,792,882

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		June 30, 2018 (UNAUDITED)		December 31, 2017 (AUDITED)
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Trade and other payables	P	49,571,240,926	P	45,648,707,657
Interest-bearing loans		25,368,786,647		32,700,476,157
Bonds payable		-		9,976,270,876
Income tax payable		920,132,229		959,058,840
Redeemable preferred shares		251,597,580		251,597,580
Other current liabilities		20,273,798,990		22,178,277,568
Total Current Liabilities		96,385,556,372		111,714,388,678
NON-CURRENT LIABILITIES				
Interest-bearing loans		122,068,916,064		108,273,087,030
Bonds payable		25,073,176,173		24,388,714,176
Advances from related parties		2,115,200,556		2,329,974,989
Retirement benefit obligation		1,143,221,189		1,943,453,287
Redeemable preferred shares		1,909,154,404		1,857,022,803
Deferred tax liabilities - net		12,825,361,722		12,116,387,446
Other non-current liabilities		28,513,923,994		27,356,716,682
Total Non-current Liabilities		193,648,954,102		178,265,356,413
Total Liabilities		290,034,510,474		289,979,745,091
EQUITY				
Equity attributable to owners of the parent company		169,987,359,153		162,574,974,361
Non-controlling interest		123,517,276,672		109,267,073,430
Total Equity		293,504,635,825		271,842,047,791
TOTAL LIABILITIES AND EQUITY	P	583,539,146,299	P	561,821,792,882

See Notes to Interim Consolidated Financial Statements.

ALLIANCE GLOBAL GROUP, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED JUNE 30, 2018 AND 2017
(Amounts in Philippine Pesos)
(UNAUDITED)

	2018		2017	
	Year-to-Date	**Quarter**	Year-to-Date	Quarter
REVENUES				
Sale of goods	P 37,954,855,473	P 19,515,360,062	P 35,106,161,615	P 17,521,281,750
Rendering of services	32,114,895,532	16,261,500,778	29,915,222,034	14,427,945,750
Share in net profits of associates and joint ventures - net	147,319,871	30,236,224	134,789,346	121,007,427
Finance and other income	2,942,633,808	2,049,673,156	1,686,953,020	1,070,214,610
	73,159,704,684	37,856,770,220	66,843,126,015	33,140,449,537
COSTS AND EXPENSES				
Cost of goods sold	22,832,396,571	11,418,218,397	22,185,277,524	10,823,015,644
Cost of services	15,587,818,617	7,936,126,809	14,586,650,204	7,290,895,139
Other operating expenses	15,361,408,242	7,879,487,950	13,666,042,538	6,695,543,029
Finance costs and other charges	3,247,060,185	1,365,383,367	3,196,034,562	1,864,513,291
	57,028,683,615	28,599,216,523	53,634,004,828	26,673,967,103
PROFIT BEFORE TAX	16,131,021,069	9,257,553,697	13,209,121,187	6,466,482,434
TAX EXPENSE	3,700,247,282	2,270,687,741	3,125,311,735	1,763,817,942
NET PROFIT	12,430,773,787	6,986,865,956	10,083,809,452	4,702,664,492
OTHER COMPREHENSIVE INCOME				
Items that will not be reclassified subsequently to profit or loss				
Actuarial gains on remeasurement of retirement benefit obligation	542,745,300	481,730,340	344,777,477	262,416,386
Items that will be reclassified subsequently to profit or loss				
Translation adjustments	1,696,594,122	(269,487,074)	(197,821,756)	(166,778,743)
Net unrealized fair value gain on cash flow hedge	177,119,803	4,909,170	-	-
Net unrealized fair value gains (losses) on available-for-sale financial assets	(64,450,325)	18,162,183	28,226,274	24,220,990
	1,809,263,600	(246,415,721)	(169,595,482)	(142,557,753)
TOTAL COMPREHENSIVE INCOME	**P 14,782,782,687**	**P 7,222,180,575**	**P 10,258,991,447**	**P 4,822,523,125**
Net profit attributable to:				
Owners of the parent company	P 7,856,875,563	P 4,357,413,548	P 6,719,427,993	P 3,152,700,526
Non-controlling interest	4,573,898,224	2,629,452,408	3,364,381,459	1,549,963,966
	P 12,430,773,787	**P 6,986,865,956**	**P 10,083,809,452**	**P 4,702,664,492**
Total comprehensive income attributable to:				
Owners of the parent company	P 9,524,725,122	P 4,380,759,624	P 6,774,396,127	P 3,125,418,175
Non-controlling interest	5,258,057,565	2,841,420,951	3,484,595,320	1,697,104,950
	P 14,782,782,687	**P 7,222,180,575**	**P 10,258,991,447**	**P 4,822,523,125**
Earnings Per Share for the Net Profit Attributable to Owners of the Parent Company:				
Basic	P 0.7893	P 0.4378	P 0.6622	P 0.3107
Diluted	P 0.7877	P 0.4368	P 0.6554	P 0.3075

See Notes to Interim Consolidated Financial Statements.

ALLIANCE GLOBAL GROUP, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED JUNE 30, 2018 AND 2017
(Amounts in Philippine Pesos)
(UNAUDITED)

	Attributable to Owners of the Parent Company														
										Retained Earnings					
	Capital Stock	Additional Paid-in Capital	Treasury Shares – at cost	Net Actuarial Losses on Retirement Benefit Plan	Net Fair Value Gains (Losses) on Available-for-Sale Financial Assets	Accumulated Translation Adjustments	Revaluation Reserves on Cash Flow Hedge	Dilution Gain	Share Options	Other Reserves	Appropriated	Unappropriated	Total	Noncontrolling Interest	Total Equity
Balance at January 1, 2018	P 10,269,827,979	P 34,395,380,979	(P 1,566,146,040)	(P 36,537,800)	P 199,947,413	(P 3,761,144,930)	(P 30,896,586)	P 20,039,138,973	P 744,676,052	P -	P 2,748,722,000	P 99,572,006,321	P 162,574,974,361	P 109,267,073,430	P 271,842,047,791
Transactions with owners:															
Acquisition of treasury shares	-	-	(2,108,532,422)	-	-	-	-	-	-	-	-	-	(2,108,532,422)	-	(2,108,532,422)
Issuance of perpetual securities	-	-	-	-	-	-	-	-	-	-	-	-	-	10,315,886,577	10,315,886,577
Share-based compensation	-	-	-	-	-	-	-	-	-	-	-	-	-	11,631,331	11,631,331
Change in percentage ownership	-	-	-	-	-	-	-	-	-	-	-	-	-	(903,711,150)	(903,711,150)
Dividend from investee	-	-	-	-	-	-	-	-	-	-	-	-	-	(428,786,081)	(428,786,081)
Redemption of preferred shares	-	-	-	-	-	-	-	-	-	-	-	-	-	(2,875,000)	(2,875,000)
	-	-	(2,108,532,422)	-	-	-	-	-	-	-	-	-	(2,108,532,422)	8,992,145,677	6,883,613,255
Reclassification adjustment	-	-	-	-	-	-	-	-	-	9,689,175	-	(9,689,175)	-	-	-
Deductions during the year	-	-	-	-	-	-	-	-	-	(37,776,804)	-	-	(37,776,804)	-	(37,776,804)
Additions during the year	-	-	-	-	-	-	-	-	-	33,968,896	-	-	33,968,896	-	33,968,896
Total comprehensive income	-	-	-	446,190,911	(12,863,077)	1,115,408,657	119,113,068	-	-	-	-	7,856,875,563	9,524,725,122	5,258,057,565	14,782,782,687
Balance at June 30, 2018	**P 10,269,827,979**	**P 34,395,380,979**	**(P 3,674,678,462)**	**P 409,653,111**	**P 187,084,336**	**(P 2,645,736,273)**	**P 88,216,482**	**P 20,039,138,973**	**P 744,676,052**	**P 5,881,267**	**P 2,748,722,000**	**P 107,419,192,709**	**P 169,987,359,153**	**P 123,517,276,672**	**P 293,504,635,825**
Balance at January 1, 2017	P 10,269,827,979	P 34,395,380,979	(P 936,157,074)	(P 585,429,112)	P 477,744,138	(P 4,595,890,425)	P -	P 19,980,402,684	P 744,676,052	P -	P 2,532,837,400	P 84,856,758,645	P 147,140,151,266	P 98,963,520,182	P 246,103,671,448
Transactions with owners:															
Share-based compensation	-	-	-	-	-	-	-	-	-	-	-	-	-	15,286,551	15,286,551
Acquisition of a subsidiary	-	-	-	-	-	-	-	-	-	-	-	-	-	1,335,490,134	1,335,490,134
Change in percentage ownership	-	-	-	-	-	-	-	-	-	-	-	-	-	(19,506,901)	(19,506,901)
Redemption of preferred shares	-	-	-	-	-	-	-	-	-		-	-	-	(2,875,000)	(2,875,000)
Dividends from Investees	-	-	-	-	-	-	-	-	-	-	-	-	-	(1,718,082,659)	(1,718,082,659)
	-	-	-	-	-	-	-	-	-	-	-	-	-	(389,687,875)	(389,687,875)
Appropriation of retained earnings	-	-	-	-	-	-	-	-	-	-	1,996,387,400	(1,996,387,400)	-	-	-
Reversal of appropriation	-	-	-	-	-	-	-	-	-	-	(2,084,587,400)	2,084,587,400	-	-	-
Total comprehensive income	-	-	-	281,833,652	(70,721,307)	(156,144,211)	-	-	-	-	-	6,719,427,993	6,774,396,127	3,484,595,320	10,258,991,447
Balance at June 30, 2017	**P 10,269,827,979**	**P 34,395,380,979**	**(P 936,157,074)**	**(P 303,595,460)**	**P 407,022,831**	**(P 4,752,034,636)**	**P -**	**P 19,980,402,684**	**P 744,676,052**	**P -**	**P 2,444,637,400**	**P 91,664,386,638**	**P 153,914,547,393**	**P 102,058,427,627**	**P 255,972,975,020**

See Notes to Interim Consolidated Financial Statements.

ALLIANCE GLOBAL GROUP, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE SIX MONTHS ENDED JUNE 30, 2018 AND 2017
(Amounts in Philippine Pesos)
(UNAUDITED)

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	**P 16,131,021,069**	P 13,209,121,187
Adjustments for:		
Depreciation and amortization	**3,151,723,065**	2,802,297,023
Interest expense	**1,953,307,972**	2,925,068,971
Unrealized foreign currency losses - net	**1,014,077,230**	165,057,242
Interest income	**(935,092,069)**	(895,713,486)
Share in net profits of associates and joint ventures	**(147,319,871)**	(134,789,346)
Gain on disposal of property, plant and equipment and investment property	**(60,950,308)**	(17,622,219)
Dividend income	**(42,061,134)**	(12,249,789)
Fair value losses (gains) - net	**31,358,575**	(3,277,453)
Stock option benefit expense	**11,631,331**	15,286,551
Losses from property damages	**-**	158,829,931
Gain on reversal of impairment losses	**-**	(18,802,423)
Unrealized loss on interest rate swap	**-**	16,533,829
Operating profit before working capital changes	**21,107,695,860**	18,209,740,018
Increase in trade and other receivables	**(3,041,295,186)**	(5,302,246,472)
Increase in financial assets at fair value through profit or loss	**(7,995,822,495)**	(357,479,171)
Increase in inventories	**(5,029,691,413)**	(2,448,988,030)
Increase (decrease) in trade and other payables	**4,159,907,236**	(2,253,200,806)
Increase in property development costs	**(146,235,974)**	(613,154,830)
Increase in other current assets	**(1,501,094,412)**	(1,828,355,194)
Increase (decrease) in retirement benefit obligation	**16,186,633**	(142,700,975)
Increase (decrease) in other current liabilities	**(1,727,358,775)**	1,253,201,426
Increase in other non-current liabilities	**1,111,438,092**	2,062,039,562
Cash generated from operations	**6,953,729,566**	8,578,855,528
Cash paid for taxes	**(2,116,227,360)**	(2,712,648,036)
Net Cash From Operating Activities	**4,837,502,206**	5,866,207,492
Balance carried forward	**P 4,837,502,206**	P 5,866,207,492

	2018	2017
Balance brought forward	P 4,837,502,206	P 5,866,207,492
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisitions of:		
Property, plant and equipment and investment property	(11,512,438,455)	(11,555,684,621)
Land for future development	(193,767,436)	(478,924,164)
Intangible assets	(25,767,899)	-
Subsidiaries, associates and business units	-	(213,859,496)
Proceeds from:		
Disposal of property, plant and equipment and investment property	205,388,039	1,325,966,095
Collections of advances from associates and other related parties	-	225,151,521
Collection from (advances to) landowners, joint ventures and other related parties	192,390,094	(50,900,944)
Interest received	612,940,894	647,524,757
Decrease (increase) in other non-current assets	(344,086,302)	100,478,414
Additional advances granted to associates	(302,129,228)	(304,271,003)
Cash dividends received	139,553,646	95,268,969
Net Cash Used in Investing Activities	(11,227,916,647)	(10,209,250,472)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of perpetual bonds	10,315,886,577	-
Payment of interest-bearing loans and bonds	(16,031,845,133)	(8,123,692,323)
Proceeds from interest-bearing loans and bonds	8,481,642,448	55,676,669,428
Interest paid	(3,821,762,647)	(3,986,688,717)
Acquisition of treasury shares	(2,108,532,422)	-
Buyback of shares from non-controlling interest by a subsidiary	(707,701,399)	(4,041,468)
Dividends paid	(428,786,081)	(866,705,114)
Advances granted and paid to related parties	(279,274,982)	(275,848,812)
Advances collected and received from related parties	168,930,358	555,904,923
Redemption of preferred shares	(2,875,000)	(2,875,000)
Payments of derivative liabilities	-	(175,310,632)
Net Cash From (Used in) Financing Activities	(4,414,318,281)	42,797,412,285
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(10,804,732,722)	38,454,369,305
CASH AND CASH EQUIVALENTS OF NEW SUBSIDIARY	-	4,014,630
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	55,672,960,546	48,672,938,017
CASH AND CASH EQUIVALENTS AT END OF PERIOD	P 44,868,227,824	P 87,131,321,952

Supplemental Information on Non-cash Investing and Financing Activities:

In the normal course of business, the Group enters into non-cash activities which are not reflected in the cash flows, including the following: (a) exchanges or purchases or sale on account of real estate and other assets that remain unpaid at end of period; (b) reclassifications or transfers of property as it goes through its various stages of development, such as incurred costs from Land for Future Development to Property Development Costs or to Investment Property or to Inventories; (c) borrowing costs capitalized under Property Development Costs or Construction in Progress; (d) prior period's deposits applied during the period.

See Notes to Interim Consolidated Financial Statements.

ALLIANCE GLOBAL GROUP, INC. AND SUBSIDIARIES
NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2018 AND 2017
(With Comparative Figures as of December 31, 2017)
(Amounts in Philippine Pesos)
(Unaudited)

1. CORPORATE INFORMATION

Alliance Global Group, Inc. (the Company, Parent Company, or AGI) was registered with the Philippine Securities and Exchange Commission (SEC) on October 12, 1993 and began operations in 1994 as a glass-container manufacturer. On March 12, 1999, it obtained approval from the SEC to broaden its primary business into that of a holding company. Given a wider scope of business, AGI immediately diversified its investment holdings and on April 19, 1999, AGI listed its shares in the Philippine Stock Exchange (PSE). Currently, the Company and its subsidiaries, associates and joint ventures (collectively referred to as the Group) operate businesses in real estate development, tourism-entertainment and gaming, food and beverage, and quick-service restaurant under the following entities (see Note 4):

Subsidiaries/Associates/Joint Ventures	Short Name	Notes	Percentage of Effective Ownership of AGI June 2018	December 2017
Subsidiaries				
Megaworld and subsidiaries				
Megaworld Corporation	Megaworld	(a)	**67%**	67%
Megaworld Resort Estates, Inc.		(b)	**83%**	83%
Townsquare Development, Inc.			**50%**	50%
Golden Panda-ATI Realty Corporation			**50%**	50%
Sonoma Premiere Land, Inc.		(c), (d)	**73%**	73%
Arcovia Properties, Inc.			**67%**	67%
Belmont Newport Luxury Hotels, Inc.			**67%**	67%
Davao Park District Holdings Inc.			**67%**	67%
Eastwood Cyber One Corporation			**67%**	67%
Global One Hotel Group, Inc.			**67%**	67%
Global One Integrated Business Services, Inc.			**67%**	67%
Landmark Seaside Properties, Inc.			**67%**	67%
Luxury Global Hotels and Leisures, Inc.			**67%**	67%
Luxury Global Malls, Inc.			**67%**	67%
Mactan Oceanview Properties and Holdings, Inc.		(d)	**67%**	67%
Megaworld Cayman Islands, Inc.		(e), (d)	**67%**	67%
Megaworld Cebu Properties, Inc.			**67%**	67%
Megaworld Land, Inc.			**67%**	67%
Citywalk Building Administration, Inc.			**67%**	67%
Forbestown Commercial Center Administration, Inc.			**67%**	67%
Ilo-ilo Center Mall Administration, Inc.			**67%**	67%
Newtown Commercial Center Administration, Inc.			**67%**	67%
Paseo Center Building Administration, Inc.			**67%**	67%
San Lorenzo Place Commercial Center Administration Inc.			**67%**	67%
Uptown Commercial Center Administration, Inc.			**67%**	67%
Valley Peaks Property Management, Inc.			**67%**	67%
Southwoods Lifestyle Mall Management, Inc.	SLMMI	(f)	**67%**	-
Megaworld Newport Property Holdings, Inc.			**67%**	67%
Oceantown Properties, Inc.			**67%**	67%
Piedmont Property Ventures, Inc.		(d)	**67%**	67%

Subsidiaries/Associates/Joint Ventures	Short Name	Notes	Percentage of Effective Ownership of AGI June 2018	December 2017
Subsidiaries				
Megaworld and subsidiaries				
Prestige Hotels and Resorts, Inc.			**67%**	67%
Richmonde Hotel Group International Ltd.		(g)	**67%**	67%
San Vicente Coast, Inc.		(d)	**67%**	67%
Stonehaven Land, Inc.		(d)	**67%**	67%
Streamwood Property, Inc.		(d)	**67%**	67%
Suntrust Properties, Inc.			**67%**	67%
Suntrust Ecotown Developers, Inc.			**67%**	67%
Governor's Hills Science School, Inc.			**67%**	67%
Sunrays Properties Management, Inc.			**67%**	67%
Suntrust One Shanata, Inc.		(d)	**67%**	67%
Suntrust Two Shanata, Inc.		(d)	**67%**	67%
Megaworld Bacolod Properties, Inc.			**62%**	62%
Southwoods Mall Inc.			**61%**	61%
Twin Lakes Corp.	TLC	(h)	**61%**	56%
Megaworld Global-Estate, Inc.		(i)	**60%**	60%
Manila Bayshore Property Holdings, Inc.		(j)	**57%**	57%
Global-Estate Resorts, Inc.	GERI	(k)	**55%**	55%
Fil-Estate Properties, Inc.			**55%**	55%
Aklan Holdings Inc.		(d)	**55%**	55%
Blu Sky Airways, Inc.		(d)	**55%**	55%
Fil-Estate Subic Development Corp.		(d)	**55%**	55%
Fil-Power Construction Equipment Leasing Corp.		(d)	**55%**	55%
Golden Sun Airways, Inc.		(d)	**55%**	55%
La Compaña De Sta. Barbara, Inc.			**55%**	55%
MCX Corporation		(d)	**55%**	55%
Pioneer L-5 Realty Corp.		(d)	**55%**	55%
Prime Airways, Inc.		(d)	**55%**	55%
Sto. Domingo Place Development Corp.		(d)	**55%**	55%
Fil-Power Concrete Blocks Corp.		(d)	**55%**	55%
Fil-Estate Industrial Park, Inc.		(d)	**44%**	44%
Sherwood Hills Development Inc.			**30%**	30%
Fil-Estate Golf and Development, Inc.			**55%**	55%
Golforce, Inc.			**55%**	55%
Southwoods Ecocentrum Corp.			**33%**	33%
Philippine Aquatic Leisure Corp.		(d)	**33%**	33%
Fil-Estate Urban Development Corp.			**55%**	55%
Novo Sierra Holdings Corp.		(d)	**55%**	55%
Global Homes and Communities, Inc.		(d)	**55%**	55%
Oceanfront Properties, Inc.			**28%**	28%
Empire East Land Holdings, Inc.	EELHI		**55%**	55%
Eastwood Property Holdings, Inc.			**55%**	55%
Valle Verde Properties Inc.		(d)	**55%**	55%
Empire East Communities, Inc.		(d)	**55%**	55%
Sherman Oak Holdings, Inc.		(d)	**55%**	55%
20th Century Nylon Shirt, Inc.		(d)	**55%**	55%
Laguna Bel-Air School, Inc.			**40%**	40%
Megaworld Central Properties, Inc.			**51%**	51%
Megaworld Capital Town Inc.			**51%**	51%
Soho Cafe and Restaurant Group, Inc.			**50%**	50%
La Fuerza, Inc.			**45%**	45%
Megaworld-Daewoo Corporation			**40%**	40%
Northwin Properties, Inc.		(d)	**40%**	40%
Gilmore Property Marketing Associates Inc.		(d)	**35%**	35%
Megaworld Globus Asia, Inc.			**34%**	34%
Integrated Town Management Corporation (formerly Philippine International Properties, Inc.)			**34%**	34%
Maple Grove Land, Inc.		(d)	**34%**	34%
Emperador and subsidiaries				
Emperador Inc.	EMP or Emperador		**82%**	82%
Emperador Distillers, Inc.	EDI		**82%**	82%
Alcazar De Bana Holdings Company, Inc.			**82%**	82%
ProGreen AgriCorp, Inc.			**82%**	82%

Subsidiaries/Associates/Joint Ventures	Short Name	Notes	Percentage of Effective Ownership of AGI June 2018	December 2017
Subsidiaries				
Emperador and subsidiaries				
South Point Science Park, Inc.			**82%**	82%
Anglo Watsons Glass, Inc.			**82%**	82%
Cocos Vodka Distillers Philippines, Inc.			**82%**	82%
The Bar Beverage, Inc.			**82%**	82%
Tradewind Estates, Inc.			**82%**	82%
Zabana Rum, Inc.			**82%**	82%
Emperador International Ltd.	EIL	(g)	**82%**	82%
Emperador Europe SARL	EES	(l)	**82%**	82%
Emperador Asia Pte Ltd.	EA	(l)	**82%**	82%
Grupo Emperador Spain, S.A.U.	GES	(l)	**82%**	82%
Bodega San Bruno, S.L.	BSB	(l)	**82%**	82%
Bodegas Fundador SLU	BFS	(l)	**82%**	82%
Destilados de la Mancha S.L.			**82%**	82%
Complejo Bodeguero San Patricio, SLU	CBSP	(l)	**82%**	82%
Emperador Gestion S.L.	GEG	(l)	**82%**	82%
Domecq Bodega Las Copas, S.L.	DBLC	(m)	**41%**	41%
Pedro Domecq S.A. de C.V.	PDSC	(m)	**41%**	41%
Bodega Domecq S.A. de C.V.	BDSC	(m)	**41%**	41%
Gonzales Byass de Mexico S.A. de C.V.	GBMS	(m)	**41%**	41%
Emperador Holdings (GB) Limited	EGB	(l)	**82%**	82%
Emperador UK Limited	EUK	(l)	**82%**	82%
Whyte and Mackay Group Limited	WMG	(l)	**82%**	82%
Whyte and Mackay Limited	WML	(l)	**82%**	82%
Whyte and Mackay Warehousing Ltd.	WMWL	(l)	**82%**	82%
GADC and subsidiaries				
Golden Arches Development Corporation	GADC		**49%**	49%
Golden Arches Realty Corporation			**49%**	49%
Clark Mac Enterprises, Inc.			**49%**	49%
Advance Food Concepts Manufacturing, Inc.			**49%**	49%
GY Alliance Concepts, Inc.			**19%**	19%
Molino First Golden Foods, Inc.			**26%**	26%
Red Asian Food Solutions			**37%**	37%
Golden Laoag Foods Corporation			**38%**	38%
Davao City Food Industries, Inc.			**37%**	37%
First Golden Laoag Ventures, Inc.			**34%**	34%
Retiro Golden Foods, Inc.			**34%**	34%
McDonald's Anonas City Center			**34%**	34%
McDonald's Puregold Taguig			**29%**	29%
Golden City Food Industries, Inc.			**29%**	29%
McDonald's Bonifacio Global City			**27%**	27%
Travellers and subsidiaries				
Travellers International Hotel Group, Inc.	Travellers	(n)	**47%**	47%
APEC Assets Limited		(g)	**47%**	47%
Brightleisure Management, Inc.			**47%**	47%
Deluxe Hotels and Recreation, Inc.		(d)	**47%**	47%
Entertainment City Integrated Resorts & Leisure, Inc.		(d)	**47%**	47%
Grand Integrated Hotels and Recreation, Inc.			**47%**	47%
Grandservices, Inc.			**47%**	47%
Grandventure Management Services, Inc.			**47%**	47%
Lucky Star Hotels and Recreation, Inc.		(d)	**47%**	47%
Majestic Sunrise Leisure & Recreation, Inc.		(d)	**47%**	47%
Netdeals, Inc.	NDI	(o)	**47%**	47%
Newport Star Lifestyle, Inc.		(d)	**47%**	47%
Royal Bayshore Hotels & Amusement, Inc.		(d)	**47%**	47%
FHTC Entertainment & Production, Inc.	FHTC		**47%**	47%
Bright Pelican Leisure and Recreation, Inc.		(d)	**47%**	47%
Golden Peak Leisure and Recreation, Inc.		(s)	**47%**	47%

Subsidiaries/Associates/Joint Ventures	Short Name	Notes	Percentage of Effective Ownership of AGI June 2018	December 2017
Subsidiaries				
Travellers and subsidiaries				
Westside City Resorts World Inc.		(p), (d)	**47%**	47%
Purple Flamingos Amusement and Leisure Corporation		(d)	**47%**	47%
Red Falcon Amusement and Leisure Corporation		(d)	**47%**	47%
Agile Fox Amusement and Leisure Corporation	AFALC	(d)	**47%**	47%
Fortune Pearl Leisure and Recreation Inc.	FPLRI	(q), (d)	**47%**	-
Aquamarine Delphinium Leisure and Recreation Corporation		(d)	**47%**	47%
Brilliant Apex Hotels and Leisure Corporation		(d)	**47%**	47%
Coral Primrose Leisure and Recreation Corporation		(d)	**47%**	47%
Lucky Panther Amusement and Leisure Corporation		(d)	**47%**	47%
Luminescent Vertex Hotels and Leisure Corporation		(d)	**47%**	47%
Magenta Centaurus Amusement and Leisure Corporation		(d)	**47%**	47%
Sapphire Carnation Leisure and Recreation Corporation		(d)	**47%**	47%
Scarlet Milky Way Amusement and Leisure Corporation		(d)	**47%**	47%
Sparkling Summit Hotels and Leisure Corporation		(d)	**47%**	47%
Valiant Leopard Amusement and Leisure Corporation		(d)	**47%**	47%
Vermillion Triangulum Amusement and Leisure Corporation		(d)	**47%**	47%
Westside Theatre Inc.		(d)	**47%**	47%
Corporate and Others				
Alliance Global Brands, Inc.			**100%**	100%
McKester Pik-nik International Limited	MPIL	(g)	**100%**	100%
Great American Foods, Inc.		(r)	**100%**	100%
New Town Land Partners, Inc.	NTLPI		**100%**	100%
Alliance Global Group Cayman Islands, Inc.		(e)	**100%**	100%
Dew Dreams International, Inc.			**100%**	100%
Dew Dreams International, Ltd.		(g)	**100%**	100%
First Centro, Inc.	FCI		**100%**	100%
ERA Real Estate Exchange, Inc.			**100%**	100%
Oceanic Realty Group International, Inc.			**100%**	100%
Greenspring Investment Holdings Properties Ltd.		(g)	**100%**	100%
Infracorp Development, Inc.			**100%**	100%
Shiok Success International, Inc.			**100%**	100%
Shiok Success International, Ltd.		(g)	**100%**	100%
Travellers Group Ltd.		(g)	**100%**	100%
Venezia Universal Ltd.		(g)	**100%**	100%
Adams Properties, Inc.	Adams		**60%**	60%
Associates				
First Premiere Arches Restaurant Inc.			**49%**	49%
Bonifacio West Development Corporation			**31%**	31%
Suntrust Home Developers, Inc.	SHDI		**31%**	31%
First Oceanic Property Management, Inc.		(s)	**31%**	31%
Citylink Coach Services, Inc.		(s)	**31%**	31%
Palm Tree Holdings and Development Corporation		(d)	**27%**	27%
Fil-Estate Network, Inc.			**11%**	11%
Fil-Estate Sales, Inc.			**11%**	11%
Fil-Estate Realty and Sales Associates, Inc.			**11%**	11%
Fil-Estate Realty Corp.			**11%**	11%

Subsidiaries/Associates/Joint Ventures	Short Name	Notes	Percentage of Effective Ownership of AGI June 2018	December 2017
Associates				
Pacific Coast Mega City, Inc.			**11%**	11%
Boracay Newcoast Hotel Group, Inc.			**8%**	8%
Nasugbu Properties, Inc.			**8%**	8%
Joint Ventures				
Front Row Theatre Management, Inc.		(t)	**50%**	50%
Bodegas Las Copas, S.L.	BLC	(u)	**41%**	41%

Explanatory notes:

(a) AGI's effective ownership interest is derived from its 44% direct ownership, 3% direct holdings of FCI, 18% direct holdings of NTLPI and 2% holdings of other subsidiaries.

(b) AGI and Megaworld directly owns 49% and 51%, respectively.

(c) A subsidiary through 60% and 40% direct ownership of EELHI and FCI, respectively.

(d) Subsidiaries and associate which have not yet started commercial operations as of June 30, 2018.

(e) Foreign subsidiaries operating under the laws of the Cayman Islands.

(f) New subsidiary in 2018.

(g) Foreign subsidiaries operating under the Business Companies Act of the British Virgin Islands.

(h) GERI subscribed to additional common shares in TLC resulting to increase in effective ownership.

(i) A subsidiary through 60% and 40% direct ownership of GERI and Megaworld, respectively.

(j) A subsidiary through 50/50 ownership of Travellers and Megaworld.

(k) AGI's effective ownership interest represents its indirect holdings through Megaworld, which owns 82% of GERI.

(l) Subsidiaries under EIL. EA is operating under the laws of Singapore while GES and its subsidiaries, BSB, BFS, GEG, CBSP and DBLC, are operating under the laws of Spain. EES is operating under the laws of Luxembourg. EGB [the ultimate United Kingdom (UK) parent] is operating under the laws of England and Wales. EUK, WMG, WML and WMWL are operating under the laws of Scotland. EA, EES and EGB are direct subsidiaries of EIL.

(m) DBLC is operating under the laws of Spain and its subsidiaries, PDSC, BDSC and GBMS, are operating under the laws of Mexico.

(n) Travellers' common shares are directly owned 15% by AGI, 3% by FCI, 2% by Megaworld, 46% by Adams, 24% by Genting Hongkong Limited (GHL) and 10% by the public.

(o) NDI has ceased operations as of June 30, 2018.

(p) AGI's effective ownership is through 1% direct ownership, 45% through 95% ownership of Travellers, and 1% through ownership of other subsidiaries within the Group (i.e., FCI, Megaworld and Adams).

(q) A new subsidiary through AFALC who owns 100% of FPLRI.

(r) Foreign subsidiary of MPIL operating under the laws of United States of America.

(s) Subsidiaries of SHDI, an associate of Megaworld.

(t) A joint venture through FHTC.

(u) A foreign joint venture under GES and operating under the laws of Spain.

The Company, its subsidiaries, associates and joint ventures were incorporated and operating in the Philippines, except for such foreign subsidiaries and joint venture as identified in the preceding table (see explanatory notes e, g, l, m, r and r above).

AGI's shares of stock and those of Megaworld, EMP, Travellers, GERI, EELHI and SHDI are listed in and traded through the PSE.

The principal activities of the Group are further described in Note 4.

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

The Board of Directors (BOD) approved on August 9, 2018, the release of the interim consolidated financial statements (ICFS) of the Group as of and for the six months ended June 30, 2018 (including the comparative financial statements as of December 31, 2017 and for the six months ended June 30, 2017).

2. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies used in the preparation of these ICFS are consistent with those applied in the audited consolidated financial statements (ACFS) as of and for the year ended December 31, 2017 except for the application of standards that became effective on January 1, 2018 (see Note 2.2).

2.1 Basis of Preparation of Interim Consolidated Financial Statements

These ICFS have been prepared in accordance with Philippine Accounting Standard (PAS) 34, *Interim Financial Reporting*. They do not include all of the information required in annual financial statements in accordance with Philippine Financial Reporting Standards (PFRS), and should be read in conjunction with the Group's ACFS as of and for the year ended December 31, 2017.

The ICFS are presented in Philippine pesos, the Company's functional and presentation currency, and all values represent absolute amounts except when otherwise indicated.

Items included in the ICFS of the Group are measured using the Company's functional currency. Functional currency is the currency of the primary economic environment in which the Company operates.

The presentation of the ICFS is consistent with the most recent ACFS presentation, except for the amendments introduced by the new accounting standards mentioned in Note 2.2. The consolidated statement of comprehensive income for the six months ended June 30, 2017 reflect certain reclassifications, which have no effect on previously reported net profit, to conform with the current period presentation.

The Group presents all items of income and expense in a single consolidated statement of comprehensive income.

2.2 Adoption of New and Amended PFRS

(a) Effective in 2018 that are Relevant to the Group

In 2018, the Group adopted for the first time the following new PFRS, amendments, interpretation and annual improvements to existing standards that are relevant to the Group and effective for financial statements with annual periods beginning on or after January 1, 2018:

PAS 40 (Amendment)	:	Investment Property – Reclassification to and from Investment Property
PFRS 2 (Amendments)	:	Classification and Measurement of Share-based Payment
International Financial Reporting Interpretations Committee (IFRIC) 22	:	Foreign Currency Transactions and Advance Consideration – Interpretation on Foreign Currency Transactions and Advance Consideration
Annual Improvements	:	Annual Improvements to PFRS (2014 – 2016 cycle)

PFRS 9 (2014), *Financial Instruments*, and PFRS 15, *Revenue from Contracts with Customers*, are effective for financial statements with annual periods beginning on or after January 1, 2018.

(b) Effective Subsequent to 2018 but are not Adopted Early

There are new PFRS, amendments, interpretation and annual improvements to existing standards effective for annual periods subsequent to 2018, which are adopted by the Financial Reporting Standards Council. Management will adopt the following relevant pronouncements in accordance with their transitional provisions:

PAS 28	:	Investment in Associates – Long-term Interest in Associates and Joint Venture
PFRS 9 (Amendment)	:	Financial Instruments – Prepayment Features with Negative Compensation
PFRS 16	:	Leases
IFRIC 23	:	Uncertainty over Income Tax Treatments
PFRS 10 and PAS 28 (Amendments)	:	Consolidated Financial Statements, and Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associates or Joint Venture
Annual Improvements	:	Annual Improvements to PFRS (2015 – 2017 cycle)

Management is currently assessing the impact of these standards and interpretation on the Group's consolidated financial statements and it will conduct a comprehensive study of the potential impact of these standards prior to their mandatory adoption date to assess the impact of all changes.

3. JUDGMENTS AND ESTIMATES

The preparation of the Group's ICFS in accordance with PFRS requires management to make judgments, estimates and assumptions that affect the policies applied and amounts reported in the ICFS and related explanatory notes. Judgments and estimates are based on historical experience and management's best knowledge of current events and actions, including expectations of future events that are believed to be reasonable under the circumstances. Actual results may ultimately differ from these estimates. There were no changes in estimates of amounts reported in prior financial years that have a material effect in the current interim period.

The judgments, estimates and assumptions applied in the ICFS, including the key sources of estimation uncertainty, were the same as those applied in the ACFS for the year ended December 31, 2017.

4. SEGMENT INFORMATION

4.1 Business Segments

The Group is organized into major business segments, which are the major subsidiaries of the Group. These represent the main products and services provided by the Group and the line of business in which the Group operates. Presented below is the basis of the Group in reporting its primary segment information.

(a) The *Megaworld* segment consists of development of real estate, integrated resorts, leasing of properties and hotel operations business which is primarily undertaken by Megaworld Corporation and subsidiaries, the Group's forerunner in the real estate industry.

(b) The *Emperador* segment refers to the manufacture and distribution of distilled spirits, including the production of glass containers, which is undertaken by Emperador Inc. and subsidiaries.

(c) The *Travellers* segment relates to tourism-oriented business that integrates entertainment, hospitality and leisure, including gaming, as that of Resorts World Manila, which is operated by Travellers International Hotel Group, Inc. and subsidiaries.

(d) The *GADC* segment refers to operations of McDonald's restaurants in the Philippines in accordance with the franchise agreement between GADC and McDonald's Corporation, USA.

4.2 Segment Assets and Liabilities

Segment assets are allocated based on their physical location and use or direct association with a specific segment and they 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 properties. Segment liabilities include all operating liabilities and consist principally of trade and other payables, interest-bearing loans 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.

4.4 Analysis of Segment Information

Segment information can be analyzed as follows for six months ended June 30, 2018 and 2017.

	For six months ended June 30, 2018 (Unaudited)				
	Megaworld	Travellers	GADC	Emperador	Total
REVENUES					
Sales to external customers	P 25,748,680,898	P 11,048,704,903	P 13,521,579,634	P 19,164,487,962	P 69,483,453,397
Intersegment sales	87,350,638	44,478,543	-	-	131,829,181
Finance and other revenues	935,137,485	1,536,779,799	81,976,831	310,049,857	2,863,943,972
Segment revenues	26,771,169,021	12,629,963,245	13,603,556,465	19,474,537,819	72,479,226,550
Cost of sales and expenses excluding depreciation and amortization	(14,035,275,772)	(9,429,607,975)	(11,785,698,450)	(14,862,392,235)	(50,112,974,432)
	12,735,893,249	3,200,355,270	1,817,858,015	4,612,145,584	22,366,252,118
Depreciation and amortization	(1,060,590,763)	(1,027,999,896)	(571,390,340)	(463,546,304)	(3,123,527,303)
Finance cost and other charges	(1,887,639,172)	80,914,862	(118,474,171)	(356,301,772)	(2,281,500,253)
Profit before tax	9,787,663,314	2,253,270,236	1,127,993,504	3,792,297,508	16,961,224,562
Tax expense	(2,282,179,249)	(536,716,163)	(345,226,549)	(512,521,916)	(3,676,643,877)
SEGMENT PROFIT	**P 7,505,484,065**	**P 1,716,554,073**	**P 782,766,955**	**P 3,279,775,592**	**P 13,284,580,685**
SEGMENT ASSETS AND LIABILITIES					
Segment assets	**P 322,842,516,431**	**P 92,412,272,678**	**P 18,009,909,513**	**P 114,485,510,406**	**P 547,750,209,028**
Segment liabilities	**128,687,644,449**	**48,559,802,136**	**10,559,727,962**	**52,095,654,831**	**239,902,829,378**

	For six months ended June 30, 2017 (Unaudited)				
	Megaworld	**Travellers**	**GADC**	**Emperador**	**Total**
REVENUES					
Sales to external customers	P 23,297,641,599	P 11,223,130,233	P 12,153,629,565	P 17,805,997,243	P 64,480,398,640
Intersegment sales	24,494,897	(10,150,507)	-	-	14,344,390
Finance and other revenues	646,255,657	18,021,389	134,488,795	208,489,317	1,007,255,158
Segment revenues	23,968,392,153	11,231,001,115	12,288,118,360	18,014,486,560	65,501,998,188
Cost of sales and expenses excluding depreciation and amortization	(13,549,526,008)	(9,013,738,285)	(10,713,139,897)	(13,961,160,294)	(47,237,564,484)
	10,418,866,145	2,217,262,830	1,574,978,463	4,053,326,266	18,264,433,704
Depreciation and amortization	(820,704,233)	(954,570,977)	(588,105,229)	(376,535,860)	(2,739,916,299)
Finance cost and other charges	(853,301,438)	(674,681,974)	(89,301,969)	(412,249,006)	(2,029,534,387)
Profit before tax	8,744,860,474	588,009,879	897,571,265	3,264,541,400	13,494,938,018
Tax expense	(2,055,926,930)	(193,223,145)	(302,518,749)	(564,268,140)	(3,115,936,964)
SEGMENT PROFIT	P 6,688,933,544	P 394,786,734	P 595,052,516	P 2,700,273,260	P 10,379,046,054

The following presents the segment assets and liabilities of the Group as of December 31, 2017 (audited):

SEGMENT ASSETS AND LIABILITIES					
Segment assets	P 313,882,958,265	P 84,365,114,201	P 17,013,429,201	P 110,654,016,965	P 525,915,518,632
Segment liabilities	137,948,130,312	42,186,793,445	10,242,056,765	51,114,592,291	241,491,572,813

4.5 Reconciliations

Presented below is a reconciliation of the Group's segment information to the key financial information presented in its ICFS.

	June 30, 2018 (Unaudited)	June 30, 2017 (Unaudited)
Revenues		
Total segment revenues	**P 72,479,226,550**	P 65,501,998,188
Unallocated corporate revenue	**812,307,315**	1,355,472,217
Elimination of intersegment revenues	**(131,829,181)**	(14,344,390)
Revenues as reported in interim consolidated profit or loss	**P 73,159,704,684**	P 66,843,126,015
Profit or loss		
Segment operating profit	**P 13,284,580,685**	P 10,379,046,054
Unallocated corporate loss	**(721,977,717)**	(280,892,212)
Elimination of intersegment revenues	**(131,829,181)**	(14,344,390)
Profit as reported in interim consolidated profit or loss	**P 12,430,773,787**	P 10,083,809,452

	June 30, 2018 (Unaudited)	December 31, 2017 (Audited)
Assets		
Segment assets	**P 547,750,209,028**	P 525,915,518,632
Unallocated corporate assets	**35,788,937,271**	35,906,274,250
Total assets reported in the consolidated statements of financial position	**P 583,539,146,299**	P 561,821,792,882
Liabilities		
Segment liabilities	**P 239,902,829,378**	P241,491,572,813
Unallocated corporate liabilities	**50,131,681,096**	48,488,172,278
Total liabilities reported in the consolidated statements of financial position	**P 290,034,510,474**	P 289,979,745,091

Concentration of revenue is considered when at least 10% of total segment revenue is generated from a single customer. There is no concentration of the Group's revenue in a single customer as the 10% threshold has not been met in any of the periods presented.

5. PROPERTY, PLANT AND EQUIPMENT

The gross carrying amounts and accumulated depreciation, amortization and impairment of property, plant and equipment as of June 30, 2018 and December 31, 2017 are shown below.

	June 30, 2018 (Unaudited)	December 31, 2017 (Audited)
Cost	**P 138, 781,895,907**	P 126,531,276,317
Accumulated depreciation, amortization and impairment	**(31,566,889,057)**	(28,504,791,690)
Net carrying amount	**P 107,215,006,850**	P 98,026,484,627

A reconciliation of the carrying amounts of property, plant and equipment at the beginning and end of the reporting periods is shown below.

	June 30, 2018 (Unaudited)	December 31, 2017 (Audited)
Balance at beginning of period, net of accumulated depreciation, amortization and impairment	**P 98,026,484,627**	P 82,993,671,075
Additions	**10,431,754,336**	20,446,934,673
Depreciation and amortization charges for the period	**(2,408,586,140)**	(4,491,766,954)
Reclassifications – net	**1,309,791,758**	1,533,587,085
Disposals – net	**(144,437,731)**	(1,869,096,966)
Reversal of impairment loss	**-**	60,504,846
Additions due to acquired subsidiaries	**-**	5,255,192
Write-off of damaged assets	**-**	(652,604,324)
Balance at end of period, net of accumulated depreciation, amortization and impairment	**P 107,215,006,850**	P 98,026,484,627

6. INVESTMENT PROPERTY

The Group's investment property includes several parcels of land, buildings and improvements which are held for investment purposes only, either to earn rental income or for capital appreciation or both. The gross carrying amounts and accumulated depreciation of investment property at the beginning and end of the reporting periods are shown below.

	June 30, 2018 (Unaudited)	December 31, 2017 (Audited)
Cost	**P 86,809,710,731**	P 81,969,707,718
Accumulated depreciation	**(9,817,411,505)**	(8,970,240,657)
Net carrying amount	**P 76,992,299,226**	P 72,999,467,061

A reconciliation of the carrying amounts of investment property at the beginning and end of the reporting periods is shown below.

	June 30, 2018 (Unaudited)	December 31, 2017 (Audited)
Balance at beginning of period, net of accumulated depreciation	**P 72,999,467,061**	P 62,306,769,151
Additions	**3,262,724,854**	13,941,589,536
Reclassifications - net	**1,577,278,159**	(1,533,587,085)
Depreciation charges for the period	**(847,170,848)**	(1,546,058,978)
Disposals – net	**-**	(169,245,563)
Balance at end of period, net of accumulated depreciation	**P 76,992,299,226**	P 72,999,467,061

7. DIVIDENDS

There were no dividends declared and paid by the Company for the six months period ended June 30, 2018 and 2017.

8. EARNINGS PER SHARE

Earnings per share is computed as follows:

	June 30, 2018 (Unaudited)	June 30, 2017 (Unaudited)
Basic:		
Net profit attributable to owners of the parent company	**P 7,856,875,563**	P 6,719,427,993
Divide by the weighted average number of outstanding common shares	**9,954,052,279**	10,146,863,779
	P 0.7893	P 0.6622
Diluted:		
Net profit attributable to owners of the parent company	**P 7,856,875,563**	P 6,719,427,993
Divide by the weighted average number of outstanding common shares and potentially dilutive shares	**9,974,785,818**	10,252,463,779
	P 0.7877	P 0.6554

On September 19, 2017 the BOD approved a two-year share repurchase program allowing the Company to repurchase up to P5.0 billion shares from existing stockholders. As of June 30, 2018, the Company has repurchased 192,811,500 shares for P2.7 billion under this program which are reported as Treasury Shares. There was no similar transaction for the six months ended June 30, 2017. In addition, as of June 30, 2018 and 2017, certain subsidiaries held 122,964,200 shares which cost P936.2 million that are considered as part of Treasury Shares. Such treasury shares do not form part of outstanding common shares.

The actual number of outstanding common shares approximates the weighted average for each interim period. As of June 30, 2018 and 2017, there are 105.6 million potentially dilutive shares from the Company's Executive Stock Option Plan. However, such number of dilutive shares has no significant effect on the weighted average number of outstanding common shares and, consequently has no material effect on the 2018 and 2017 diluted EPS.

9. RELATED PARTY TRANSACTIONS

The Group's related parties include its stockholders, associates, joint ventures, the Group's key management personnel and retirement fund, and others. The summary of the Group's transactions with its related parties for the periods ended June 30, 2018 and 2017, and the related outstanding balances as of June 30, 2018 and December 31, 2017 are as follows:

Related Party Category	Notes	Amount of Transaction **June 30, 2018 (Unaudited)**	Amount of Transaction June 30, 2017 (Unaudited)	Outstanding Balance Receivable (Payable) **June 30, 2018 (Unaudited)**	Outstanding Balance Receivable (Payable) December 31, 2017 (Audited)
Subsidiaries' stockholders:					
Casino transactions	9.2	**P 6,802,047**	P 254,670,810	**P 16,227,919**	P 6,441,882
Management fees	9.3	**121,705,499**	97,531,450	**(8,775,804)**	(12,806,175)
Accounts payable	9.5	**-**	-	**(347,670,510)**	(347,670,510)
Related party under common ownership:					
Purchase of raw materials	9.1	**1,700,472,092**	1,423,363,562	**(794,438,330)**	(388,836,242)
Purchase of imported goods	9.1	**6,481,170**	2,530,944	**(132,098)**	(205,786)
Advances granted	9.4	**300,135,950**	(91,233,457)	**1,574,412,161**	1,274,276,211
Associates –					
Advances granted	9.4	**1,993,278**	170,352,939	**1,271,858,260**	1,269,864,981
Others:					
Accounts receivable	9.5	**45,570,191**	(525,015,955)	**295,034,293**	249,464,102
Accounts payable	9.5	**150,000,000**	(44,718,866)	**(290,208,430)**	(140,208,430)
Advances from joint venture partners and others	9.6	**(214,774,433)**	(210,122,534)	**(2,115,200,556)**	(2,329,974,989)

Unless otherwise stated, the outstanding balance of the Group's transactions with its related parties are unsecured, noninterest-bearing and payable or collectible on demand.

9.1 Purchase of Goods

Emperador imports finished goods and raw materials such as alcohol, flavorings and other items, through Andresons Global, Inc. (AGL). A related party under common ownership. Emperador also imports raw materials from Alcoholera dela Mancha Vinicola, S.L., a wholly owned subsidiary of BLC, which is considered a related party under joint control.

These transactions are payable within 30 days. The outstanding balances as of June 30, 2018 and December 31, 2017 are shown as part of Trade Payables under the Trade and Other Payables account in the consolidated statements of financial position.

9.2 Casino Transactions with GHL

Travellers recognized outstanding accounts receivable from (payable to) GHL representing show money received by GHL from foreign patrons which GHL will later remit to Travellers. The outstanding balance as of June 30, 2018 and December 31, 2017 are presented as part of Trade receivables under Trade and Other Receivables account in the consolidated statement of financial position.

9.3 Operations and Management Agreement with GHL

Some of Travellers' administrative functions are being handled by certain key officers and employees under the management of GHL as agreed by both parties under the Operations and Management Agreement. These transactions are presented as part of Management fees, under the Other Operating Expenses account in the consolidated statements of comprehensive income.

The outstanding liabilities arising from this transaction are presented as part of Accrued expenses under Trade and Other Payables account in the consolidated statements of financial position.

9.4 Advances to Associates and Other Related Parties

Entities within the Group grant advances to associates and other entities for working capital purposes. Settlement is generally made in cash or through offsetting arrangements. The outstanding balances of Advances to associates and other related parties, which are shown as part of Investments in and Advances to Associates and Other Related Parties account in the consolidated statements of financial position, and movement of the account are presented as follows (these mainly represent advances granted by Megaworld):

	June 30, 2018 (Unaudited)	December 31, 2017 (Audited)
Balance at beginning of period	**P 2,544,141,192**	P 2,520,255,783
Cash advances granted	**302,129,228**	308,966,472
Collections	**-**	(285,081,063)
Balance at end of period	**P 2,846,270,421**	P 2,544,141,192

As of June 31, 2018 and December 31, 2017, based on management's assessment, the outstanding balances of advances to associates and other related parties are not impaired; hence, no impairment losses were recognized.

9.5 Due from/to Related Parties

Transactions with related parties include the following: financing of opening of letters of credit and payment of progress billings, royalty fees, rentals, interest and certain expenses in behalf of the entities within Group or other related parties. Settlement is generally made in cash or through offsetting arrangements.

The details of the Due from/to Related Parties are presented under Trade and Other Receivables and Trade and Other Payables accounts, respectively, in the consolidated statements of financial position as follows:

	June 30, 2018 (Unaudited)	December 31, 2017 (Audited)
Due from Related Parties		
Balance at beginning of period	**P 249,464,102**	P 812,050,310
Additions	**64,500,549**	74,687,948
Collections	**(18,930,358)**	(637,274,156)
Balance at end of period	**P 295,034,293**	P 249,464,102
Due to Related Parties		
Balance at beginning of period	**P 487,878,940**	P 643,933,434
Additions	**150,000,000**	107,725,172
Repayments	**-**	(263,779,666)
Balance at end of period	**P 637,878,940**	P 487,878,940

As at June 30, 2018 and December 31, 2017, based on management's assessment, the outstanding balances of Due from related parties are not impaired; hence, no impairment losses were recognized.

9.6 Non-current Advances from Related Parties

Certain expenses of entities within the Group are paid for by other related parties. The advances are unsecured, noninterest-bearing, with no repayment terms, and generally payable in cash or through offsetting arrangements. Advances from Joint Venture (JV) partners pertain to advances from golf share partners and lot owners.

Details of Advances from Related Parties and JV Partners are presented as follows:

	June 30, 2018 (Unaudited)	December 31, 2017 (Audited)
Advances from related parties	**P 1,718,825,605**	P 1,933,600,038
Advances from JV partners	**396,374,951**	396,374,951
	P 2,115,200,556	P 2,329,974,989

9.7 Transactions with the Retirement Plans

The Group has formal retirement plans established separately for each significant subsidiary, particularly Megaworld, GERI, ELI, Travellers, GADC, EDI and WML. These plans are defined benefit post-employment plan maintained for qualified employees, administered and managed by trustee banks (except for GERI which is still an unfunded plan) that are legally separated from the Group. The retirement funds do not provide any guarantee or surety for any obligation of the Group and their investments are not covered by any restrictions or liens.

10. COMMITMENTS AND CONTINGENCIES

10.1 Tax Contingencies of Travellers' Casino Operations

Travellers is subject to 25% and 15% license fees, inclusive of franchise tax and in lieu of all taxes, with reference to the income component of the gross gaming revenues, as provided under the Provisional License Agreement with Philippine Amusement and Gaming Corporation (PAGCOR).

In August 2016, the Supreme Court (SC) confirmed that "all contractees and licensees of PAGCOR, upon payment of the 5% franchise tax, shall be exempted from all other taxes, including income tax realized from the operation of casinos." The SC Decision has been affirmed with finality by the SC in a Resolution dated November 28, 2016, when it denied the Motion for Reconsideration filed by the Bureau of Internal Revenue.

10.2 Consortium Agreement for Ninoy Aquino International Airport

In February 2018, AGI as a member of a consortium of seven (7) conglomerates, submitted a P350-billion unsolicited proposal to the Department of Transportation (DOTr) for the improvement, upgrade, enhancement, expansion, operation and maintenance, and management of the Ninoy Aquino International Airport. In August 2018, the Manila International Airport Authority granted an Original Proponent Status (OPS) to the consortium.

10.3 Skytrain Project

In October 2017, the Group submitted a P3-billion unsolicited proposal to the government to build a 2-kilometer Skytrain monorail project and transfer its ownership title to the government. The Group was granted an OPS by the Department of Transportation in May 2018.

10.4 Other 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 ICFS. Management is of the opinion that losses, if any, from these items will not have any material impact on the ICFS.

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

11. RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group has various financial instruments such as cash and cash equivalents, financial assets at fair value through profit or loss (FVTPL), available-for-sale (AFS) financial assets, interest-bearing loans, bonds payable, trade receivables and payables and derivative assets 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.

11.1 Market Risk

(a) Foreign Currency Sensitivity

Most of the Group's transactions are carried out in Philippine pesos, Euros, UK pounds and U.S. dollars, which are the functional currencies of the individual subsidiaries making the transactions. The currency exchange risk arises from transactions carried out in currencies other than the functional currency of the subsidiaries at each entity level.

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

	June 30, 2018 (Unaudited)		December 31, 2017 (Audited)	
	U.S. Dollars	**HK Dollars**	U.S. Dollars	HK Dollars
Financial assets	**P 2,970,028,181**	**P 2,157,412,606**	P 5,735,896,982	P 1,654,695,454
Financial liabilities	**(18,800,965,889)**	**(1,270,258,439)**	(28,240,870,131)	(508,438,210)
	(P 15,830,937,708)	**P 887,154,167**	(P 22,504,973,149)	P 1,146,257,244

The sensitivity of the consolidated income before tax for the period with regard to the Group's financial assets and the U.S. dollar – Philippine peso exchange rate assumes +/- 7.89% and +/- 8.65% changes in exchange rate for the six months ended June 30, 2018 and for the year ended December 31, 2017, respectively. The HK dollar – Philippine peso exchange rate assumes +/-8.33% and +/- 8.99% changes in exchange rate for the six months ended June 30, 2018 and for the year ended December 31, 2017, 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 (or weakened) against the U.S. dollar, with all other variables held constant, consolidated profit before tax would have increased (or decreased) by P1.2 billion for the six-month period ended June 30, 2018 and P1.9 billion for the year ended December 31, 2017. If in 2018 and 2017, the Philippine peso had strengthened (or weakened) against the HK dollar, with all other variables held constant, consolidated profit before tax would have decreased (or increased) by P0.07 billion for the six-month period ended June 30, 2018 and P0.1 billion for the year ended December 31, 2017.

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 placements 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's 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 variable interest rates. All other financial assets are subject to variable interest rates.

The sensitivity of the consolidated profit before tax for the period to a reasonably possible change in interest rates of +/- 1.62% for Philippine peso and +/- 3.01% for U.S. dollar in 2018, and +/- 0.97% for Philippine peso and +/- 1.14% for U.S. dollar in 2017 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 12 months estimated at 95% level of confidence.

The sensitivity analysis is based on the Group's financial instruments held at June 30, 2018 and December 31, 2017, with effect estimated from the beginning of the period. All other variables held constant, the consolidated profit before tax would have increased by P1.6 billion for the six-month period ended June 30, 2018 and P1.0 billion for the year ended December 31, 2017. Conversely, if the interest rates decreased by the same percentage, consolidated profit before tax would have been lower by the same amount.

11.2 Credit Risk

Generally, the Group's credit risk is attributable to trade and other receivables arising mainly from transactions with approved franchisees, installment sales receivables, rental receivables and other financial assets. The carrying values of these financial assets subject to credit risk are disclosed in Note 12.

The Group maintains defined credit policies and continuously monitors defaults of customers and other counterparties, identified either individually or by group, and incorporates 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. 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.

Cash in banks are insured by the Philippine Deposit Insurance Corporation up to a maximum coverage of P500,000 per depositor per banking institution.

Trade and other receivables that are past due but not impaired are as follows:

	June 30, 2018 (Unaudited)	December 31, 2017 (Audited)
Not more than 30 days	**P 4,545,111,462**	P 4,735,123,751
31 to 60 days	**1,999,740,739**	2,449,926,782
Over 60 days	**2,291,660,765**	1,861,518,762
	P 8,836,512,966	P 9,046,569,295

11.3 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 six-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, bonds, and preferred shares.

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 of June 30, 2018, 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 37,512,861,537	P 9,694,295,880	P -	P -
Interest-bearing loans	16,407,915,518	10,926,917,692	129,619,816,096	-
Bonds payable	-	948,927,045	18,224,865,000	12,642,420,000
Equity-linked debt securities (ELS)	-	-	5,402,665,931	-
Advances from related parties	-	-	2,115,200,556	-
Redeemable preferred shares	-	251,597,580	1,006,390,320	1,574,159,348
Guaranty deposits	-	-	113,158,159	608,733,942
Derivative liabilities	16,502,956	90,113,840	-	-
Other liabilities	-	-	198,512,747	-
	P 53,937,280,011	**P 21,911,852,037**	**P156,680,608,809**	**P 14,825,313,290**

As of December 31, 2017, 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 24,419,879,816	P 7,899,686,237	P -	P -
Interest-bearing loans	24,704,119,788	10,276,295,554	112,904,905,599	2,484,095,007
Bonds payable	10,533,444,945	548,844,945	4,691,407,500	25,709,595,938
ELS	-	-	5,525,331,862	-
Advances from related parties	-	-	2,329,974,989	-
Redeemable preferred shares	-	251,597,580	1,006,390,320	1,574,159,348
Guaranty deposits	-	-	129,185,721	256,772,125
Derivative liabilities	-	132,764,451	-	-
Other liabilities	-	-	175,863,371	-
	P 59,657,444,549	P 19,109,188,767	P126,763,059,362	P 30,024,622,418

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.

11.4 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.

For equity securities listed in the Philippines, the observed volatility rates of the fair values of the Group's investments held at fair value and their impact on the equity as of June 30, 2018 and December 31, 2017 are summarized as follows:

	Observed Volatility Rates		**Impact on Equity**	
	Increase	**Decrease**	**Increase**	**Decrease**
2018 - Investment in equity securities	**+29.38%**	**-29.38%**	**P 40,291,431**	**(P 40,291,431)**
2017 - Investment in equity securities	+23.39%	-23.39%	P 32,014,364	(P 32,014,364)

The maximum additional estimated loss in 2018 and 2017 is to the extent of the carrying value of the securities held as of these reporting dates with all other variables held constant. The estimated change in quoted market price is computed based on volatility of listed companies at the PSE for the past six months in 2018 and 12 months in 2017, at 95% confidence level.

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.

12. CATEGORIES OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

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

	June 30, 2018 (Unaudited)		December 31, 2017 (Audited)	
	Carrying Values	**Fair Values**	Carrying Values	Fair Values
Financial assets				
Loans and receivables:				
Cash and cash equivalents	**P 44,868,227,824**	**P 44,868,227,824**	P 55,672,960,546	P 55,672,960,546
Trade and other receivables	**93,417,711,828**	**93,417,711,828**	91,134,734,166	91,134,734,166
Other financial assets	**5,521,066,778**	**5,435,591,096**	4,940,470,057	4,870,141,094
	P 143,807,006,430	**P 143,721,530,748**	P151,748,164,769	P151,677,835,806
Financial assets at FVTPL:				
Marketable debt and equity securities	**P 21,561,317,484**	**P 21,561,317,484**	P 13,496,901,752	P 13,496,901,752
Derivative assets	423,049,576	423,049,576	19,572,259	19,572,259
	P 21,984,367,060	**P 21,984,367,060**	P 13,516,474,011	P 13,516,474,011
AFS financial assets –				
Equity securities	**P 451,362,248**	**P 451,362,248**	P 431,645,289	P 431,645,289
Financial Liabilities				
Financial liabilities at FVTPL –				
Derivative liabilities	**P 106,616,796**	**P 106,616,796**	P 132,764,451	P 132,764,451
Financial liabilities at amortized cost:				
Current:				
Trade and other payables	**P 47,207,157,417**	**P 47,207,157,417**	P 43,076,814,186	P 43,076,814,186
Interest-bearing loans	**25,368,786,647**	**25,017,626,493**	32,700,476,157	32,393,555,681
Bonds payable	**-**	**-**	9,976,270,876	9,041,946,581
Redeemable preferred shares	**251,597,580**	**251,597,580**	251,597,580	251,597,580
	P 72,827,541,644	**P 72,476,381,490**	P 86,005,158,799	P 84,763,914,028
Non-current:				
Interest-bearing loans	**P 122,068,916,064**	**P 121,240,928,875**	P 108,273,087,029	P107,186,186,697
Bonds payable	**25,073,176,173**	**24,523,576,193**	24,388,714,176	22,104,597,349
ELS	**5,181,345,298**	**5,181,345,298**	5,227,114,518	5,227,114,518
Redeemable preferred shares	**1,909,154,404**	**2,106,838,438**	1,857,022,802	2,238,796,220
Due to related parties	**2,115,200,556**	**2,115,200,556**	2,329,974,989	2,329,974,989
Security deposits	**402,218,021**	**369,337,360**	311,203,121	267,734,123
	P 156,750,010,516	**P 155,537,226,720**	P 142,387,116,635	P139,354,403,896

13. FAIR VALUE MEASUREMENT AND DISCLOSURES

13.1 Fair Value Hierarchy

The hierarchy groups financial assets and financial liabilities into three levels based on the significance of inputs used in measuring the fair value of the financial assets and financial liabilities. The fair value hierarchy has the following levels:

- Level 1: quoted prices (unadjusted) in active markets or for identical assets or liabilities;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the resource or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and,
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The level within which the financial asset or financial liability is classified is determined based on the lowest level of significant input to the fair value measurement.

For purposes of determining the market value of Level 1, a market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing services, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

13.2 Financial Instruments Measured at Fair Value

The table below shows the fair value hierarchy of the Group's classes of financial assets and financial liabilities measured at fair value in the consolidated statements of financial position on a recurring basis as of June 30, 2018 and December 31, 2017.

	June 30, 2018 (Unaudited)			
	Level 1	**Level 2**	**Level 3**	**Total**
Financial assets:				
Financial assets at FVTPL –				
Debt and equity securities	P 21,561,317,484	P -	P -	P 21,561,317,484
Derivative asset	-	423,049,576	-	423,049,576
AFS financial assets –				
Equity securities	137,138,974	100,600,000	213,623,274	451,362,248
	P 21,698,456,458	**P 523,649,576**	**P 213,623,274**	**P 22,435,729,308**
Financial liabilities:				
Financial liability at FVTPL –				
Derivative liabilities	**P -**	**P 106,616,796**	**P -**	**P 106,616,796**

	December 31, 2017 (Audited)			
	Level 1	Level 2	Level 3	Total
Financial assets:				
Financial assets at FVTPL –				
Debt and equity securities	P 13,496,901,752	P -	P -	P 13,496,901,752
Derivative asset	-	19,572,259	-	19,572,259
AFS financial assets –				
Equity securities	136,872,015	78,200,000	216,573,274	431,645,289
	P 13,633,773,767	P 97,772,259	P 216,573,274	P 13,948,119,300
Financial liabilities:				
Financial liability at FVTPL –				
Derivative liabilities	P -	P 132,764,451	P -	P 132,764,451

13.3 Financial Instruments Measured at Amortized Cost for Which Fair Value is Disclosed

The table in the succeeding page shows the fair value hierarchy of the Group's classes of financial assets and financial liabilities measured at fair value in the consolidated statements of financial position on a recurring basis as of June 30, 2018 and December 31, 2017.

	June 30, 2018 (Unaudited)			
	Level 1	**Level 2**	**Level 3**	**Total**
Financial assets:				
Cash and cash equivalents	P 44,868,227,824	P -	P -	P 44,868,227,824
Trade and other receivables	-	131,474,730	93,286,237,098	93,417,711,828
Other financial assets	-	522,589,819	4,913,001,277	5,435,591,096
	P 44,868,227,824	**P 654,064,549**	**P 98,199,238,375**	**P 143,721,530,748**
Financial liabilities:				
Current:				
Trade and other payables	P -	P -	P 47,207,157,417	P 47,207,157,417
Interest-bearing loans	-	379,043,121	24,638,583,372	25,017,626,493
Bonds payable		-	-	
Redeemable preferred shares	-	-	251,597,580	251,597,580
Non-current:				
Bonds payable	24,523,576,193	-	-	24,523,576,193
Interest-bearing loans	-	551,177,383	120,689,751,492	121,240,928,875
ELS	-	-	5,181,345,298	5,181,345,298
Redeemable preferred shares	-	1,100,448,188	1,006,390,250	2,106,838,438
Due to related parties	-	-	2,115,200,556	2,115,200,556
Security deposits	-	345,224,222	24,113,138	369,337,360
	P 24,523,576,193	**P 2,375,892,914**	**P201,114,139,103**	**P 228,013,608,210**

	December 31, 2017 (Audited)			
	Level 1	Level 2	Level 3	Total
Financial assets:				
Cash and cash equivalents	P 55,672,960,546	P -	P -	P 55,672,960,546
Trade and other receivables	-	169,231,906	90,965,502,260	91,134,734,166
Other financial assets	-	352,142,852	4,517,998,242	4,870,141,094
	P 55,672,960,546	P 521,374,758	P 95,483,500,502	P 151,677,835,806
Financial liabilities:				
Current:				
Trade and other payables	P -	P -	P 43,076,814,186	P 43,076,814,186
Interest-bearing loans	-	387,203,538	32,006,352,143	32,393,555,681
Bonds payable	9,041,946,581	-	-	9,041,946,581
Redeemable preferred shares	-	-	251,597,580	251,597,580
Non-current:				
Bonds payable	22,104,597,349	-	-	22,104,597,349
Interest-bearing loans	-	757,977,570	106,428,209,127	107,186,186,697
ELS	-	-	5,227,114,518	5,227,114,518
Redeemable preferred shares	-	1,232,405,901	1,006,390,319	2,238,796,220
Due to related parties	-	-	2,329,974,989	2,329,974,989
Security deposits	-	267,734,123	-	267,734,123
	P 31,146,543,930	P 2,645,321,132	P190,326,452,862	P 224,118,317,924

For financial assets and financial liabilities with fair values included in Level 1, management considers that the carrying amounts of those short-term financial instruments approximate their fair values.

The fair values of the financial assets and financial liabilities included in Level 2 and Level 3 which are not traded in an active market is determined by using generally acceptable pricing models and valuation techniques or by reference to the current market value of another instrument which is substantially the same after taking into account the related credit risk of counterparties, or is calculated based on the expected cash flows of the underlying net asset base of the instrument.

When the Group uses valuation technique, it maximizes the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to determine the fair value of an instrument are observable, the instrument is included in Level 2. Otherwise, it is included in Level 3.

13.4 Investment Property Measured at Cost for which Fair Value is Disclosed

As of December 31, 2017, the fair value of the Group's investment property amounting to P310.1 billion is classified within Level 3 of the fair value hierarchy. The Level 3 fair value of the investment property was determined using the income approach which is performed with values derived using a discounted cash flow model. Also, there were no transfers into or out of Level 3 fair value hierarchy. There was no valuation update made for the current period.

14. CAPITAL MANAGEMENT OBJECTIVES, POLICIES AND PROCEDURES

The Group's capital management objective is to ensure its ability to continue as a going concern; to provide an adequate return to shareholders by pricing products and services commensurately with the level of risk; and to maintain strong and healthy financial position to support its current business operations and drive its expansion and growth in the future.

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

	June 30, 2018 (Unaudited)	December 31, 2017 (Audited)
Total liabilities	**P 290,034,510,474**	P 289,979,745,091
Total equity	**293,504,635,825**	271,842,047,791
Debt-to-equity ratio	**P 0.99:1**	P 1.07:1

15. SEASONAL FLUCTUATIONS

For Travellers, casino operations tend to experience seasonality in visitations during public holidays, festivals in the Philippines and around South East Asian region.

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. AND SUBSIDIARIES
AGING SCHEDULE OF CURRENT TRADE AND OTHER RECEIVABLES
JUNE 30,2018
(Amounts in Philippine Pesos)

Current	P	65,042,892,298
1 to 30 days		4,545,111,462
31 to 60 days		1,999,740,739
Over 60 days		2,291,660,765
Total		73,879,405,264
Due from other related parties		295,034,293
Balance as at June 30, 2018	**P**	**74,174,439,557**