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S.E.C. Registration Number

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(Company's Full Name)

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

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

DINA D.R. INTING
Contact Person

709-2038 to 41
Company Telephone Number

1	2		3	1

Month Day
Fiscal Year

		1	7	-	Q		

FORM TYPE
(**QUARTERLY REPORT FOR SEPTEMBER 30, 2013)**

O	9	3rd Tues.

Month Day

Certificate of Permit to Offer Securities for Sale
Secondary License Type, If Applicable

Dept. Requiring this Doc.

Amended Articles Number/Section

Total Amount of Borrowings

Total No. of Stockholders

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I.D.

Cashier

STAMPS

Remarks = pls. use black ink for scanning purposes

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q

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

1. *For the quarterly period ended* **September 30, 2013**

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, EastwoodCity CyberPark**
   188 E. Rodriguez Jr. Ave., Bagumbayan, 1110 Quezon City
   Address of principal office

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

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

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

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

11. *(a) AGI has filed all reports required to be filed by Section 17 of the SRC and SRC Rule 17 thereunder or Section 11 of the RSA and RSA Rule 11(a)-1 thereunder, and Sections 26 and 141 of The Corporation Code of the Philippines during the preceding twelve (12) months.*

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

PART I – FINANCIAL INFORMATION

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, 2012 (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, 2013.

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

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

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

In the normal course of business, there were intercompany transactions among the Company and its subsidiaries and these intercompany balances and transactions, including income, expenses, dividends and unrealized profits from material intercompany transactions that are recognized in assets are eliminated. 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 (APIC).

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

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

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

Business Segments

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

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

  EMP is a publicly-listed company which served as a backdoor listing vehicle for Emperador Distillers, Inc. (EDI). AGI obtained controlling interest in August 2013 by its subscription out of EMP's increase in authorized capital stock. Under AGI's subscription, EMP acquired 100% ownership of EDI from AGI. EMP is owned 87.55% by AGI as of September 30, 2013. During the period, before AGI's entry, EMP underwent transformation from an information technology (IT) services and products provider to a holding company. It disposed of its IT-related net assets and investments in April 2013; after which, its assets consisted principally of cash and cash equivalents.

- Real estate segment (RE) involves the investment in and development of real estate, lease of properties, hotel development and operations, and integrated tourism resorts development. The real estate portfolio encompasses a wide array of products that cater to niche markets ranging from luxury, middle-income and affordable home sectors to vacation homes. RE segment is led by publicly-listed Megaworld Corporation (Megaworld or MEG) with its live-work-play-learn-shop community townships and high-end condominiums and commercial properties. Empire East and Suntrust are the middle-income and affordable housing brands. There is also the Empire East Elite brand of luxurious resort development. MEG operates two Richmonde hotels, one in Ortigas Center and the other in Eastwood City.

  RE segment also includes integrated tourism business under Global-Estate Resorts, Inc. (GERI), AGI's integrated tourism vehicle outside Metro Manila. GERI has rolled out the first and only tourism estate in Boracay Island in 2011 and has started on its vineyard resort project in Laurel, Batangas near Metro Tagaytay in 2012. It also has launched its condotel projects in Boracay - Savoy Hotel and Belmont Hotel in April 2012 and 2013, respectively.

- Tourism – Entertainment and Gaming segment (TEG) is represented by Travellers International Hotel Group, Inc. (Travellers). Travellers operates Resorts World Manila (RWM) which currently houses Maxims Hotel (the Philippines' first luxury all-suite hotel), Marriott Hotel Manila, Remington Hotel and the Newport Performing Arts Theater. RWM combines hospitality, entertainment, leisure, shopping and gaming in a one-stop non-stop destination.

  Travellers turned public on November 5, 2013. The proceeds from its public offering are intended to be used primarily in expansion activities at RWM which are planned to be in two phases – Phase 2 (ongoing construction of Marriott Grand Ballroom and Marriott West

Wing) and Phase 3 (Maxims Hotel extension and construction of Hilton Manila and Sheraton Hotel Manila).

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

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

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

Key Performance Indicators

Presented below are the top five (5) key performance indicators of the Company and subsidiaries as of and for the periods ended September 30, with full year 2012 comparison:

In Million Pesos	M9	Q3	H1	FY2012
2013				
REVENUES	93,441	32,358	61,083	
NET PROFIT	19,165	7,902	11,263	
NET PROFIT TO OWNERS OF AGI	14,362	6,104	8,258	
TOTAL ASSETS	316,555		301,334	
CURRENT ASSETS	184,261		174,944	
CURRENT LIABILITIES	50,002		51,682	
2012				
REVENUES	78,266	27,073	51,193	102,718
NET PROFIT	13,463	5,053	8,410	*20,508
NET PROFIT TO OWNERS OF AGI	9,004	3,269	5,735	13,904
TOTAL ASSETS	*264,779		*262,696	*272,645
CURRENT ASSETS	148,669		144,432	152,670
CURRENT LIABILITIES	48,319		52,575	45,551
Key Performance Indicators				
Revenue growth	19.4%	19.5%	19.3%	63.1%
Net profit growth	42.4%	56.4%	33.9%	76.2%
Attributable to equity holders of parent	59.5%	86.7%	44.0%	64.0%
Net profit rate -2013	20.5%	24.4%	18.4%	
-2012	17.2%	18.7%	16.4%	19.9%
NP attributable to holders of parent -2013	15.4%	18.9%	13.5%	
-2012	11.5%	12.1%	11.2%	13.54%
Return on investment/assets	6.0%		3.7%	7.5%
Current ratio	3.69x		3.38x	3.35x
Quick ratio	2.43x		2.22x	2.14x

*As restated for effect of retroactive application of PAS 19R

- 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 Nine Months

		F&B	RE	TEG	QSR	Corporate &Others	TOTAL
2013	Revenues	21,562	27,494	26,916	11,433	6,036	93,441
	EBIT	6,049	9,221	4,654	862	5,391	26,177
	Interest expense		861	1,023	113	1,117	3,114
	Tax	1,490	2,094	57	233	24	3,898
	Net profit	**4,559**	**6,266**	**3,574**	**516**	**4,250**	**19,165**
	Net profit to owners	**4,332**	**3,866**	**1,664**	**250**	**4,250**	**14,362**
2012	Revenues	17,898	24,567	23,583	10,091	2,127	78,266
	EBIT	4,873	7,976	4,789	739	1,668	20,045
	Interest expense[1]		673	1,208	92	1,109	3,082
	Tax	1,374	1,833	46	204	43	3,500
	Net profit	**3,499**	**5,470**	**3,535**	**443**	**516**	**13,463**
	Net profit to owners	**3,499**	**3,158**	**1,618**	**213**	**516**	**9,004**
Year-on-year Change %							
	Revenues	20.5	11.9	14.1	13.3	183.8	19.4
	EBIT	24.1	15.6	-2.6	16.6	223.2	30.6
	Interest expense	-	28.0	-14.6	23.2	0.8	10.5
	Net profit	30.3	14.5	1.1	16.4	724.6	42.4
	Net profit to owners	23.8	24.5	1.0	17.4	724.6	59.5

Amounts are in million pesos; Numbers may not add up due to rounding. Revenues exclude intersegment sales.
[1] TEG's interest includes unrealized gain or loss on rate swap –loss in 2012 and gain in 2013.

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AGI sustained its upward growth trajectory with net profit rising 42% to P19.16 billion from P13.46 billion a year ago, with portion attributable to owners of the parent company growing by 59.5% to P14.36 billion from P9.00 billion a year ago, as propelled by the strong results across all segments. The P2.89 billion gain realized by AGI on sale of EMP shares in September beefed up net results; taking this out, net profit swelled by 20.9% and the portion attributable to owners of the parent company by 27.4%.

The four front-runners, namely MEG, EMP, Travellers and GADC, contributed 90% of reported net profit before the non-recurring gain, or a total of P14.62 billion this year. These four companies contributed P85.34 billion of the total revenues for the first nine months of current year.

	In Millions	EMP	MEG	Travellers	GADC	TOTAL
2013	**Revenues**					
	Per separately issued FS	20,594	26,681	27,402	11,442	
	Conso adjustments	222	-510	-486	-9	
	Revenues contributed	20,816	26,171	26,916	11,433	85,336
	Net profit					
	Per separately issued FS	4,490	6,553	3,574	516	
	Conso adjustments	0	-508	0	0	
	Net profit contributed	4,490	6,045	3,574	516	14,625
2012	**Revenues**					
	Per separately issued FS	16,871	23,854	23,577	10,121	
	Conso adjustments	326	-456	6	-30	
	Revenues contributed	17,197	23,398	23,583	10,091	74,269
	Net profit					
	Per separately issued FS	3,451	5,697	3,529	443	
	Conso adjustments	-11	-455	6	0	
	Net profit contributed	3,440	5,242	3,535	443	12,660
	Growth based on separately issued FS %					
	Revenues	22	12	16	13	
	Net profit	30	15	1	16	

Consolidation adjustments include reclassifications to conform to consolidated grouping of accounts and eliminations of intercompany transactions.

The contributions to revenues and net profit of the selected subsidiaries were as follows:

In Million Pesos	2013			2012			M9	Q3	M9 Contribution	
	M9	Q3	H1	M9	Q3	H1	Growth	Growth	2013	2012
REVENUES							%	%	%	%
Travellers	26,916	7,800	19,116	23,583	8,139	15,444	14.1	-4.2	30	30
MEG	26,171	9,183	16,988	23,398	8,179	15,219	11.8	12.3	29	30
EMP	20,816	6,955	13,861	17,197	5,686	11,511	21.0	22.3	23	22
GADC	11,433	3,892	7,541	10,091	3,442	6,649	13.3	13.1	13	13
GERI	1,319	416	903	1,124	319	805	17.3	30.4	1	1
Others	3,897	1,223	2,674	2,873	1,308	1,565	35.6	-6.5	4	4
	90,552	29,469	61,083	78,266	27,073	51,193	15.7	8.8	100	100
Non-recurring	2,889	2,889								
Consolidated	93,441	32,358	61,083	78,266	27,073	51,193	19.4	19.5		
NET PROFIT										
MEG	6,045	2,086	3,959	5,242	1,731	3,511	15.3	20.5	37	39
EMP	4,490	1,316	3,174	3,440	1,133	[1]2,307	30.5	16.2	28	26
Travellers	3,574	1,264	2,310	3,535	1,683	1,852	1.1	-24.9	22	26
GADC	516	136	380	443	185	258	16.5	-26.5	3	3
GERI	233	85	148	193	75	118	20.7	13.3	1	1
Others	1,418	126	1,292	610	246	364	132.5	-48.8	9	5
	16,276	5,013	11,263	13,463	5,053	8,410	20.9	-0.8	100	100
Non-recurring	2,889	2,889								
Consolidated	19,165	7,902	11,263	13,463	5,053	8,410	42.4	56.4		
NET PROFIT TO OWNERS										
EMP	4,262	1,088	3,174	3,440	1,133	[1]2,307	23.9	-4.0	37	38
MEG	3,731	1,281	2,450	2,991	972	2,019	24.7	31.8	33	33
Travellers	1,664	594	1,070	1,618	773	845	2.8	-23.2	15	19
GADC	251	68	183	213	89	124	17.8	-23.6	2	2
GERI	147	58	89	132	57	75	11.4	1.7	1	1
Others	1,418	126	1,292	610	245	365	132.5	-48.6	12	7
	11,473	3,215	8,258	9,004	3,269	5,735	27.4	-1.7	100	100
Non-recurring	2,889	2,889								
Consolidated	14,362	6,104	8,258	9,004	3,269	5,735	59.5	86.7		

The numbers are after consolidation adjustments so they may not necessarily tally the numbers announced separately by the subsidiaries.

[1]P40 million pre-acquisition income of Anglo Watsons, a subsidiary of EDI in 2012, was reclassified under Others.

Revenues for the nine months expanded by 19% to P93.4 billion from P78.3 billion a year ago, primarily due to better performance across all segments, particularly in gaming revenues, sale of goods, real estate sales and sales from company-operated quick-service restaurants.

REVENUES	M9 2013	M9 2012	Q3 2013	Q3 2012	Y-o-Y M9 %	Y-o-Y Q3 %
Sale of goods	41,118	35,970	13,963	12,230	14.3	14.2
Consumer goods	20,345	17,648	6,634	5,961	15.3	11.3
Real estate	17,143	15,170	6,092	5,400	13.0	12.8
Realized gross profit on prior year's real estate sales	2,549	2,151	882	542	18.5	62.7
Interest income on real estate sales	1,081	1,001	355	327	8.0	8.6
Services	43,706	37,558	13,433	13,033	16.4	3.1
Gaming	24,205	20,839	6,790	7,206	16.2	-5.8
Company-operated quick-service restaurant sales	10,505	9,246	3,545	3,161	13.6	12.1
Franchised revenues	915	745	328	254	22.8	29.1
Rental income	4,629	3,859	1,622	1,365	20.0	18.8
Hotel operations	2,537	2,369	633	834	7.1	-24.1
Other services	915	500	515	213	83.0	141.8
Share in net profits of associates and joint ventures	1	156	-4	95	-99.4	-104.2
Finance and other income	8,616	4,582	4,966	1,715	88.0	189.6
TOTAL	93,441	78,266	32,358	27,073	19.4	19.5
RE	27,494	24,567	9,600	8,542	11.9	12.4
TEG	26,916	23,583	7,800	8,132	14.1	-4.1
F&B	21,562	17,898	7,209	5,924	20.5	21.7
QSR	11,433	10,091	3,892	3,443	13.3	13.0
Others	6,036	2,127	3,857	1,032	183.8	273.7
TOTAL	93,441	78,266	32,358	27,073	19.4	19.5

Amounts in Million pesos; numbers may not add up due to rounding off.

RE revenues, which increased by 12%, come from sales of lots, condominium and office units; rentals and golf course maintenance contracts; rental/lease of office and commercial spaces; hotel operations; and finance and other income. RE portfolio targets a wide spectrum through projects of Megaworld, Empire East, Suntrust and GERI. The Group's registered sales mostly came from [MEG] One Uptown Residence, Uptown Ritz Residences (Fort Bonifacio),Viceroy Residences Towers and The Venice Luxury Residences (McKinley Hill), Greenbelt Hamilton, Greenbelt Madisons and Three Central (Makati), 8 Newtown Residences and One Pacific Residence (Cebu), 101 Newport Boulevard, Belmont and Savoy Hotels (Newport City), One Eastwood Avenue and Eastwood Le Grand 3 (Eastwood City); [GERI] lots in Newcoast Shophouse District, Newcoast Boutique Hotel and Newcoast Village (Boracay), Sta. Barbara Heights (Ilo-Ilo City), and Twin Lakes Domaine Le Jardine (Batangas); [ELI]San Lorenzo Place, Pioneer Woodlands, Little Baguio Terraces, The Sonoma, The Cambridge Village, California Gardens Square, and Laguna Bel-Air projects. These raised real estate sales by 13%. Rental income grew by 21% from the completion of additional property for its BPO and retail/commercial portfolio. Hotel operations surged by 34% due to expansion in Boracay.

TEG revenues, which escalated by 14%, come from tourism integrated business in RWM which include gaming, hotel, food and beverage, theater, cinema and retail shopping mall operations and commercial office space rentals. Its gaming revenues registered a 16% growth, buoyed largely by the strong growth in its Drop volume, particularly in the VIP segment despite a lower than expected win rate in the third quarter. Property visitation continues to remain solid, with a 10% increase, averaging daily at 18,551. Hotel revenues grew by P28.7 million due to improved occupancy rates in the three hotels which were registered at 78%, 82% and 59% for Maxims, Marriott Hotel Manila and Remington Hotel, respectively. Rental income increased by 10%, largely coming from mall rentals.

F&B revenues, which rose by 20%, come mainly from sale of consumer goods (brandy and potato snacks). The growth is driven by the increase in sales prices of alcohol products at the start of the year, which was implemented to cut the impact of the revised excise law which took effect on January 1, 2013. The said law imposed higher tax on alcohol products. In spite of this, Emperador brandy maintained its already strong position from a year ago, with sales volume remaining relatively at last year's level, which was then 33% higher than 2011. According to Nielsen Retail Index for the nine months of 2013, Emperador brandy garnered 96% share of the brandy volume while EDI got 48% of total spirits volume nationwide. A Spanish edition brandy, labeled Emperador De Luxe, was launched in March 2013. This is a premium brand produced and bottled in Spain and distinctly suitable to the Filipino taste.

Pik-Nik sales, on the other hand, experienced a 15% increase in volume from a year ago. Its USA sales remained flat while international sales are up by 32% from new markets.

QSR revenues, which grew by 13%, come from sales from company-operated restaurants and revenues collected from franchisees (rental and management fees). Both sources grew by about 14% and 23% year-on-year, respectively. The growth is attributed to the 41 new restaurants opened from a year ago, more restaurants offering business extensions (34 for 24/7 service, 58 dessert centers, 22 8McDo), the re-imaging of 35 existing restaurants, the introduction of new products (McSpicy chicken burger and flavored floats) and the aggressive advertising/promotional campaigns to support Premium Desserts, McDelivery, McSaver Meals and McSavers (sundae, floats, fries). There are 389 restaurants nationwide as of end-September, 214 of which are company-owned. Twenty-four company-owned restaurants were opened from a year ago and at the same period 16 were sub-franchised and one under joint venture. A total of five restaurants were closed in the same period of time. The 41 newly-opened restaurants contributed 7% to total system sales.

Business extensions which aim to increase brand accessibility to customers comprise 22% of total sales in 2013 as compared to 20% in 2012.

McDonald's best-selling burger is the iconic Cheeseburger which accounts for about 4% of sales mix. Pricing-wise, value burgers have the biggest total contribution to sales mix at 10%. Value-pricing strategy is adopted to drive more guest counts to our restaurants. McSpicy which was launched in June 2013 is positioned as a mid-priced burger and comprises 1.3% of year-to-date sales mix.

Finance and other income come from interest income on cash and securities, dividends and foreign exchange and fair value gains on mark-to-market investments. It ballooned by 88% due to the P2.9 billion gain realized by AGI when it offered and sold a portion of its EMP shares, which was done to immediately increase EMP's public float.

Share in net profits of associates and joint venture decreased slightly due to renovation works at existing quick-service restaurants during the period.

COSTS AND EXPENSES	M9 2013	M9 2012	Q3 2013	Q3 2012	Y-o-Y M9 %	Y-o-Y Q3 %
Cost of Goods Sold	27,571	24,271	9,218	8,359	13.6	10.3
Consumer goods	13,633	11,569	4,441	3,899	17.8	13.9
Real estate	10,223	9,594	3,645	3,428	6.6	6.3
Deferred gross profit on real estate sales	3,715	3,108	1,132	1,032	19.5	9.7
Cost of Rendering Services	20,157	17,397	6,438	5,870	15.9	9.7
Gaming	9,443	7,843	2,759	2,608	20.4	5.8
Services	10,714	9,554	3,679	3,262	12.1	12.8
Operating Expenses	18,502	16,154	5,498	5,208	14.5	5.6
Selling	9,535	8,832	2,732	2,547	8.0	7.3
General and administrative	8,967	7,322	2,766	2,661	22.5	3.9
Finance costs and other charges	4,148	3,481	1,988	1,392	19.2	42.8
TOTAL	70,378	61,303	23,142	20,829	14.8	11.1
TEG	23,284	20,002	6,528	6,439	16.4	1.4
RE	19,134	17,263	6,681	6,104	10.8	9.5
F&B	15,512	13,025	5,407	4,280	19.1	26.3
QSR	10,685	9,444	3,688	3,193	13.1	15.5
Others	1,763	1,569	838	813	12.4	3.1
TOTAL	70,378	61,303	23,142	20,829	14.8	11.1

Amounts in Million pesos; numbers may not add up due to rounding off.

Costs and expenses went up by 15% to P70.4 billion from P61.3 billion as a result of robust sales and service rendition performance, costs of which rose by 14% and 16%, respectively. The higher sales also translated into higher commissions, advertising and promotions, and royalty, salaries and depreciation.

The top three cost components in the manufacture of alcoholic drinks were raw materials, depreciation and amortization, and fuel and oil representing about 95% of cost. Contributing to the increase in cost of raw materials is the higher excise tax on alcohol products brought about by the reformed Sin Tax law as implemented at the start of this year. Depreciation more than doubled from a year ago because of additional facilities acquired (annex plant in May 2012 and distillery plant in February this year).

In the QSR, the top three cost components were food and paper, rental and utilities and personnel costs, representing about 85% of cost. Crew labor went up due to opening of new business extensions and daypart segments to cater to higher guest count. Depreciation also increased from reimaging of restaurants and replacement of restaurant assets (which resulted in incremental sales that compensate for the re-imaging costs).

Cost of gaming includes promotional allowances, license fees and other casino-related expenses and depreciation. The first two represent about 74% of gaming cost. Cost of hotel operations increased by 16% due to additional employees on expanded business operations.

The 14% rise in other operating expenses is attributed mainly to expansion in business operations.

Finance cost and other charges, which represented 6% of total costs and expenses, went up by 19% due to Meg's costs in its dollar bond issuance and Travellers' changes in valuation of its dollar denominated debt instruments. There was also a fair value loss on mark-to-market investments.

Tax expense totaled P3.9 billion from P3.5 billion a year ago as a result of increased sales and profits. The bulk came from the F&B and RE segments.

Earnings before interest, taxes, depreciation and amortizations (EBITDA), computed as net profit before share in net profits of associates and joint ventures, income taxes, interest expense, depreciation, amortizations and impairment provisions, amounted to P29.4 billion as compared to P22.4 billion a year ago, or 31% improvement year-on-year for the first nine months. EBITDA for the third quarter amounted to P11.1 billion as compared to P8.1 billion, or 37% improvement year-on-year.

Financial Condition

Consolidated total assets amounted to P317 billion at end of the interim period from P273 billion at beginning of year (as restated).

Cash and cash equivalents swelled by P14.9 billion or 22% to P83.2 billion at end of the interim period from P68.3 billion at the beginning, primarily due to MEG's $250 million 10-year international bond issue in April, which carries a coupon of 4.25%, and AGI's sale of EMP shares to public in September, which provided P14 billion net cash to the Group. Cash flows from operating, financing and investing activities during the period were presented in the interim consolidated statements of cash flows.

Current trade and other receivables went up by P6.7 billion or 30% primarily due higher sales during the period and the additional advances paid by Travellers for the ongoing expansion/construction works at RWM. Noncurrent trade and other receivables expanded by P3.9 billion or 16% due to higher real estate reservations/sales booked during the period.

Inventories grew by P5.0 billion or 12% due to additional real estate lots, condominium units and resort shares completed and put up for sale. Brandy inventories were also built up in preparation for the coming holiday season which is a peak season for consumer products.

Financial assets at fair value through profit or loss increased by P2.5 billion or 39% due to additional investments in marketable debt securities and translation increment.

Available-for-sale financial assets decreased by P0.4 billion or 8% due to disposal of financial assets mainly held by MEG. As a result, mark-to-market values reported under Revaluation Reserves in Equity shrinked.

Property, plant and equipment increased by P3.8 billion or 11% primarily due to acquisitions/construction at Travellers, EDI and GADC. Construction is in progress on Travellers' casino and hotel sites and entertainment and commercial center as part of its investment commitment with PAGCOR. Gaming machines and equipment, furniture and fixtures and building improvements had been added also during the period. EDI acquired a distillery plant in Batangas for its alcohol requirements and vineyards in Spain for its overseas brandy production. GADC has opened 11 new stores and several more are under construction and renovation.

Property development costs increased by P1.8 billion or 17% due to new real estate development projects.

Land for future development expanded by P3.7 billion or 31% from acquisition of a subsidiary with a good land bank.

Other current assets went up by P0.6 billion or 15% and other non-current assets by P0.4 billion or 20% due to increase in Meg's prepaid expenses, guarantee and rental deposits; and EDI's additional prepaid excise tax and deferred input vat.

Deferred tax assets were lower by P0.3billion or 32% while deferred tax liabilities were higher by P0.6 billion or 9%,as a result of changes in taxable temporary differences at GERI and Megaworld.

Current and non-current interest-bearing loans dwindled by P0.5 billion or 12% and P1.9 billion or 14%, respectively, due to settlement of short-term margin loans, loan principal amortizations, and early redemption of MEG's notes during the period.

Bonds payable rose by P11.9 billion or 26% from the MEG's $250 million bond issue in April and translation difference in AGI Cayman bond and Travellers' bond.

Trade and other payables increased by P3.6 billion or 16% due to substantial increase in Travellers payables which include unredeemed gaming chips, unredeemed gaming points and license fees which are indicative of strong gaming performance.

Income tax payable dropped by P61 million or 11% due to reversal of temporary timing differences and higher creditable withholding taxes applied.

Advances from related parties were reduced by P156 million or 18% due to payments at MEG level.

Retirement benefit obligations increased by P122 million or 10% from additional liabilities recorded by MEG, Travellers and GADC to their plans.

Other current liabilities went up by P1.4 billion or 8% due to increase in RE customers' deposits and reserve for property development. RE customers' deposits increased due to additional reservations during the period.

Other non-current liabilities accelerated by P2.4 billion or 17% from reserve for property development and deferred income on real estate sales. The reserve pertains to cost to complete the development of various projects while the deferred income represents unearned revenue.

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

Treasury shares are AGI shares held by subsidiaries but not cancelled and are carried at cost in the consolidated statements of changes in equity. The fair value gains (losses) on the shares held by subsidiaries were eliminated in full and were not recognized in the consolidated financial statements. Any gain on subsequent reissuance/sale of these shares is considered as additional paid-in capital (APIC) and there is P1.96 billion of this type of gain as of end of the interim period. AGI, the parent company, does not hold any of its own shares as of end of the interim period.

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

Revaluation reserves represent cumulative changes in unrealized gain or loss in fair value of available-for-sale financial assets and the actuarial loss on retirement plans (as restated opening balance).

Share options represent the benefits expense on options granted to qualified employees under the plans of AGI, GERI and MEG that have not yet been exercised. The expense during the period represent that of MEG and GERI.

Dilution gain was enhanced by AGI's share on the additional paid-in capital recognized by EMP from its secondary offering.

The consolidated balance sheets showed strong liquidity. Current assets as of end and beginning period totaled P184.3 billion and P152.7 billion, respectively, while current liabilities for the same periods remained low at P50.0 billion and P45.5 billion, respectively. Current ratios were at 3.69:1 and 3.35:1 at the end and start of the current period, respectively. Liabilities-to-equity ratios remained low at 0.86:1 and 0.90:1 at end and beginning of the period, respectively, while interest-bearing-debt-to-equity ratios were 0.43:1 and 0.45:1 at the end and beginning of the period.

The Group has a buoyant net cash position.

Amounts in Billion Pesos	September 30, 2013	December 31, 2012
Cash and equivalents	83.22	68.30
Interest-bearing debt [bonds included]	73.53	64.08
Net cash	9.69	4.22
Cash and cash equivalents to interest-bearing debt	113%	107%
Interest-bearing debt to controlling equity	71%	76%

Prospects for the future

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

In 2013, all the business segments are expected to grow revenues and profits in line with targets.

Others

In April 2013, the Bureau of Internal Revenue (BIR) issued Revenue Memorandum Circular No. 33-013 which clarified that PAGCOR contractees and licensees (such as Travellers) are not exempt from corporate income tax. This new BIR issuance is being studied, in consultation with PAGCOR. PAGCOR has assured the licensees that it will honor and abide by the terms of the Provisional License/s, specifically insofar as the License Fees are intended and contemplated in lieu of all taxes. The Group is optimistic that the government and the industry will come out with a common understanding supportive of the growth and success of the business, confident that fair and equitable resolution will be in keeping with the true spirit and intent of the provisional license, and trust that PAGCOR will safeguard the economic terms of agreement and the best interest of the industry.

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

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

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

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

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

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
First Vice President for Finance
& Corporate Information Officer
& Duly Authorized Officer
November 14, 2013

ALLIANCE GLOBAL GROUP, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
SEPTEMBER 30, 2013 AND DECEMBER 31, 2012 AND 2011
(Amounts in Thousand Philippine Pesos)

	Unaudited September 30, 2013	As Restated December 31, 2012 [See Note 2.3(b)]	As Restated December 31, 2011 [See Note 2.3(b)]
A S S E T S			
CURRENT ASSETS			
Cash and cash equivalents	P 83,221,406	P 68,301,336	P 49,147,858
Trade and other receivables - net	29,392,387	22,640,055	25,492,120
Financial assets at fair value through profit or loss	9,097,426	6,561,953	11,313,947
Inventories - net	45,931,575	40,906,578	28,952,674
Property development costs	12,361,904	10,561,983	10,696,529
Other current assets	4,256,443	3,697,787	3,025,159
Total Current Assets	184,261,141	152,669,692	128,628,287
NON-CURRENT ASSETS			
Trade and other receivables - net	28,186,995	24,245,682	20,576,511
Available-for-sale financial assets	4,829,264	5,281,446	5,444,324
Advances to landowners and joint ventures	4,829,309	4,849,194	4,876,468
Land for future development	15,645,709	11,969,290	9,419,790
Investments in and advances to associates and other related parties	6,526,077	6,028,761	18,994,275
Property, plant and equipment - net	38,681,764	34,888,271	6,560,730
Investment property - net	19,593,869	18,751,336	13,033,771
Intangible assets - net	11,085,401	11,141,696	11,257,149
Deferred tax assets	602,298	888,761	761,665
Other non-current assets - net	2,313,186	1,930,765	1,070,573
Total Non-current Assets	132,293,872	119,975,202	91,995,256
TOTAL ASSETS	P 316,555,013	P 272,644,894	P 220,623,543
LIABILITIES AND EQUITY			
CURRENT LIABILITIES			
Trade and other payables	P 26,780,789	P 23,139,795	P 17,093,308
Interest-bearing loans	4,093,862	4,640,956	2,906,873
Income tax Payable	513,815	574,452	520,772
Other current liabilities	18,613,218	17,196,099	15,733,591
Total Current Liabilities	50,001,684	45,551,302	36,254,544
NON-CURRENT LIABILITIES			
Interest-bearing loans	11,527,483	13,449,793	5,960,520
Bonds payable	57,910,131	45,990,629	35,156,343
Advances from related parties	700,315	856,403	224,178
Retirement benefit obligation	1,336,052	1,214,100	895,532
Redeemable preferred shares	1,771,144	1,728,086	417,657
Deferred tax liabilities	6,963,366	6,405,540	5,590,008
Other non-current liabilities	16,063,039	13,691,960	10,332,589
Total Non-current Liabilities	96,271,530	83,336,511	58,576,827
Total Liabilities	146,273,214	128,887,813	94,831,371
EQUITY			
Equity attributable to owners of the parent company	104,086,838	83,886,545	73,269,896
Non-controlling interest	66,194,961	59,870,536	52,522,276
Total Equity	170,281,799	143,757,081	125,792,172
TOTAL LIABILITIES AND EQUITY	P 316,555,013	P 272,644,894	P 220,623,543

See Notes to Consolidated Financial Statements.

ALLIANCE GLOBAL GROUP, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE PERIODS ENDED SEPTEMBER 30, 2013 AND 2012
(Amounts in Thousand Philippine Pesos)
UNAUDITED

	2013		2012	
	Year-to-date	Quarter	Year-to-date	Quarter
REVENUES				
Sale of goods	**P 41,118,103**	P 13,963,567	P 35,969,659	P 12,229,358
Rendering of services	**43,705,709**	13,433,065	37,558,235	13,032,978
Finance and other income	**8,615,570**	4,965,945	4,581,541	1,715,472
Share in net profits of associates and joint ventures	**1,462**	(4,433)	156,336	94,999
	93,440,844	32,358,144	78,265,771	27,072,807
COSTS AND EXPENSES				
Cost of goods sold	**27,570,822**	9,217,735	24,270,885	8,359,466
Cost of services	**20,156,981**	6,437,849	17,396,717	5,870,141
Other operating expenses	**18,502,283**	5,498,521	16,154,625	5,207,530
Finance cost and other charges	**4,147,810**	1,988,175	3,480,825	1,391,547
	70,377,896	23,142,280	61,303,052	20,828,684
PROFIT BEFORE TAX	**23,062,948**	9,215,864	16,962,719	6,244,123
TAX EXPENSE	**3,898,179**	1,314,370	3,499,811	1,191,101
NET PROFIT	**19,164,769**	7,901,494	13,462,908	5,053,022
OTHER COMPREHENSIVE INCOME				
Reclassifiable to profit or loss in subsequent periods -				
Net unrealized fair value gains (losses) on available-for-sale financial assets	**(159,174)**	(104,606)	779,473	496,045
Translation adjustments	**254,598**	(35,046)	(383,413)	(94,501)
		-		
	95,424	(139,652)	396,060	401,544
TOTAL COMPREHENSIVE INCOME	**P 19,260,193**	P 7,761,842	P 13,858,968	P 5,454,566
Net profit attributable to:				
Owners of the parent company	**P 14,361,865**	P 6,104,014	P 9,003,810	P 3,269,339
Non-controlling interest	**4,802,904**	1,797,480	4,459,098	1,783,683
	P 19,164,769	P 7,901,494	P 13,462,908	P 5,053,022
Total comprehensive income attributable to:				
Owners of the parent company	**P 14,457,290**	P 5,964,362	P 9,399,870	P 3,670,883
Non-controlling interest	**4,802,903**	1,797,480	4,459,098	1,783,683
	P 19,260,193	P 7,761,842	P 13,858,968	P 5,454,566
Earnings Per Share for the Net Profit Attributable to Owners of the Parent Company - Basic and Diluted	**P 1.42**	P 0.60	P 0.89	P 0.32

ALLIANCE GLOBAL GROUP, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2013 AND 2012
(Amounts in Thousand Philippine Pesos)

	Unaudited 2013	As Restated 2012 [See Note 2.3(b)]
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT COMPANY		
Capital Stock	P 10,269,828	P 10,269,828
Additional Paid-in Capital	33,501,909	33,501,909
Treasury Shares - at cost		
At beginning and end of the period	(984,512)	(1,018,752)
Revaluation Reserves		
Fair value gain (loss) on available-for-sale financial assets		
Balance at beginning of year	(764,407)	(1,542,070)
Net unrealized fair value gains (losses) during the period	(159,174)	777,710
Reduction representing the shares held by a consolidated subsidiary	-	1,763
Balance at end of period	(923,581)	(762,597)
Actuarial gain (loss) on retirement plan		
Balance at beginning of year	-	-
Prior period adjustment -Effect of PAS 19 [see Note 2.3(b)]	(515,637)	(452,566)
Additions	-	-
	(515,637)	(452,566)
Balance at end of period	(1,439,218)	(1,215,163)
Accumulated Translation Adjustments		
Balance at beginning of year	(903,342)	(392,143)
Currency translation adjustments during the period	254,598	(383,413)
Balance at end of period	(648,744)	(775,556)
Dilution Gain		
Balance at beginning of year	1,277,847	1,289,848
Gain during the year	9,679,240	106,258
Balance at end of period	10,957,087	1,396,106
Balance carried forward	P 51,656,350	P 42,158,372

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	Unaudited 2013	As Restated 2012 [See Note 2.3(b)]
Balance brought forward	**P 51,656,350**	P 42,158,372
Share Options		
Balance at beginning of year	**107,653**	1,890
Benefit cost	**71,490**	-
Balance at end of period	**179,143**	1,890
Retained Earnings		
Appropriated		
Balance at beginning of year	**1,400,000**	300,000
Reversal of appropriation	**-**	(300,000)
Balance at end of period	**1,400,000**	-
Unappropriated		
Balance at beginning of year	**40,237,044**	31,072,319
Prior period adjustments - PAS 19R	**260,163**	239,634
As restated	**40,497,207**	31,311,953
Net profit for the period	**14,361,865**	9,003,810
Cash dividends declared	**(3,841,614)**	(3,638,344)
Effect of reduction in ownership interest	**(166,113)**	
Reversal of appropriation	**-**	300,000
Balance at end of period	**50,851,345**	36,977,419
Total Retained Earnings	**52,251,345**	36,977,419
Total	**104,086,838**	79,137,681
NON-CONTROLLING INTEREST		
Balance at beginning of year	**59,870,536**	52,522,276
Share in consolidated net profits	**4,802,904**	4,459,098
Additional investments	**4,367,128**	3,276,857
Dividends	**(2,845,607)**	(348,575)
Balance at end of period	**66,194,961**	59,909,656
TOTAL EQUITY	**P 170,281,799**	P 139,047,337

See Notes to Consolidated Financial Statements.

ALLIANCE GLOBAL GROUP, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2013 AND 2012
(Amounts in Thousand Philippine Pesos)
UNAUDITED

	2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	**P 23,062,948**	P 16,962,719
Adjustments for:		
Depreciation and amortization	**3,216,592**	2,526,615
Interest expense	**3,175,543**	3,010,158
Gain on sale of investment in shares of stock of subsidiary	**(2,888,771)**	-
Interest income	**(2,265,326)**	(3,292,800)
Unrealized foreign currency losses (gains)	**(75,269)**	302,009
Unrealized loss (gain) on interest rate swap	**(61,261)**	71,915
Fair value losses (gains)	**856,859**	(644,169)
Stock option benefit expense	**71,490**	-
Gain on sale of available-for-sale financial assets	**(132,242)**	-
Impairment losses	**1,816**	14,033
Share in net profits of associates and joint venture	**(1,462)**	(156,336)
Dividend income	**(10,874)**	(54,596)
Operating income before working capital changes	**24,950,043**	18,739,548
Increase in trade and other receivables	**(9,555,573)**	(793,315)
Decrease (increase) in financial assets at fair value through profit or loss	**(2,583,705)**	6,963,013
Increase in inventories	**(4,377,302)**	(9,391,568)
Decrease (increase) in property development costs	**(1,799,921)**	759
Increase in other current assets	**(556,807)**	(426,983)
Increase in trade and other payables	**3,657,606**	2,066,761
Increase in retirement benefit obligations	**121,953**	95,068
Increase in other current liabilities	**1,417,120**	2,971,562
Increase in other non-current liabilities	**2,346,665**	1,420,086
Cash generated from operations	**13,620,079**	21,644,931
Cash paid for taxes	**(3,114,528)**	(2,676,782)
Net Cash From Operating Activities	**10,505,551**	18,968,149
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from offering of shares of a subsidiary	**15,744,443**	-
Additional minority interest	**(12,932,029)**	3,276,857
Additional dilution gain	**9,679,240**	106,258
Acquisitions and construction of property, plant and equipment	**(6,203,645)**	(5,928,415)
Acquisitions of investment property	**(1,567,558)**	(4,227,676)
Investments in and advances to associates and other related parties	**4,080,080**	(5,832,418)
Acquisitions of land for future development	**(3,968,103)**	(755,635)
Payment made to acquire a subsidiary	**(3,263,517)**	
Proceeds from sale of available-for-sale financial assets	**838,211**	204,157
Reduction of advances from landowners and joint ventures	**19,885**	98,409
Other non-current assets	**(382,423)**	(1,088,678)
Acquisition of intangible assets	**(25,121)**	-
Interest received	**1,889,231**	3,158,500
Cash dividends received	**10,874**	54,596
Net Cash From (Used In) Investing Activities	**3,919,568**	(10,934,045)
Balance carried forward	**P 14,425,119**	P 8,034,104

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	2013	2012
Balance brought forward	P 14,425,119	P 8,034,104
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from bond issuance	10,318,000	-
Availment of new long-term bank loan	400,000	-
Advances received from related parties	220,172	-
Payment of interest-bearing loans	(2,899,041)	(3,059,037)
Payment of advances from related parties	(376,260)	(104,976)
Interest paid	(3,443,807)	(3,582,939)
Dividends paid	(3,841,614)	(3,638,344)
Net Cash Used In Financing Activities	377,450	(10,385,296)
NET INCREASE IN CASH AND CASH EQUIVALENTS	14,802,569	(2,351,192)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	68,301,336	49,147,858
BEGINNING BALANCE OF CASH AND CASH EQUIVALENTS OF ACQUIRED SUBSIDIARIES	117,501	18,307,687
CASH AND CASH EQUIVALENTS AT END OF PERIOD	P 83,221,406	P 65,104,353

See Notes to Consolidated Financial Statements.

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ALLIANCE GLOBAL GROUP, INC. AND SUBSIDIARIES
NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2013

(Amounts in Thousand Philippine Pesos, Unless Otherwise Indicated, Except Per Share Amounts)

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). As of September 30, 2013, December 31, 2012 and 2011, the Company and its subsidiaries and associates (collectively referred to as "the Group") operate businesses in real estate development, tourism-entertainment and gaming, food and beverage, and quick service restaurant segments under the following entities (see Note 4):

Subsidiaries/Associates/Jointly Controlled Entities	Explanatory Notes	Percentage of Effective Ownership of AGI 2013	2012	2011
Subsidiaries				
Real Estate				
Megaworld Corporation (Megaworld)	(a)	**63%**	63%	58%
Megaworld Land, Inc.	(a)	**63%**	63%	58%
Mactan Oceanview Properties and Holdings, Inc.	(a)	**63%**	63%	58%
Megaworld Cayman Islands, Inc.	(a, o)	**63%**	63%	58%
Megaworld Cebu Properties Inc. (MCPI)	(a,u)	**63%**	63%	58%
Megaworld Newport Property Holdings, Inc.	(a)	**63%**	63%	58%
Eastwood Cyber One Corporation (ECOC)	(a)	**63%**	63%	58%
Oceantown Properties, Inc.	(a)	**63%**	63%	58%
Piedmont Property Ventures, Inc.	(a)	**63%**	63%	58%
Prestige Hotels and Resorts, Inc.	(a)	**63%**	63%	58%
Richmonde Hotel Group International (RHGI)	(a, n)	**63%**	63%	58%
Stonehaven Land, Inc.	(a)	**63%**	63%	58%
Streamwood Property, Inc.	(a)	**63%**	63%	58%
Suntrust Properties, Inc. (SPI)	(a,v)	**63%**	56%	48%
Woodside Greentown Properties, Inc.	(a,y)	**63%**	**-**	-
Townsquare Development, Inc. (TDI)	(a)	**49%**	49%	47%
Megaworld-Daewoo Corporation	(a)	**38%**	38%	35%
Megaworld Central Properties, Inc.	(a)	**48%**	48%	30%
Megaworld Globus Asia, Inc.	(a)	**32%**	32%	29%
Philippine International Properties, Inc.	(a)	**32%**	32%	28%
Empire East Land Holdings, Inc. (EELHI)	(a,b)	**51%**	50%	35%
Empire East Communities, Inc.	(b)	**51%**	50%	35%
Eastwood Property Holdings, Inc.	(b)	**51%**	50%	35%
Sherman Oak Holdings, Inc.	(b)	**51%**	50%	35%
Laguna Bel-Air School, Inc.	(b)	**37%**	36%	25%
Valle Verde Properties, Inc.	(b)	**51%**	50%	35%
Gilmore Property Marketing Associates Inc. (GPMAI)	(c)	**-**	-	67%
New Town Land Partners, Inc. (NTLPI)		**100%**	100%	100%

Subsidiaries/Associates/Jointly Controlled Entities	Explanatory Notes	Percentage of Effective Ownership of AGI 2013	2012	2011
Subsidiaries				
Real Estate (continued)				
First Centro, Inc. (FCI)		**100%**	100%	100%
Oceanic Realty Group International, Inc.		**100%**	100%	100%
ERA Real Estate Exchange, Inc.		**100%**	100%	100%
Megaworld Resort Estates, Inc. (MREI)	(e)	**81%**	81%	79%
Adams Properties, Inc. (Adams)		**60%**	60%	60%
Global Estate Resorts, Inc. (GERI)		**64%**	64%	62%
Fil-Estate Properties, Inc.	(f)	**64%**	64%	62%
Aklan Holdings Inc.	(f)	**64%**	64%	62%
Blu Sky Airways, Inc.	(f)	**64%**	64%	62%
Fil-Estate Subic Development Corp.	(f)	**64%**	64%	62%
Fil-Power Construction Equipment Leasing Corp.	(f)	**64%**	64%	62%
Golden Sun Airways, Inc.	(f)	**64%**	64%	62%
La Compaña De Sta. Barbara, Inc.	(f)	**64%**	64%	62%
MCX Corporation	(f)	**64%**	64%	62%
Pioneer L-5 Realty Corp.	(f)	**64%**	64%	62%
Prime Airways, Inc.	(f)	**64%**	64%	62%
Sto. Domingo Place Development Corp.	(f)	**64%**	64%	62%
Fil-Power Concrete Blocks Corp.	(f)	**64%**	64%	62%
Fil-Estate Golf and Development, Inc	(f)	**64%**	64%	62%
Golforce, Inc.	(f)	**64%**	64%	62%
Fil-Estate Urban Development Corp.	(f)	**64%**	64%	62%
Boracay Newcoast Hotel Group, Inc.	(f)	**61%**	64%	-
Fil-Estate Industrial Park, Inc.	(f)	**51%**	51%	49%
Sherwood Hills Development Inc. (SHDI)	(f)	**35%**	35%	34%
Fil-Estate Ecocentrum Corp.	(f)	**36%**	36%	34%
Philippine Aquatic Leisure Corp.	(f)	**36%**	36%	34%
Oceanfront Properties, Inc. (OPI)	(f)	**32%**	32%	-
Novo Sierra Holdings Corp.	(f)	**64%**	64%	62%
Twin Lakes Corp. (TLC)	(f,x)	**51%**	44%	33%
Megaworld Global-Estate, Inc.	(f,g)	**72%**	63%	60%
Sonoma Premiere Land, Inc.	(h)	**71%**	70%	61%
Manila Bayshore Property Holdings, Inc.	(a,i)	**55%**	55%	55%
Tourism – Entertainment and Gaming				
Travellers International Hotel Group, Inc. (Travellers)	(j)	**47%**	46%	-
APEC Assets Limited (APEC)	(k)	**47%**	46%	-
Bright Leisure Management, Inc.	(k)	**47%**	46%	-
Deluxe Hotels and Recreation, Inc.	(k)	**47%**	46%	-
Entertainment City Integrated Resorts & Leisure, Inc.	(k)	**47%**	46%	-
FHTC Entertainment & Productions Inc.	(k)	**47%**		
Grand Integrated Hotels and Recreation, Inc.	(k)	**47%**	46%	-
GrandServices, Inc.	(k)	**47%**	46%	-
Grand Venture Management Services, Inc.	(k)	**47%**	46%	-
Lucky Star Hotels and Recreation, Inc.	(k)	**47%**	46%	-
Majestic Sunrise Leisure & Recreation, Inc.	(k)	**47%**	46%	-
Net Deals, Inc.	(k)	**47%**	46%	-
Newport Star Lifestyle, Inc.	(k)	**47%**	46%	-
Royal Bayshore Hotels & Amusement, Inc.	(k)	**47%**	46%	-
Yellow Warbler Leisure and Recreation Inc.	(k)	**47%**	**-**	-
Bright Pelican Leisure and Recreation	(k)	**47%**	**-**	-
Food and Beverage				
Emperador Inc. (EI)	(w)	**88%**	**-**	-
Emperador Distillers, Inc. (EDI)	(z)	**88%**	100%	100%
Anglo Watsons Glass, Inc.	(z)	**88%**	100%	100%
The Bar Beverage, Inc.	(z)	**88%**	100%	100%

Subsidiaries/Associates/Jointly Controlled Entities	Explanatory Notes	Percentage of Effective Ownership of AGI 2013	2012	2011
Subsidiaries				
Food and Beverage (continued)				
Emperador International Ltd. (EIL)	(l,z)	**88%**	100%	100%
Tradewind Estates, Inc.		**100%**	100%	100%
Great American Foods, Inc.	(l)	**100%**	100%	100%
McKester America, Inc.	(l)	**100%**	100%	100%
Quick Service Restaurant				
Golden Arches Development Corporation (GADC)		**49%**	49%	49%
Golden Arches Realty Corporation	(m)	**49%**	49%	49%
Clark Mac Enterprises, Inc.	(m)	**49%**	49%	49%
Golden Laoag Foods Corporation	(m)	**38%**	38%	38%
Advance Food Concepts Manufacturing, Inc. (AFCMI)	(m)	**46%**	37%	37%
Davao City Food Industries, Inc.	(m)	**37%**	37%	37%
First Golden Laoag Ventures	(m)	**34%**	34%	34%
Retiro Golden Foods, Inc.	(m)	**34%**	34%	34%
McDonald's Puregold Taguig	(s)	**29%**	29%	-
McDonald's Bonifacio Global City	(s)	**27%**	27%	-
Corporate and Others				
Alliance Global Brands, Inc.		**100%**	100%	100%
McKester Pik-nik International Limited	(n)	**100%**	100%	100%
Venezia Universal Ltd.	(n)	**100%**	100%	100%
Travellers Group Ltd.	(n)	**100%**	100%	100%
Alliance Global Group Cayman Islands, Inc. (AG Cayman)	(o)	**100%**	100%	100%
Greenspring Investment Holdings Properties Ltd.	(n)	**100%**	100%	100%
Associates				
GPMAI	(c)	**46%**	45%	-
Alliance Global Properties, Inc. (AGPL)	(p)	**30%**	30%	30%
Suntrust Home Developers, Inc. (SHDI)	(q)	**27%**	27%	25%
FOPMI	(d)	**27%**	27%	25%
CCSI	(d)	**27%**	27%	25%
Palm Tree Holdings and Development Corporation (PTHDC)	(q)	**25%**	25%	23%
Genting Star Tourism Academy, Inc.	(t)	**23%**	23%	23%
OPI	(r)	**-**	-	31%
Fil-Estate Network, Inc. (FENI)	(r)	**13%**	13%	12%
Fil-Estate Sales, Inc. (FESI)	(r)	**13%**	13%	12%
Fil-Estate Realty and Sales Associates, Inc. (FERSAI)	(r)	**13%**	13%	12%
Fil-Estate Realty Corp. (FERC)	(r)	**13%**	13%	12%
Nasugbu Properties, Inc. (NPI)	(r)	**9%**	9%	9%
Jointly Controlled Entities				
Golden City Food Industries, Inc. (GCFII)	(s)	**24%**	24%	24%
Travellers	(j)	-	-	46%

Explanatory notes:

(a) Subsidiaries of Megaworld. Megaworld is 40% directly owned by AGI and 23% owned through other subsidiaries (NTLPI and FCI). Effective ownership over Megaworld increased due to additional acquisition of shares by AGI and NTLPI in 2012. AGI also has subscribed to 2.5 billion shares out of the proposed increase in authorized capital stock of Megaworld; such is not taken into account yet in the ownership presented above.

(b) Subsidiaries of EELHI. EELHI is owned 78.59% and 80.88% by Megaworld as of December 31, 2012 and September 30, 2013, respectively.

(c) Became an associate in 2012; ownership interest derived from TDI, MREI and Megaworld

(d) Subsidiaries of SHDI, an associate of Megaworld

(e) AGI and Megaworld directly own 49% and 51%, respectively.

(f) Subsidiaries of GERI. As of September 30, 2013, AGI and Megaworld directly hold 49% and 23% of GERI, respectively. Megaworld acquired shares in 2013.
(g) GERI and Megaworld, directly own 60% and 40%, respectively. Megaworld has indirect ownership of 13.72% thru GERI.
(h) A subsidiary directly owned 60% and 40% by EELHI and FCI, respectively
(i) A subsidiary directly owned 50/50 by Travellers and Megaworld.
(j) Formerly a jointly-controlled entity. Became a subsidiary as of the beginning of 2012, when AGI obtained the power to govern the financial and operating policies of Travellers, and, accordingly, the accounts of Travellers have been consolidated into the Group's financial statements beginning 2012. In 2013, Travellers restructured its capital stock and issued preferred stock B from treasury to Adams and a foreign entity; as such, as of September 30, 2013, AGI's effective ownership comes from 19%, 29%, 5% and 9% directly held by AGI, Adams, FCI and Megaworld, respectively.
(k) Subsidiaries of Travellers.
(l) Foreign subsidiaries operating under the laws of United States of America
(m) Subsidiaries of GADC
(n) Foreign subsidiaries operating under the Business Companies Act of the British Virgin Islands (BVI)
(o) Foreign subsidiaries operating under the laws of the Cayman Islands
(p) A foreign associate operating in the BVI; AGI's ownership interest is through the 39% and 5% direct interest of RHGI and AG Cayman, respectively.
(q) Associates of Megaworld
(r) Associates of GERI; OPI was consolidated in 2012.
(s) Joint ventures of GADC
(t) Associate of Travellers.
(u) Former corporate name, Forbes Town Properties and Holdings, Inc.
(v) On June 7, 2013, Megaworld purchased shares held by EELHI and SHDI thereby increasing its ownership in SPI to 100%
(w) Formerly Touch Solutions, Inc (TSI). On August 28, 2013 AGGI acquired a controlling interest by its subscription to new capital stock of Emperador Inc. and concurrently, Emperador Inc. acquired 100% ownership of Emperador Distillers Inc. and subsidiaries from AGI. The acquisition is accounted for as a reverse acquisition under PFRS 3, Business Combinations, such that EDI is considered as the acquirer and EI the acquired; accordingly, their separate consolidated financial statements are prepared as a continuation of EDI Group up to acquisition date.
(x) GERI and Megaworld hold 50% and 19%, respectively.
(y) Formerly Union Ajinomoto Realty Corporation and is primarily engaged in real estate business. Megaworld acquired 100% ownership on August 2, 2013
(z) Subsidiaries of Emperador Inc. through EDI. EDI became a subsidiary of EI in 2013.

AGI's shares of stock and those of Megaworld, GERI, EELHI, SHDI and EI are listed in and traded through the PSE. Travellers had its initial public offering on November 5, 2013.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 *Basis of Preparation of Consolidated Financial Statements*

(a) Compliance with Interim Financial Reporting Standard

These interim consolidated financial statements (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

(PFRSs), and should be read in conjunction with the audited consolidated financial statements of the Group for the year ended December 31, 2012.

(b) *Application of PFRS*
The significant accounting policies and methods of computations used in the preparation of these interim consolidated financial statements are consistent with those applied in the most recent annual consolidated financial statements (ACFS) as of and for the year ended December 31, 2012, except for the application of adopted standards that became effective on January 1, 2013, as discussed in Note 2.3.

There are new PRFS, amendments, annual improvements and interpretations to existing standards that are effective for periods subsequent to 2013. The Group has decided not to early adopt any PFRS for its 2012 annual consolidated financial reporting and therefore, the interim consolidated financial statements do not reflect the impact of any early adoption of PFRSs, including PFRS 9, *Financial Instruments: Classification and Measurement (*effective from January 1, 2015). To date, other chapters of PFRS 9 are still being completed. The Group does not expect to implement and adopt PFRS 9 until its effective date or until all chapters of this new standard have been published. In addition, management is currently assessing the impact of PFRS 9 on the consolidated financial statements and it plans to conduct a comprehensive study of the potential impact of this standard prior to its mandatory adoption date to assess the impact of all changes.

(c) *Functional and Presentation Currency*
The consolidated financial statements are presented in Philippine pesos, the Company's functional and presentation currency, and all values are presented in thousands except when otherwise indicated.

Items included in the consolidated financial statements are measured using the Company's functional currency.

(d) *Presentation of Consolidated Financial Statements*
The presentation of the ICFS is consistent with the most recent ACFS presentation, except for the amendments introduced by new accounting standards mentioned in Note 2.3.Regrouping of certain accounts in the comparative prior period presented was made to conform to the current period's presentation so that comparability is not impaired.

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

Two comparative periods are presented for the consolidated statement of financial position because of the retrospective application of the new accounting policy on retirement benefits as discussed in Note 2.3.

2.2 Basis of Consolidation

The consolidated financial statements presented comprise the financial statements of the Company and its subsidiaries, as enumerated in Note 1, after the elimination of material intercompany transactions. All intercompany balances and transactions with subsidiaries, including income, expenses, dividends and unrealized profits and losses from intercompany transactions that are recognized in assets are eliminated. Intercompany losses that indicate impairment are recognized in the consolidated financial statements.

In addition, shares of stock of the Company acquired by any of these subsidiaries are recognized as treasury shares and these are presented as deduction in the consolidated statement of changes in equity at cost. Any changes in their market values as recognized separately by the subsidiaries are likewise eliminated in full. Gain or loss on the sale of these treasury shares is presented as addition to or deduction from additional paid-in capital (APIC).

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

(a) *Investments in Subsidiaries*

Subsidiaries are all entities over which the Company has the power to control the financial and operating policies, generally accompanying a shareholding of more than one half of the voting rights. Control also exists in exceptional cases when the Company owns half or less than half the voting power of an entity when there is: (a) power over more than half of the voting rights by virtue of an agreement with other investors; (b) power to govern the financial and operating policies of the entity under a statute or an agreement; (c) power to appoint or remove the majority of the members of the BOD or equivalent governing body and control of the entity is by that board or body; or (d) power to cast the majority votes at meetings of the BOD or equivalent governing body and control of the entity is by that board or body.

The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Company controls another entity. Subsidiaries are consolidated from the date the Company obtains control until such time that such control ceases. The acquisition method is applied to account for acquired subsidiaries (see Note 2.11).

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the Company's share of the identifiable net assets acquired is recognized as goodwill (see Note 2.12).
If the consideration transferred is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognized directly as gain in consolidated profit or loss.

(b) *Investments in Associates*

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

All subsequent changes to the share of interest in the equity of the associate are recognized in the carrying amount of the Company's investment. Changes resulting from the profit or loss generated by the associate are shown as Share in Net Profits (Losses) of Associates and Joint Ventures in the Group's consolidated statement of comprehensive income and, therefore, affect the net results of operations of the Group.

Changes resulting from other comprehensive income of the associates or items that have been directly recognized in the associate's equity, for example, resulting from the associate's accounting for available-for-sale (AFS) financial assets, are recognized in the consolidated other comprehensive income or equity of the Group, as applicable. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

(c) *Interests in Joint Ventures*
Interest in a joint venture is accounted using the equity method. Under the equity method, the interest is initially recognized at cost and the carrying amount is increased or decreased to recognize the Company's share in the profit or loss of the joint venture after the date of acquisition. Unrealized gains arising from transactions with jointly controlled entity are eliminated to the extent of the Company's interest in joint venture against the related investment. Unrealized losses are eliminated similarly but only to the extent that there is no evidence of impairment of the asset transferred.

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

2.3 Adoption of New and Amended Accounting Policies

The following standards, amendments and annual improvements to existing standards become effective from January 1, 2013 are relevant to and adopted by the Group:

(a) PAS 1 (Amendment),*Financial Statements Presentation – Presentation of Items of Other Comprehensive Income* (effective from July 1, 2012). The amendment requires an entity to group items presented in other comprehensive income into those that, in accordance with other PFRSs: (a) will not be reclassified subsequently to profit or loss; and, (b) will be reclassified subsequently to profit or loss when specific conditions are met. The amendment affected presentation of other comprehensive income items only and had no impact on the Group's financial position or performance.

(b) PAS 19 (Revised), *Employee Benefits* (effective from January 1, 2013). The revision made a number of changes as part of the improvements throughout the standard. The main changes relate to defined benefit plans as follows:

- eliminates the corridor approach under the existing guidance of PAS 19 and requires an entity to recognize all actuarial gains and losses arising in the reporting period;
- streamlines the presentation of changes in plan assets and liabilities resulting in the disaggregation of changes into three main components of

service costs, net interest on net defined benefit obligation or asset, and re-measurement; and,

- enhances disclosure requirements, including information about the characteristics of defined benefit plans and the risks that entities are exposed to through participation in those plans.

PAS 19 has been applied retrospectively based on available information in the audited ACFS which have been restated accordingly.(As of December 31, 2012, the Group was using the corridor approach.) The cumulative effect as at January 1, 2012 is reported as an adjustment to opening equity.

The effects of the application on the statement of financial position at January 1, 2012 and December 31, 2012 and on the statement of comprehensive income for the years ended December 31, 2012 and 2011 are as follows:

Statement of Financial Position:

	Retirement Benefit Obligation	Deferred Tax Assets	Equity-Reserve Actuarial	Equity-Retained Earnings
Balance as reported, Jan 1, 2012	591,343	670,408	0	73,482,828
Effect of PAS 19	304,189	91,257	(452,566)	239,634
Balance as restated, Jan 1, 2012	895,532	761,665	(452,566)	73,722,462
Balance as reported,Dec31,2012	849,137	779,272	0	84,142,019
Effect of PAS 19				
Brought forward	304,189	91,257	(452,566)	239,634
Additions for the year	60,774	18,232	(63,071)	20,529
Effect	364,963	109,489	(515,637)	260,163
Balance as restated, Dec31,2012	1,214,100	888,761	(515,637)	84,402,182

Statement of Comprehensive Income:

	Prior Period Adjustment Jan 1, 2013	Year 2012	Year 2011
Increase in finance cost	(134,496)	(80,024)	(54,472)
Decrease in retirement benefit	506,158	109,352	396,806
Decrease in tax expense	(111,499)	(8,799)	(102,700)
Decrease in profit	260,163	20,529	239,634
Other comprehensive income			
Revaluationn reserve – actuarial	(736,624)	(90,101)	(646,523)
Increase in tax re. reserve	220,987	27,030	193,957
Decrease in other comprehensive	(515,637	(63,071)	(452,566)
Decrease in other comprehensive income	(255,474)	(42,542)	(212,932)

(c) PAS 34 (Amendment), *Interim Financial Reporting and Segment Information for Total Assets and Liabilities* (effective from January 1, 2013). This standard clarifies the requirements on segment information for total assets and liabilities for each reportable segment to enhance consistency with the requirements in paragraph 23 of PFRS 8, *Operating Segments*. It also clarifies that the total assets and liabilities for a particular reportable segment are required to be disclosed if, and only if:(a) a measure of total assets or of total liabilities (or both) is regularly provided to the chief operating decision maker; and, (b) there has been a

material change from those measures disclosed in the last annual financial statements for that reportable segment. This amendment did not affect the current interim disclosures and had no impact on the Group's financial position or performance.

(d) Consolidation Standards effective January 1, 2013

- PFRS 10, *Consolidated Financial Statements*. This standard builds on existing principles of consolidation by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements. The standard also provides additional guidance to assist in determining control where this is difficult to assess. The adoption of this standard did not affect the present classification of investees.

- PFRS 11, *Joint Arrangements*. This standard provides for a more realistic reflection of joint arrangements by focusing on the rights and obligations of the arrangement, rather than its legal form (as is currently the case). The standard addresses inconsistencies in the reporting of joint arrangements by requiring a single method to account for interests in jointly controlled entities. The Group is currently evaluating the impact based on audited financial statements as of December 31, 2012.

- PFRS 12, *Disclosure of Interest in Other Entities*. This standard integrates and makes consistent the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and unconsolidated structured entities. This also introduces new disclosure requirements about the risks to which an entity is exposed from its involvement with structured entities. The Group is currently evaluating the impact based on audited financial statements as of December 31, 2012.

- PAS 27 (Amendment), *Separate Financial Statements*. This revised standard now covers the requirements pertaining solely to separate financial statements after the relevant discussions on control and consolidated financial statements have been transferred and included in PFRS 10. No new major changes relating to separate financial statements have been introduced as a result of the revision and this amendment does not affect the ICFS.

- PAS 28 (Amendment), *Investments in Associate and Joint Venture*. This revised standard includes the requirements for joint ventures, as well as associates, to be accounted for using equity method following the issuance of PFRS 11, *Joint Arrangement*. This amendment did not have a material impact on the Group's financial condition and performance since the Group already uses the equity method in accounting for associates.

Subsequent to the issuance of the foregoing consolidation standards, the IASB made some changes to the transitional provisions in International Financial Reporting Standard (IFRS) 10, IFRS 11 and IFRS 12, which were also adopted by the FRSC. The guidance confirms that an entity is not required to apply PFRS 10 retrospectively in certain circumstances and clarifies the requirements to present adjusted comparatives. The guidance also made changes to PFRS 10 and PFRS

12 which provide similar relief from the presentation or adjustment of comparative information for periods prior to the immediately preceding period. Further, it provides relief by removing the requirement to present comparatives for disclosures relating to unconsolidated structured entities for any period before the first annual period for which PFRS 12 is applied.

(e) PFRS 7 (Amendment), *Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities* (effective from January 1, 2013). The amendment requires qualitative and quantitative disclosures relating to gross and net amounts of recognized financial instruments that are setoff in accordance with PAS 32, *Financial Instruments: Presentation*. The amendment also requires disclosure of information about recognized financial instruments which are subject to enforceable master netting arrangements or similar agreements, even if they are not setoff in the statement of financial position, including those which do not meet some or all of the offsetting criteria under PAS 32 and amounts related to a financial collateral. These disclosures will allow financial statement users to evaluate the effect or potential effect of netting arrangements, including rights of set-off associated with recognized financial assets and financial liabilities on the entity's financial position. The amendment did have a significant impact on the Group's financial position or performance.

(f) PFRS 13, *Fair Value Measurement* (effective from January 1, 2013). This standard aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across PFRS. The requirements do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards. This new standard has no significant effects on the consolidated financial statements since the Group's current fair value measurement methods are already in accordance with the requirements of other relevant accounting standards.

(g) 2009-2011 Annual Improvements to PFRS (effective from January 1, 2013).Annual improvements to PFRS (2009-2011 Cycle) made minor amendments to a number of PFRS, which are effective for annual period beginning on or after January 1, 2013. Among those improvements, the following amendments are relevant to the Group but management does not expect a material impact on the Group's consolidated financial statements:

- PAS 1 (Amendment), *Presentation of Financial Statements – Clarification of the Requirements for Comparative Information*. The amendment clarifies that when an entity applies an accounting policy retrospectively, or makes a retrospective restatement or reclassification of items that has a material effect on the information in the statement of financial position at the beginning of the preceding period (i.e., opening statement of financial position), it shall present such third statement of financial position. Other than disclosure of certain specified information in accordance with PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors,* related notes to the opening statement of financial position as at the beginning of the preceding period are not required to be presented.

- PAS16 (Amendment), *Property, Plant and Equipment – Classification of Servicing Equipment.* The amendment addresses a perceived inconsistency in the classification requirements for servicing equipment which resulted in classifying servicing equipment as part of inventory when it is used for more than one period. It clarifies that items such as spare parts, stand-by equipment and servicing equipment shall be recognized as property, plant and equipment when they meet the definition of property, plant and equipment, otherwise, these are classified as inventory. The amendment has no material impact on the Group's consolidated financial statements.

- PAS 32 (Amendment), *Financial Instruments – Presentation – Tax Effect of Distributions to Holders of Equity Instruments.* The amendment clarifies that the consequences of income tax relating to distributions to holders of an equity instrument and to transaction costs of an equity transaction shall be accounted for in accordance with PAS 12. Accordingly, income tax relating to distributions to holders of an equity instrument is recognized in profit or loss while income tax related to the transaction costs of an equity transaction is recognized in equity. The amendment did not affect the Group's financial position or performance as the Company did not distribute any equity instrument to its stockholders during the period.

2.4 PFRS Effective in 2013 that are Not Relevant to the Group

The following are mandatory for accounting periods beginning on or after January 1, 2013 but are not relevant to and not adopted by the Group:

- PFRS 1 (Amendment), *First-time Adoption of PFRS – Government Loans*
- Philippine Interpretation International Financial Reporting Interpretations Committee 20, *Stripping Costs in Production Phase of a Surface Mine*

See Note 2.1(b)

2.5 Financial Assets

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

The financial asset categories currently relevant to the Group are financial assets at FVTPL, loans and receivables and AFS financial assets. A more detailed description of these financial assets is as follows:

(a) Financial Assets at FVTPL

This category includes financial assets that are either classified as held-for-trading or that meets certain conditions and are designated by the entity to be carried at FVTPL upon initial recognition. Changes in fair values are recognized in consolidated profit or loss and included under Finance and Other Income for gains or Finance Costs and Other Charges for losses. The Group's financial assets included in this category consist mainly of investments in marketable debt and equity securities, and derivative assets.

(b) *Loans and Receivables*
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Group provides money, goods or services directly to a debtor with no intention of trading the receivables. Loans and receivables are subsequently measured at amortized cost using the effective interest method, less impairment loss, if any. Impairment loss is provided when there is objective evidence that the Group will not be able to collect all amounts due to it in accordance with the original terms of the receivables. The financial assets are included in current assets, except for maturities greater than 12 months after the end of the reporting period which are classified as non-current assets.

The Group's financial assets categorized as loans and receivables are presented as Cash and Cash Equivalents, Trade and Other Receivables (except Advances to Contractors and Suppliers), Advances to Associates and Other Related Parties (included under Investments in and Advances to Associates and Other Related Parties account), Short-term Placements (included under Other Current Assets account) and Refundable Security Deposits (included under Other Non-current Assets account). Cash and cash equivalents include cash on hand, demand deposits and short-term, highly liquid investments readily convertible to known amounts of cash and which are subject to insignificant risk of changes in value.

(c) *AFS Financial Assets*
This category includes non-derivative financial assets that are either designated to this category or do not qualify for inclusion in any of the other categories of financial assets. All financial assets within this category are subsequently measured at fair value. Gains and losses from changes in fair value are recognized in other comprehensive income, net of any income tax effects, and are reported as part of the Revaluation Reserves account in consolidated equity. They are included in non-current assets classification in the consolidated statement of financial position unless management intends to dispose of the investment within 12 months after the end of the reporting period.

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

For investments that are actively traded in organized financial markets, fair value is determined by reference to exchange-quoted market bid prices at the close of business on the reporting period. For investments where there is no quoted market price, fair value is determined by reference to the current market value of another instrument which is substantially the same or is calculated based on the expected cash flows of the underlying net asset base of the investment.

Non-compounding interest, dividend income and other cash flows resulting from holding financial assets are recognized in consolidated profit or loss when earned, regardless of how the related carrying amount of financial assets is measured.

A financial asset is reported net of financial liability in the consolidated statement of financial position when there is a legally enforceable right to set off the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

The financial assets are derecognized when the contractual rights to receive cash flows from the financial instruments expire, or when the financial assets and all substantial risks and rewards of ownership have been transferred.

2.6 Inventories

Inventories are valued at the lower of cost and net realizable value (NRV). Cost is determined using weighted average method, except for food, paper, and promotional items which use the first-in, first-out method. NRV is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale. NRV of raw materials, spare parts and other operating supplies is the current replacement cost.

Cost of Real estate for sale includes costs incurred for development and improvement of the properties and borrowing costs on loans directly attributable to the projects which were capitalized during construction. Accounting policies for real estate development transactions are discussed in more detail in Note 2.7.

2.7 Real Estate Transactions

Acquisition costs of raw land intended for future development, including other costs and expenses incurred to effect the transfer of title of the property to the Group, are charged to the Land for Future Development account. These costs are reclassified to Property Development Costs account when the development of the property starts. Related property development costs are then accumulated in this account. Borrowing costs on certain loans, if any, incurred during the development of the real estate properties are also capitalized by the Group as part of Property Development Costs. Once a revenue transaction occurs on a per project basis, up to the stage the unit is sold, the related property development costs are reclassified to Real Estate for Sale classified under Inventories account (see Note 2.6) in the consolidated statement of financial position.

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

Costs of properties and projects accounted for as Land for Future Development Costs, Property Development Costs and Real Estate for Sale are assigned using specific identification of their individual costs. These properties and projects are valued at the lower of cost and NRV. NRV is the estimated selling price in the ordinary course of business, less estimated costs to complete and the estimated costs necessary to make the sale.

The Group recognizes the effect of revisions in the total project cost estimates in the year in which these changes become known. Any impairment loss from a real estate project is charged to operations during the period in which the loss is determined.

2.8 Other Assets

Other assets presented either under current or non-current assets classification in the consolidated statement of financial position pertain to other resources controlled by the Group as a result of past events. They are recognized in the consolidated financial statements when it is probable that the future economic benefits will flow to the entity and the asset has a cost or value that can be measured reliably.

2.9 Property, Plant and Equipment

Property, plant and equipment, except land, are stated at cost less accumulated depreciation, amortization and any impairment in value. As no finite useful life for land can bedetermined, the related carrying amount is not depreciated. Land held for use in production or administration is stated at cost less any impairment in value.

Depreciation is computed on the straight-line basis over the estimated useful lives of the assets as follows:

Buildings and land improvements	5 to 40 years
Condominium units	10 to 25 years
Machinery and equipment	2 to 12 years
Fixtures and other equipment	3 to 10 years
Transportation equipment	3 to 10 years

Leasehold improvements are amortized over the life of the assets of 5 to 40 years or the term of the lease, whichever is shorter.

Construction in progress represents properties under construction and is stated at cost. This includes cost of construction, applicable borrowing costs and other direct costs. The account is not depreciated until such time that the assets are completed and available for use.

Fully depreciated and amortized assets are retained in the accounts until they are no longer in use and no further charge for depreciation and amortization is made in respect of those assets.

2.10 Investment Property

Properties held for lease under operating lease agreements, which comprise mainly of land, buildings and condominium units, are classified as Investment Property and are carried at cost less accumulated depreciation and any impairment in value.

Depreciation of investment property (excluding land) is computed using the straight-line method over the estimated useful lives of the assets ranging from 5 to 50 years.

2.11 Business Combinations

Business acquisitions are accounted for using the acquisition method of accounting.

The cost of an acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognized in profit or loss in the consolidated statement of comprehensive income as incurred.

Where appropriate, the cost of acquisition includes any asset or liability resulting from a contingent consideration arrangement, measured at its fair value at the date of acquisition.

Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognized in accordance with PAS 37, *Provisions, Contingent Liabilities and Contingent Assets*, either in consolidated profit or loss or as a change to consolidated other comprehensive income. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

Gains and losses on the disposal of an interest in a subsidiary include the carrying amount of the related goodwill (see Note 2.12).

2.12 Intangible Assets

Intangible Assets include goodwill, trademarks, leasehold rights and computer software. Except goodwill, all other intangible assets have finite lives and are carried at cost less accumulated amortization and any impairment in value. Goodwill is not amortized, but is reviewed for impairment at least annually.

Goodwill represents the excess of the cost of investment in shares of stocks over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary at the date of acquisition. On disposal of a subsidiary, the attributable amount of goodwill is included in the determination of the consolidated profit or loss on disposal.

The cost of trademarks, leasehold rights and computer software includes the acquisition price and other direct costs. Capitalized costs are amortized on a straight-line basis over the estimated useful life of 10 and 3 years, for trademarks and computer software, respectively, and over the term of the lease for leasehold rights. In addition, these assets are subject to impairment testing.

Costs associated with maintaining computer software and any costs associated with research activities are recognized as expense in consolidated profit or loss as incurred.

2.13 Financial Liabilities

The categories of financial liabilities relevant to the Group are more fully described below.

(a) Financial Liabilities at FVTPL

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

The Group occasionally uses derivative financial instruments, such as foreign exchange forward contracts and interest rate swaps. The Group's derivative instruments provide economic hedges under the Group's policies but are not designated as accounting hedges. Consequently, any gains or losses arising from changes in fair value are taken directly to net profit or loss for the period. Derivatives are carried as liabilities when the fair value is negative, which are presented under the Other Liabilities (current and non-current) account in the consolidated statements of financial position.

(b) Financial Liabilities at Amortized Costs

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

Financial liabilities, which include Interest-bearing Loans, Bonds Payable, Trade and Other Payables (except tax related payables), Advances from Related Parties, Redeemable Preferred Shares, Security Deposits and Payable to MRO under Stock Option Plan are recognized when the Group becomes a party to the contractual agreements of the instrument.

All interest-related charges incurred on financial liability are recognized as an expense in profit or loss under the caption Finance Costs and Other Charges in the consolidated statement of comprehensive income.

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

2.14 Provisions and Contingencies

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

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate.

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

2.15 Equity

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

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

Treasury shares are AGI shares reacquired by the Company but not cancelled or AGI shares held by subsidiaries for investment purposes. These are carried at cost of reacquiring such shares (see also Note 2.2).

Revaluation reserves represent unrealized fair value gains or losses on AFS financial assets (pertaining to cumulative mark-to-market valuation [see Note 2.5(c)] and share in other comprehensive income of associates and joint ventures attributable to the Group) and actuarial gains or losses on retirement benefits plans [see Note 2.3 (b)].

Accumulated translation adjustments represent the translation adjustments resulting from the conversion of foreign currency denominated financial statements of certain subsidiaries into the Group's presentation currency (see Note 2.17).

Dilution gain or loss arises when an investor exercises its pre-emptive rights to maintain its ownership interest in an investee. This also includes the Company's share in previous period's profit (loss) as a result of the current increase (decrease) in equity ownership over its subsidiaries. Dilution gain or loss is recognized on investments of which the Company continues to exercise control.

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

Retained earnings, the appropriated portion of which is not available for dividend declaration, represent all current and prior period results of operations as reported in the profit and loss section of the consolidated statement of comprehensive income, reduced by the amount of dividends declared.

2.16 Revenue and Expense Recognition

Revenue is recognized to the extent that the revenue can be reliably measured by reference to the fair value of consideration received or receivable by the Group; it is probable that future economic benefits will flow to the Group; and the costs incurred or to be incurred can be measured reliably. In addition, the following specific recognition criteria must also be met before revenue is recognized:

(a) *Sale of goods* – Revenue, net of rebates and trade discounts, is recognized when the risks and rewards of ownership of the goods have passed to the buyer. This is generally when the customer acknowledged delivery of goods.

(b) *Sale of residential and condominium units [included as part of Sale of Goods – Real Estate (RE) Sales]*– For financial reporting purposes, revenues from transactions covering sales of residential and condominium units are recognized under the

percentage-of-completion method. Under this method, realization of gross profit is recognized by reference to the stage of development of the properties (i.e., revenue is recognized in the period in which the work is performed). The unrealized gross profit on a year's sales is presented as Deferred Gross Profit on Real Estate Sales (under Cost of Goods Sold) in the consolidated statement of comprehensive income; the cumulative unrealized gross profit as of the end of the year is shown as Deferred Income on Real Estate Sales (under Other Current and Non-current Liabilities) in the consolidated statement of financial position.

The sale is recognized when a certain percentage of the total contract price has already been collected. If the transaction does not yet qualify as sale, the deposit method is applied until all conditions for recording the sale are met. Pending the recognition of sale, payments received from buyer are initially recorded Customers' Deposits and presented as part of Other Liabilities (current and non-current) in the consolidated statement of financial position.

Any adjustments relative to previous years' sales are recorded in the current year as they occur.

For tax reporting purposes, a modified basis of computing the taxable income for the year based on collections from real estate sales is used by the Group.

(c) *Interest income on real estate sales (included as part of Revenue from RE Sales)* - are considered in the determination of total revenue for real estate sales (see Note 23). It is recognized when interest accrues taking into account the underlying sale of real estate under installment method through in-house financing (not through externally financed home loans obtained by customers).

(d) *Sale of undeveloped land and golf and resort shares(included as part of Sale of goods - RE Sale)* – Revenues on sale of undeveloped land and golf and resort shares for sale are recognized using the full accrual method. Under the full accrual method, revenue is recognized when the risks and rewards of ownership have passed to the buyer and the amount of revenue can be measured reliably.

(e) *Gaming Revenues* – Revenue is recognized from net wins from gaming activities which represent the difference between coins and currencies deposited into the gaming machines and the payments to customers and, for other games, the difference between gaming wins and losses.

(f) *Revenue from Hotel Operations* – Revenue from hotel operations is recognized when services are rendered.

(g) *Sales from Company-operated quick-service restaurants* – Revenue from restaurant sales operations are recognized when the services are rendered, that is, food and beverage products or promotional items purchased by customers have been delivered and accepted by the customers.

(h) *Franchise revenues* – Revenue from franchised McDonald's restaurants (including the restaurant operated by a joint venture) includes continuing rental, royalty and management fees. These are recognized in the period earned.

(i) *Rentals* – Rental income is recognized on a straight-line basis over the duration of the lease terms. For tax purposes, rental income is recognized based on the contractual terms of the lease. Advance rentals and refundable rental deposits, if any, are recorded as deferred rental. Deferred rental, specifically the refundable rental deposit, is measured at amortized cost using the effective interest rate method.

(j) *Interest* – Revenue is recognized as the interest accrues taking into account the effective yield on the asset.

(k) *Dividends* – Revenue is recognized when the right to receive the payment is established.

Revenue and expenses are recognized excluding the amount of value-added tax.

The Group provides a membership card for its gaming patrons (i.e., of Travellers). Members earn points on gaming activity and such points are redeemable for complimentary goods and services such as rooms, food, beverages and others. Members may also earn special coupons or awards as determined during marketing promotions. The Group records revenue for the original transaction and a provision (and a corresponding recognition of promotional allowances in profit or loss) for the value of the points earned by members by reference to the relative fair values of the complimentary goods or services.

Cost and expenses (other than cost of real estate sales) are recognized in profit or loss upon utilization of the services or receipt of the goods or at the date they are incurred. All finance costs are reported in consolidated profit or loss on an accrual basis, except capitalized borrowing costs which are included as part of the cost of the related qualifying asset.

Costs of residential and condominium units sold before completion of the projects include the acquisition cost of the land, development costs incurred to date, applicable borrowing costs and estimated costs to complete the project, determined based on estimates made by the project engineers (see Note 2.6).

2.17 Foreign Currency Transactions and Translation

(a) Transactions and Balances

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

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

(b) Translation of Financial Statements of Foreign Subsidiaries

The operating results and financial position of foreign subsidiaries (see Note 1) which are measured using the United States (U.S.) dollars, their functional currency, are translated to Philippine pesos, the Group's functional currency as follows:

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

(ii) Non-monetary assets and liabilities for each statement of financial position presented, which are measured in terms of historical cost, are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities which are measured at fair value are translated using the exchange rates at the date when the fair value was determined;

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

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

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

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

2.18 Earnings Per Share

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

Diluted EPS is computed by adjusting the weighted average number of ordinary shares outstanding to assume conversion of dilutive potential shares (e.g. vested share options).

2.19 Segment Reporting

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

2.20 Related Party Transactions and Relationships

Related party transactions are transfers of resources, services or obligations between the Group and its related parties, regardless whether a price is charged.

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. These parties include: (a) individuals owning, directly or indirectly through one or more intermediaries, control or are controlled by, or under common control with the Company; (b) associates; (c) individuals owning, directly or indirectly, an interest in the voting power of the Company that gives them significant influence over the Group and close members of the family of any such individual, and (d) certain funded retirement plans, administered by trustee banks, of two significant subsidiaries.

In considering each possible related party relationship, attention is directed to the substance of the relationship and not merely on the legal form.

3. USE OF JUDGMENT AND ESTIMATES

The preparation of the ICFS in accordance with PFRS requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. Although these estimates are based on management's best knowledge of current events and actions, actual results may ultimately differ from those estimates. There were no changes in estimates of amounts reported in prior financial years that have a material effect in the current interim period.

4. SEGMENT INFORMATION

4.1 Business Segments

The Group is organized into four major business segments, namely real estate, tourism – entertainment and gaming, food and beverage and quick service restaurant. Presented below is the basis of the Group in reporting its primary segment information.

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

(b) The *Tourism – Entertainment and Gaming* segment relates to tourism-oriented business that integrates entertainment, hospitality and leisure, including gaming, as that of Resorts World Manila.

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

(d) The *Quick Service Restaurant* refers to operations of McDonald's restaurants in the Philippines in accordance with the franchise agreement with 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 property. 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 material sales and purchases are eliminated in consolidation.

4.4 Analysis of Segment Information

Segment information can be analyzed as follows for the periods ended September 30, 2013 and 2012:

	Real Estate		Food and Beverage		Quick-Service Restaurant		Tourism-Entertainment and Gaming		Total	
	2013	**2012**	**2013**	**2012**	**2013**	**2012**	**2013**	**2012**	**2013**	**2012**
REVENUES										
Sales to external customers	**P 25,810,314**	P 22,470,873	**P 20,516,878**	P 17,648,099	**P 11,419,278**	P 9,991,256	**P 27,077,342**	P 23,417,667	**P 84,823,812**	P 73,527,895
Finance and other income	**1,683,000**	1,941,625	**1,044,425**	249,625	**13,335**	98,133	**(161,425)**	164,891	**2,579,335**	2,454,274
Segment Revenues	**27,493,314**	24,412,498	**21,561,303**	17,897,724	**11,432,613**	10,089,389	**26,915,917**	23,582,558	**87,403,147**	75,982,169
Cost of sales, services, expenses, excl. amortization,depreciation, finance cost & other charges	**(17,479,862)**	(15,942,166)	**(14,933,183)**	(12,805,443)	**(10,015,763)**	(8,906,405)	**(20,574,968)**	(17,521,305)	**(63,003,776)**	(55,175,319)
	10,013,452	8,470,332	**6,628,120**	5,092,281	**1,416,850**	1,182,984	**6,340,949**	6,061,253	**24,399,371**	20,806,850
Depreciation and amortization	**(697,419)**	(559,357)	**(340,333)**	(236,590)	**(555,864)**	(475,916)	**(1,622,977)**	(1,254,753)	**(3,216,593)**	(2,526,616)
Finance costs & other charges	**(956,589)**	(761,699)	**(238,611)**	17,134	**(112,782)**	(61,970)	**(1,086,100)**	(1,225,755)	**(2,394,082)**	(2,032,290)
Profit before tax	**8,359,444**	7,149,276	**6,049,176**	4,872,825	**748,204**	645,098	**3,631,872**	3,580,745	**18,788,696**	16,247,944
Tax expense	**(2,094,033)**	(1,832,985)	**(1,490,089)**	(1,373,792)	**(233,365)**	(204,264)	**(57,429)**	(45,666)	**(3,874,916)**	(3,456,707)
SEGMENT PROFIT	**P 6,265,411**	P 5,316,291	**P 4,559,087**	P 3,499,033	**P 514,839**	P 440,834	**P 3,574,443**	P 3,535,079	**P 14,913,780**	P 12,791,237
SEGMENT ASSETS AND LIABILITIES										
Segment assets	**P 193,645,163**	P 166,740,180	**P 35,013,384**	P14,029,427	**P 11,896,426**	P 9,242,556	**P 48,408,928**	P 45,500,342	**P 288,963,901**	P 235,512,505
Segment liabilities	**P 80,994,117**	P 66,306,301	**P 3,470,578**	P 3,705,463	**P 6,847,490**	P 4,969,709	**P 29,136,705**	P 27,461,061	**P 120,448,890**	P 102,442,534

4.5 Reconciliations

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

		2013		2012
Revenues				
Total segment revenues	**P**	**87,403,147**	P	75,982,169
Unallocated corporate revenue		**6,036,235**		2,127,266
Share in the net profits of associates and joint ventures		**1,462**		156,336
Revenues as reported in consolidated profit or loss	**P**	**93,440,844**	P	78,265,771
Profit or loss				
Segment operating profit	**P**	**14,913,780**	P	12,791,237
Unallocated corporate profit		**4,249,527**		515,335
Share in the net profits of associates and joint ventures		**1,462**		156,336
Profit as reported in consolidated profit or loss	**P**	**19,164,769**	P	13,462,908
Assets				
Segment assets	**P**	**288,963,901**	P	235,512,505
Unallocated corporate assets		**27,591,113**		29,266,652
Total assets reported in the consolidated statements of financial position	**P**	**316,555,014**	P	264,779,157
Liabilities				
Segment liabilities	**P**	**120,448,890**	P	102,442,534
Unallocated corporate liabilities		**25,824,323**		23,289,287
Total liabilities reported in the consolidated statements of financial position	**P**	**146,273,213**	P	125,731,821

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 years presented.

5. CASH DIVIDENDS

On August 23, 2013, the Board of Directors approved the declaration of cash dividends of P0.38 per share payable (and fully paid) on September 24, 2013 to stockholders of record as of September 9, 2013. Total dividends amounted to P3.903 billion. The amount presented in the statement of changes in equity is net of dividends paid to subsidiaries.

6. EARNINGS PER SHARE

Earnings per share is computed (full amounts are used and not truncated) as follows:

	2013	2012
Basic:		
Net profit attributable to owners of the parent company	**P 14,361,865,283**	P 9,003,809,654
Divided by the weighted average number of outstanding common shares	**10,109,510,579**	10,109,115,010
	P 1.42	P 0.89
Diluted:		
Net profit attributable to owners of the parent company	**P 14,361,865,283**	P 9,003,809,654
Divided by the weighted average number of outstanding common shares	**10,134,858,497**	10,119,581,437
	P 1.42	P 0.89

As of September 30, 2013 and 2012, there are 25.3 million and 10.47 million potentially dilutive shares, respectively, from the Company's ESOP. However, such number of dilutive shares has no significant effect on the weighted average number of outstanding common shares and, consequently, has little effect on the 2013 and 2012 diluted EPS.

7. RELATED PARTY TRANSACTIONS

The Group's related parties include its stockholders, associates, jointly controlled entities, the Group's key management personnel and retirement fund, and others as described below.

The summary of the Group's transactions with its related parties as of and for the periods ended September 30, 2013 and December 31, 2012 are as follows:

		2013		2012	
Related Party Category	Notes	**Amount of Transaction**	**Outstanding Balance**	Amount of Transaction	Outstanding Balance
Stockholders					
Loans payable	6.1	**29,880**	**522,480**	(33,480)	492,600
Interest expense from loans	6.1	**(38,059)**	**7,733**	50,600	18,100
Associates:					
Advances granted	6.5	**(78,009)**	**1,791,111**	(278,710)	1,869,120
Rental income	6.2	**962**	**-**	1,175	80

Related Party Category	Notes	2013 Amount of Transaction	2013 Outstanding Balance	2012 Amount of Transaction	2012 Outstanding Balance
Related Parties Under Common Ownership:					
Purchase of goods	6.3	**521,740**	**468,597**	7,120,605	760,007
Other Related Parties					
Receivable from joint venture	6.4	**(7,119)**	**8,881**	(1,000)	16,000
Advances granted	6.6	**41,528**	**1,236,853**	178,057	1,195,325
Advances obtained	6.6	**(32,774)**	**(920,544)**	190,721	(887,770)
Advances from related parties	6.7	**(156,088)**	**(700,315)**	(632,225)	(856,403)
Operations and management fees	6.8	**512,354**	**(48,747)**	104,202	20,558

7.1 Loan from McDonald's Restaurant Operations, Inc. (MRO)

GADC has a loan agreement with MRO. The principal amount of the loan of U.S.$12.0 million is payable in full on March 17, 2025 . Accrued interest payable as of September 30, 2013 and December 31, 2012 included as part of Accrued Expenses under Trade and Other Payables account in the consolidated statements of financial position amounted to P7.73 million and P18.1 million, respectively .

7.2 Rental Income from Associates

GERI leases its investment property to certain related parties with rental payments mutually agreed before the commencement of the lease. The revenue earned from leases to related parties are included as part of Rental Income under Rendering of Services account in the consolidated statements of comprehensive income. The outstanding receivable is short-term, unsecured, noninterest-bearing, and are generally settled in cash upon demand.

As of September 30, 2013 and December 31, 2012, based on management's assessment, the outstanding balance of rental income receivable from associate is not impaired; hence, no impairment losses were recognized.

7.3 Purchase of Goods

EDI sources its raw materials such as alcohol, molasses, flavorings and other supplies from certain related parties through common ownership. The outstanding liability related to such purchases is presented as part of Trade Payables under current Trade and Other Payables in the consolidated statements of financial position.

7.4 Receivable from a Joint Venture

Receivables from GCFII are unsecured, interest free and normally settled in cash. These are included in Trade Receivables under the Trade and Other Receivables account in the consolidated statements of financial position

As of September 30, 2013 and December 31, 2012, based on management's assessment, the outstanding balance of the receivable from joint venture is not impaired; hence, no impairment losses were recognized.

7.5 Advances to Associates and Other Related Parties

Entities within the Group grant to or obtain advances from associates and other entities for working capital purposes. These advances to and from associates and other related parties are unsecured, noninterest-bearing and repayable upon demand. Settlement is generally made in cash. The outstanding balances of Advances to Associates and Other Related Parties, which are shown as part of Investments in Associates and Other Related Parties account in the consolidated statements of financial position as of September 30, 2013 and December 31, 2012, are presented as follows (these mainly represent advances granted by Megaworld)

	2013	2012
Advances to:		
Associates	**P 1,178,483**	P 1,063,503
Other related parties	**612,628**	805,617
	P 1,791,111	P 1,869,120

The movements of the Advances to Associates and Other Related Parties account are as follows:

	2013	2012
Balance at beginning of year	**P 1,869,120**	P 2,147,830
Collections	**(192,989)**	(284,442)
Cash advances granted	**114,980**	5,732
Balance from newly consolidated subsidiaries	**-**	-
Balance at end of year	**P 1,791,111**	P 1,869,120

As of September 30, 2013 and December 31, 2012, 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.

7.6 Due from/to Related Parties

Transactions with related parties include the following: financing of opening of letters of credit and payment of progress billing, royalty fees, rentals, interest and certain expenses in behalf of the entities within Group or other related parties. The amounts due from and to related parties are unsecured, noninterest-bearing and due and demandable any time. Settlement is generally made in cash. As of September 30, 2013 and December 31, 2012, 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.

The outstanding balances of 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 of September 30, 2013 and December 31, 2012, as follows:

		2013		2012
Due from Related Parties				
Associates	**P**	**259,899**	P	246,293
Officers and employees		**247,778**		230,938
Other related parties		**729,176**		718,094
	P	**1,236,853**	P	1,195,325
Due to Related Parties				
Stockholder	**P**	**366,670**	P	195,470
Other related parties		**553,874**		692,300
	P	**920,544**	P	887,770

The details of the due from/to related parties are as follows:

		2013		2012
Due from Related Parties				
Balance at beginning of year	**P**	**1,195,325**	P	1,017,268
Balance from newly consolidated subsidiaries		-		-
Additions		**107,835**		365,112
Collections		**(66,307)**		(187,055)
Balance at end of year	**P**	**1,236,853**	P	1,195,325
Due to Related Parties				
Balance at beginning of year	**P**	**887,770**	P	697,049
Balance from newly consolidated subsidiaries		**-**		-
Net additions		**268,853**		190,721
Repayments		**(236,079)**		-
Balance at end of year	**P**	**920,544**	P	887,770

McDonald's granted GADC the nonexclusive rights to adopt and use the McDonald's System in its restaurant operations in the Philippines. In March 2005, the license agreement was renewed for another 20 years, and provides for a royalty fee based on certain percentage of net sales from the operations of GADC's restaurants, including those operated by the franchisees.

GADC recognized royalty expenses amounting to P511.0 million and P646.5 million for 2013 and 2012, respectively. The outstanding payable to McDonald's relating to royalty expenses amounted to P91.8 million and P112.1 million as of September 30, 2013 and December 31, 2012, respectively, and presented as part of Due to Related Parties under Trade and Other Payables account in the consolidated statements of financial position.

GADC leases a warehouse and nine restaurant premises from MPRC, a company owned by MRO. The lease terms are for periods which are co-terminus with the lease agreements entered into by GADC with the owners of the land where the warehouse and restaurants are located. Except for the warehouse for which a fixed annual rental of P10.0 million is charged, rentals charged by MPRC to GADC are based on agreed percentages of gross sales of each store.

Rental charged to operations amounted to P30.0 million and P42.5 million in 2013 and 2012, respectively. Outstanding balance pertaining to the said transaction amounted to P.015 million and P3.3 million as of September 30, 2013 and December 31, 2012, respectively.

As of September 30, 2013 and December 31, 2012, based on management's assessment, the outstanding balances of Due from Related Parties are not impaired, hence, no impairment losses were recognized.

7.7 Non-current Advances from Related Parties

Certain expenses of unconsolidated entities within the Group are paid by other related parties on behalf of the former. The advances are unsecured, non-interest bearing and generally payable on demand. Due to JV partners pertain to the share of JV partners in the proceeds from the sale in accordance with various JV agreements entered into by GERI. Total outstanding balance of the accounts is presented as Advances from Related Parties account in the consolidated statements of financial position.

Details of Advances from Related Parties are presented as follows:

	2013	2012
Due from related parties	**P 471,658**	P 642,006
Due from joint venture partners	**228,657**	214,397
Balance at end of year	**P 700,315**	P 856,403

7.8 Operations and Management Agreement with Genting Hongkong Limited (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. Management fees are presented as part of Management fees under the Other Operating Expenses account in the consolidated statements of comprehensive income. The outstanding liability arising from this transaction is presented as part of Accrued expenses in the Trade and Other Payables account in the consolidated statements of financial position.

8. 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. The management of the Group is of the opinion that losses, if any, from these items will not have any material effect on ICFSs.

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

9. RISK MANAGEMENT OBJECTIVES AND POLICIES

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

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

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

9.1 Market Risk

(a) Foreign Currency Sensitivity

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

	2013		2012	
	U.S. Dollars	**HK Dollars**	U.S. Dollars	HK Dollars
Financial assets	**P 33,525,738**	**P 2,590,536**	P 37,937,643	P 2,461,548
Financial liabilities	**(55,204,931)**	**(-)**	(44,194,216)	(875,795)
	(P 21,679,193)	**P 2,590,536**	(P 6,256,573)	P 1,585,753

The sensitivity of the consolidated income before tax for the period with regard to the Group's financial assets and the US dollar – Philippine peso exchange rate assumes +/-16% and +/- 14% changes of the Philippine peso/U.S. dollar exchange rate for the periods ended September 30, 2013 and December 31, 2012 respectively. The HK dollar – Philippine peso exchange rate assumes +/-7% and +/-13% change for the periods ended September 30, 2013 and December 31, 2012. These percentages have been determined based on the average market volatility in exchange rates in the previous year and 12 months, respectively, estimated at 95% level of confidence. The sensitivity analysis is based on the Group's foreign currency financial instruments held at each reporting periods.

If the Philippine peso had strengthened against the U.S. dollar, with all other variables held constant, consolidated income before tax would have increased by

P3.5 billion and P0.6 billion for the periods ended September 30, 2013 and December 31, 2012 respectively. If in 2013 the Philippine peso had strengthened against the HK dollar, with all other variables held constant, consolidated income before tax would have decreased by P0.2 billion.

However, if the Philippine peso had weakened against the U.S. dollar and the HK dollar by the same percentages; then consolidated income before tax would have changed at the opposite direction by the same amount.

The Group periodically reviews the trend of the foreign exchange rates and, as a practical move, increases its U.S. dollar-denominated time deposits in times when the Philippine peso is depreciating or decreases its U.S. dollar-denominated 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 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 income before tax for the period to a reasonably possible change in interest rates of +/-1.99% for Philippine peso and +/-0.16% and U.S. dollar in 2013 and +/-2.43% for Philippine peso and +/-0.56% for US dollar in 2012 with effect from the beginning of the period. These percentages have been determined based on the average market volatility in interest rates, using standard deviation, in the previous year and 12 months, respectively, estimated at 95% level of confidence.

The sensitivity analysis is based on the Group's financial instruments held at September 30, 2013 and December 31, 2012 with effect estimated from the beginning of the period. All other variables held constant, the consolidated income before tax would have increased by P0.1 billion and P1.2 billion for the periods ended September 30, 2013 and December 31, 2012 respectively. Conversely, if the interest rates decreased by the same percentage, consolidated income before tax would have been lower by the same amount.

9.2 Credit Risk

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

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

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

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

	2013	2012
Not more than 30 days	**P 2,602,869**	P 267,577
31 to 60 days	**467,221**	1,754,101
Over 60 days	**1,034,031**	1,229,152
	P 4,104,121	P 3,250,830

9.3 Liquidity Risk

The Group manages its liquidity needs by carefully monitoring scheduled debt servicing payments for long-term financial liabilities as well as cash outflows due in a day-to-day business. Liquidity needs are monitored in various time bands, on a day-to-day and week-to-week basis, as well as on the basis of a rolling 30-day projection. Long-term liquidity needs for a 6-month and one-year period are identified monthly. The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of loans, 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 at September 30, 2013, 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 20,727,752	P 4,869,770	P -	P -
Interest-bearing loans	3,507,640	779,275	10,989,145	1,438,629
Bonds payable	1,146,998	1,147,000	51,822,330	10,318,000
Advances from related parties	1,034,455	-	700,315	-
Redeemable preferred shares	-	-	1,257,988	1,574,159
Security deposits	70,057	10,053	19,832	74,021
Payable to MRO stock option	-	-	-	-
Derivative liability	128,289	-	1,263,944	-
Other liabilities	-	-	1,014,973	-
	P 26,615,191	P 6,806,098	P 67,068,527	P 13,404,809

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

	Current		Non-current	
	Within 6 Months	6 to 12 Months	1 to 5 Years	Later than 5 Years
Trade and other payables	P 12,529,113	P 9,978,368	P -	P -
Interest-bearing loans	2,849,992	1,390,790	13,584,594	930,621
Bonds payable	1,092,701	1,092,701	46,460,595	8,556,628
Advances from related parties	1,067,406	120,755	856,403	-
Redeemable preferred shares	-	-	1,352,337	1,584,643
Security deposits	-	57,911	26,694	60,577
Payable to MRO stock option	-	82	-	-
Derivative liability	-	-	1,246,124	-
Other liabilities	-	-	665,820	-
	P 17,539,212	P 12,640,607	P 64,192,567	P 11,132,469

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.

10. CATEGORIES AND FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES

10.1 Comparison of Carrying Amounts and Fair Values

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

	2013		2012	
	Carrying Values	**Fair Values**	Carrying Values	Fair Values
Financial assets				
Loans and receivables:				
Cash and cash equivalents	**P 83,221,406**	**P 83,221,406**	P 68,301,336	P 68,301,336
Trade and other receivables	**57,579,382**	**57,579,382**	43,869,129	43,869,129
Other financial assets	**1,038,553**	**1,038,553**	832,314	832,314
	P 141,839,341	**P 141,839,341**	P 113,002,779	P 113,002,779
Financial assets at FVTPL:				
Marketable debt and equity securities	**P 9,097,426**	**P 9,097,426**	P 5,896,822	P 5896,822
Derivative asset	**-**	**-**	665,131	665,131
	P 9,097,426	**P 9,097,426**	P 6,561,953	P 6,561,953
AFS Financial Assets:				
Debt securities	**P 4,268,111**	**P 4,268,111**	P 5,015,804	P 5,015,804
Equity securities	**561,153**	**561,153**	265,642	265,642
	P 4,829,264	**P 4,829,264**	P 5,281,446	P 5,281,446
Financial Liabilities				
Financial liabilities at FVTPL - Derivative liabilities	**P 1,392,232**	**P 1,392,232**	P 1,246,124	P 1,246,124
Financial liabilities at amortized cost:				
Trade and other payables	**P 26,780,789**	**P 26,780,789**	P 22,166,173	P 22,166,173
Interest-bearing loans	**15,621,345**	**15,621,345**	18,090,749	18,090,749
Bonds payable	**57,910,131**	**57,910,131**	45,990,629	45,990,629
Redeemable preferred shares	**1,771,144**	**1,771,144**	1,728,086	1,728,086
Due to related parties	**829,943**	**829,943**	856,403	856,403
Security deposits	**122,616**	**122,616**	113,395	113,395
	P 103,035,968	**P 103,035,968**	P 88,945,435	P 88,945,435

See Notes 2.5 and 2.13 for a description of the accounting policies for each category of financial instrument. A description of the Group's risk management objectives and policies for financial instruments is provided in Note 9.

10.2 Fair Value Hierarchy

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

- Level 1: quoted prices (unadjusted) in active markets 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 liability is classified is determined based on the lowest level of significant input to the fair value measurement.

The breakdown of the Group's financial assets and liabilities measured at fair value in its consolidated statements of financial position as of September 30, 2013 and December 31, 2012 is as follows:

September 30, 2013

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL	P 9,097,426	P -	P -	P 9,097,426
AFS financial assets	4,349,215	480,049	-	4,829,264
Derivative liabilities	(1,392,232)	-	-	(1,392,232)
	P 12,054,409	**P 480,049**	**P -**	**P 12,534,458**

December 31, 2012

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL	P 6,561,953	P -	P -	P 6,561,953
AFS financial assets	5,083,788	197,658	-	5,281,446
Derivative liabilities	(1,246,124)	-	-	(1,246,124)
	P 10,399,617	P 197,658	P -	P 10,597,275

11. SEASONAL FLUCTUATIONS

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

12. SUBSEQUENT EVENT

On November 5, 2013, Travellers began trading its common shares in the Philippine Stock Exchange (PSE) under the ticker "RWM". The shares were priced in the initial public offering at P11.28 per common share on October 17, 2013. With the public float, AGI Group's 50% combined interest would be reduced by less than 6%.

ALLIANCE GLOBAL GROUP, INC.
SCHEDULE OF FINANCIAL SOUNDNESS INDICATORS
SEPTEMBER 30, 2013

	9/30/2013	6/30/13	12/31/12
Current ratio	3.69 : 1.00	3.38 : 1.00	3.35 : 1.00
Quick ratio	2.43 : 1.00	2.22 : 1.00	2.14 : 1.00
Debt-to-equity ratio	0.86 : 1.00	0.97 : 1.00	0.90 : 1.00
Interest-bearing debt to total capitalization ratio	0.41 : 1.00	0.45 : 1.00	0.43 : 1.00
Asset -to-equity ratio	1.86 : 1.00	1.97 : 1.00	1.90 : 1.00
			9/30/12
Interest rate coverage ratio	824%	786%	650%
Net profit margin	20.51%	18.44%	17.20%
Return on assets	6.51%	3.92%	5.55%
Return on equity/investment	11.25%	7.36%	9.68%
Return on equity/investment of owners	13.80%	8.93%	11.38%

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

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

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

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

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

ALLIANCE GLOBAL GROUP, INC. AND SUBSIDIARIES
AGING SCHEDULE OF TRADE AND OTHER RECEIVABLES
UNDER CURRENT ASSETS
SEPTEMBER 30, 2013
(Amounts in Thousand Philippine Pesos)

Trade Receivables	
Current	P 24,159,572
1 to 30 days	2,602,869
31 to 60 days	467,221
Over 60 days	1,034,031
Total	28,263,693
Due to other related parties	1,128,694
Balance at September 30, 2013	**P 29,392,387**