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S.E.C. Registration Number

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G	R	O	U	P		I	N	C	.								

(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, 2014)**

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, 2014**

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, 2013 (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, 2014 (see Note 2 to the ICFS).

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

The ICFS comprise the financial statements of the Company and its subsidiaries, after elimination of material intercompany transactions. In addition, shares of stock of the Company acquired by any of these subsidiaries are recognized as treasury shares and these are presented at cost as a deduction in the consolidated statements of changes in equity. Any changes in their market values as recognized separately by the subsidiaries are likewise eliminated in full. Gain or loss on the sale of these treasury shares is presented as addition to or deduction from additional paid-in capital (APIC).

Business Segments

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

GERI, which used to be presented as a separate segment up to the first quarter, is now consolidated in Megaworld, after the latter acquired all the shares held by AGI in June. In return, Megaworld sold a big portion of its Travellers shares to AGI.

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

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

Key Performance Indicators

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

Amounts In Million Philippine Pesos

	Jan-Sep 2014	Jan-Sep 2013	Quarter 3 2014	Quarter 3 2013	First Half 2014	First Half 2013
REVENUES	**89,523**	**93,434**	**29,915**	**32,636**	**59,608**	**60,798**
Non-recurring Gain	77	2, 905	-	2, 905	77	-
Before Non-Recurring Gain	89,446	90,529	29,915	29,731	59,531	60,798
Growth year-on-year		*-1%*		*-0.6%*		*-2%*
NET PROFIT	**17,170**	**19,137**	**5,794**	**7,892**	**11,376**	**11,245**
Non-recurring Gain	77	2,889	-	2,889	77	-
Before Non-Recurring Gain	17,093	16,248	5,794	5,003	11,299	11,245
Growth year-on-year		*5%*		*16%*		*0.5%*
NET PROFIT ATTRIBUTABLE TO OWNERS	**11,431**	**14,334**	**3,941**	**6,095**	**7,490**	**8,239**
BEFORE NON-RECURRING GAIN	**11,354**	**11,445**	**3,941**	**3,206**	**7,413**	**8,239**
Growth year-on-year		*-0.8%*		*22.9%*		*-10%*
Net profit rate	19.18%	20.48%	19.37%	24.18%	19.08%	18.50%
Attributable to owners of parent	12.77%	15.34%	13.17%	18.68%	12.62%	13.55%
Return on assets	4.93%	6.94%			3.38%	3.74%
	Sep 30 2014			Jun 30 2014		Dec 31, 2013
Current ratio	3.29 x			3.49x		3.91x
Quick ratio	1.98x			2.19x		2.62x

- 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

The consolidated net profit for the first nine months, excluding one-time gains, is up 5.2% year-on-year to P17.1 billion from P16.2 billion a year ago; and net profit rate improved to 19% from 18% a year ago.

	MEG[a]	EMP[c]	RWM[b]	GADC	GERI	Others	TOTAL
2014							
Revenues	41,860	20,034	23,359	13,432	0		
Intercompany	-11,540	0	0	0	0		
Consolidated	**30,320**	**20,034**	**23,359**	**13,432**	**0**	**2,378**	**89,523**
% contribution	34%	22%	26%	15%		3%	100%
Costs and expenses	20,486	14,195	17,962	12,878	0	1,777	67,298
Intercompany	84	0	0	0	0	102	186
Consolidated	**20,402**	**14,195**	**17,962**	**12,878**	**0**	**1,675**	**67,112**
Tax expense	**2,336**	**1,273**	**1,384**	**152**	**0**	**96**	**5,241**
Net profit	19,038	4,566	4,013	402	0	7,957	35,976
Intercompany	-11,456	0	0	0	0	-7,350	-18,806
Consolidated	**7,582**	**4,566**	**4,013**	**402**	**0**	**607**	**17,170**
% contribution	44%	27%	23%	2%		4%	100%
Net profit to owners	**4,833**	**3,998**	**1,799**	**199**	**0**	**602**	**11,431**
% contribution	42%	35%	16%	2%		5%	100%
2013							
Revenues	26,605	20,816	26,909	11,433	1,319		
Intercompany/reclassify	-434						
Consolidated	**26,171**	**20,816**	**26,909**	**11,433**	**1,319**	**6,785**	**93,433**
% contribution	28%	22%	29%	12%	1%	8%	100%
Costs and expenses	18,074	14,855	23,278	10,684	1,010	2,505	70,406
Intercompany	74	0	0	0	0	-69	5
Consolidated	**18,148**	**14,855**	**23,278**	**10,684**	**1,010**	**2,435**	**70,410**
Tax expense	**2,006**	**1,472**	**57**	**233**	**76**	**42**	**3,886**
Net profit	6,525	4,489	3,574	516	233	11,725	27,062
Intercompany	-508	0	0	0	0	-7,417	-7,925
Consolidated	**6,017**	**4,489**	**3,574**	**516**	**233**	**4,308**	**19,137**
% contribution	31%	23%	19%	3%	1%	23%	100%
Net profit to owners	**3,580**	**4,262**	**1,787**	**250**	**147**	**4,308**	**14,334**
% contribution	25%	30%	12%	2%	1%	30%	100%
Year-on-year Change							
Revenues	15.9%	-3.8%	-13.2%	17.5%		-65.0%	-4.2%
Costs and expenses	12.4%	-4.4%	-22.8%	20.5%		-31.2%	-4.7%
Tax expense	16.5%	-13.5%	2310%	-34.8%		128.6%	34.9%
Net profit	26.0%	1.7%	12.3%	-22.0%		-85.9%	-10.3%
Net profit to owners	35.0%	-6.2%	0.7%	-20.6%		-86.0%	-20.2%

Amounts are in million Pesos. Numbers may not add up due to rounding off. The above follows grouping of accounts at AGI consolidated level, so revenues and costs and expenses may not tally the totals as separately reported by subsidiaries as there may be items reclassified from/to revenues to/from costs at AGI consolidated level (which is the case for the 2013 numbers for MEG, EMP and GERI). Net profit presented is after consolidation adjustments.

[a]MEG also excluded the fair value gain it recorded for AGI shares and its share in net profits of Travellers and GERI. In 2014, it reported P77 million gain on acquisition of a subsidiary.

[b]RWM revenues are presented before taking out promotional allowance of P1.6 billion and P1.8 billion in 2014 and 2013, respectively; these are included under costs and expenses at AGI conso level.

Megaworld reported a net profit of P19.0 billion which included P11.6 billion non-recurring gains from acquisition and sale of shares in subsidiaries and in an associate for the first nine months of 2014, 192% higher than the P6.52 billion for the same period in 2013 due to strong residential sales in its various townships, particularly in Newport City, Uptown Bonifacio, McKinley Hill and Eastwood City; and higher leasing income from its office and retail portfolio. Total consolidated revenues, including those of Global-Estate Resorts, Inc., Empire East Land Holdings and Suntrust Properties, amounted to P41.9 billion, up 57% from P26.6 billion a year ago. Rental income from its office developments and lifestyle malls surged to a record P5.2 billion from P4.34 billion, a 20% jump year-on-year. The group posted P70.2 billion in reservation sales this year, which is 11% better than a year ago. These operating results translated to P30.3 billion in revenues and P7.6 billion in net profit brought into the AGI consolidated level, which represent 34% and 44% of respective totals.

In the first half of the year, Megaworld consolidated new subsidiaries – property lessor La Fuerza, Inc. (an associate in 2013) and property management companies of Citywalk, Forbestown Center and Paseo Center.

Emperador ended the first nine months of the year with net profit of P4.6 billion, about 2% higher than P4.5 billion of a year ago. Net profit for the third quarter amounted to P1.5 billion, 15% better than the P1.3 billion reported in the same period last year. Gross profits for the third quarter and nine-month periods were respectively better by 13% and 7% year-on-year, because of about 5% improvement in cost of goods sold brought about by favorable cost efficiencies. Sales of goods were at about the same level as last year. While cost of sales improved this year, other operating expenses expanded by 11% due to outside services, freight, salary increases and business taxes. EMP contributed 22% and 27% of AGI consolidated revenues and net profit, respectively.

Travellers reported gross revenues of P8.0 billion for this year's third quarter, which is 5% higher than the P7.6 billion posted a year ago and 10% higher than the second quarter. Gross gaming revenues in the third quarter improved by 6% as both mass and VIP segments grew versus same period last year. Win rate has likewise shown a healthy increase from the blended hold of 3.5% in third quarter of last year to 4.2% this year. Table and slots count is at 292 and 1,788, respectively while ETG count remains at 210. Revenues from hotel, food and beverage in the third quarter increased by 20% this year as compared to a year ago. Hotel occupancy rates in all three hotels remained high at 95% for Remington, 89% for Maxims and 83% for Marriott. Room counts for the three hotels remain at 712, 172 and 342, respectively. Net profit for the first nine months of the year amounted to P4.0 billion, 12% higher than the P3.6 billion posted a year ago. RWM contributed 26% and 23% to total consolidated revenues and net profit of AGI.

GADC ended the first nine months with total revenues of P13.4 billion, up 17% from P11.4 billion for the same period last year. This is primarily due to the opening of 45 new restaurants (29 company-owned, 15 franchised, 1 joint venture), reimaging of 32 existing restaurants, expansion of business extensions (delivery service, drive-thru, dessert centers, midnight hours and breakfast daypart), the introduction of new products (BFF Burger and Chicken Bundles; re-launch of McSpicy chicken burger and rice meal, Cheeseburger Deluxe; Limited Time Offers Shake Shake fries and twister fries), and aggressive advertising and promotional campaigns to support Everyday McSavers (Fries, Float and Sundae), McSaver Meals, Desserts and Breakfast. The 45 new restaurants contributed 6% to total system sales while business extensions comprise 22% of the total. There were 432 restaurants operating by the end of the period, as compared to 389 restaurants a year ago. Price increases were also strategically implemented in order to mitigate the impact of increased cost of raw materials and to maintain the level of product quality. Impact of price adjustment to gross profit is an increase of 0.5% for 2014. Cost of sales and services went up by 21%, primarily due to cost of inventory which increased by 23% brought about by higher prices of imported raw materials and the shift in product mix. Rentals and utilities, operating supplies, transportation and crew labor costs also expanded from a year ago. Advertising has been aggressive also to drive customer patronage. As a result, net profit shrank to P402 million from P516 a year ago. GADC contributed 15% and 2% to consolidated revenues and net profit of AGI and subsidiaries

The results of operations are further shown in the profit and loss accounts, as follows:

	2014	2013	2014 Q	2013 Q	Growth M9	Growth Q
REVENUES	89,523	93,433	29,915	32,636	-4.19%	-8.34%
Sale of goods	42,492	41,118	14,400	13,994	3.34%	2.90%
Consumer goods	20,218	20,344	6,743	6,664	-0.62%	1.18%
Revenues from real estate (RE) sales	22,274	20,774	7,657	7,329	7.22%	4.47%
RE sales	18,377	17,143	6,366	6,092	7.20%	4.50%
Interest income on RE sales	1,233	1,082	447	355	13.99%	25.91%
Realized gross profit on RE sales	2,664	2,549	844	882	4.52%	-4.39%
Rendering of services	42,677	43,706	14,448	13,718	-2.35%	5.32%
Gaming	20,792	24,205	7,212	6,790	-14.10%	6.21%
Sales by company-operated quick-service restaurant	12,254	10,505	4,079	3,545	16.65%	15.09%
Franchise revenues	1,060	915	366	328	15.88%	11.33%
Rental income	5,182	4,629	1,748	1,622	11.94%	7.73%
Other services	3,389	3,452	1,043	1,433	-1.81%	-27.19%
Share in net profits of associates and joint ventures	22	1	-35	-4	1,421.43%	687.31%
Finance and other income	4,331	8,608	1,102	4,928	-49.69%	-77.63%
COSTS AND EXPENSES	67,112	70,410	22,014	23,433	-4.69%	-6.06%
Cost of goods sold	27,256	27,613	8,703	9,234	-1.30%	-5.75%
Consumer goods sold	13,056	13,675	4,259	4,458	-4.53%	-4.46%
RE sales	10,725	10,223	3,582	3,645	4.91%	-1.74%
Deferred gross profit on RE sales	3,475	3,715	862	1,131	-6.46%	-23.78%
Cost of services	19,002	20,157	6,349	6,623	-5.73%	-4.14%
Gaming	6,501	9,443	2,779	2,744	-31.15%	1.24%
Company-operated quick-service restaurants	10,237	8,420	3,432	2,908	21.58%	18.05%
Franchised restaurants	482	424	164	145	13.67%	12.83%
Other services	1,782	1,870	-26	826	-4.73%	-103.16%
Other operating expenses	17,353	18,472	5,654	5,586	-6.05%	1.22%
Finance costs and other charges	3,500	4,168	1,308	1,990	-16.03%	-34.26%
TAX EXPENSE	5,241	3,886	2,107	1,310	34.87%	60.77%
NET PROFIT	17,170	19,137	5,794	7,892	-10.28%	-26.58%

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

Revenues from sale of goods (real estate, alcoholic beverages and snack products) increased by 3% while rendering of services (gaming, hotel, quick-service restaurants, rentals) dwindled by 2%, primarily due to 14% contraction of gaming revenues from where almost half of service revenues come from. Real estate sales increased by 7% and quick-service restaurants sales were up 17% year-on-year.

Costs and expenses decelerated by 5%, because of cost saving measures initiated by the subsidiaries.

Finance and other income this year included the P77 million non-recurring gain and P390 million revaluation adjustment from acquisition of a subsidiary by Megaworld and fair value gains of the Group on marked-to-market securities, which offset the effect of the reversal in foreign currency exchange gains. **Finance costs and other charges** contracted by 16% due to reversals of fair value losses of a year ago.

Income tax increased by 35% this year as compared to a year ago, which is attributed to higher taxable income resulting in the higher tax expended by Travellers and Megaworld. Provision is made for the corporate income tax to be imposed by the Bureau of Internal Revenue on PAGCOR licensees.

Earnings before interest, taxes, depreciation and amortizations (EBITDA), computed as net profit before non-recurring income, share in net profits of associates and joint ventures, income taxes, interest expense, depreciation, amortizations and impairment provisions, amounted to P28.5 billion as compared to P26.5 billion a year ago, or 8% improvement year-on-year.

Financial Condition

Consolidated total assets amounted to P348.0 billion at end of the interim period from P332.4 billion at beginning of year. The Group is strongly liquid with current assets exceeding current liabilities 3.3times. Current assets amounted to P185.8 billion while current liabilities amounted to P56.5 billion at end of the interim period.

Cash and cash equivalents dipped by P23.8 billion or 25% to end at P71.1 billion from P95.0 billion at the beginning of the year, primarily due to Travellers' loan payments of P4.3 billion and US$3.2 million, Emperador's investment in a Spanish joint venture, Megaworld's capital expenditure and business expansion activities, and cash dividend payments. 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 P3.9 billion or 13% primarily due to higher real estate sales during the period and the additional down payments paid by Travellers and Emperador to its suppliers/contractors in connection with the ongoing expansion works at RWM and new distillery plant in Batangas. Noncurrent trade and other receivables increased by P4.2 billion or 17% due to higher real estate reservations/sales booked during the period.

Inventories rose by P7.6 billion or 15% due to additional real estate lots, condominium units and resort shares completed and put up for sale. New casino operating supplies such as gaming cards, dice and seals were purchased during the period.

Financial assets at fair value through profit or loss dropped by P0.8 billion or 11% due to disposal of investments in marketable debt securities during the interim period. It is for the same reason that available-for-sale financial assets were reduced by P0.5 billion or 11%.

Property development costs went up by P0.6 billion or 5% due to new real estate development projects. A total of 19 residential projects were launched during the first nine months of the year. Megaworld launched eight (Salcedo Skysuites and Greenbelt Hamilton Tower 2 in Makati CBD; The Venice Luxury Residences' Fiorenzo Tower, The Florence Tower 2 and Viceroy East Tower in McKinley Hill; St. Moritz Private Estate in McKinley West; Lafayette park Square in Iloilo Business Park; and Mactan Belmont Hotel in The Mactan Newtown), Empire East. four (The Mango Tree Residences in San Juan; Kasara Urban Residences Tower 5 in Pasig; and Pioneer Woodlands Park 2 in Mandaluyong) and Suntrust, five (Suntrust Ascentia and Solana in Manila; Amadea in Quezon City; 88 Gibraltar in Baguio and Sienna Hills in Batangas).

Land for future development went up by P1.0 billion or 8% due to additional land acquisitions and contribution of new Megaworld subsidiary.

Investment property enlarged by P8.7 billion or 32% from property owned by La Fuerza Inc., a former associate and now a newly-acquired subsidiary of Megaworld, and the completion of additional properties for lease.

Property, plant and equipment increased by P7.9 billion or 19% due to the construction in progress in RWM and Emperador. RWM is expanding Marriott Hotel and Maxims Hotel and building two new hotels, the Hilton Manila and the Sheraton Manila, while EMP, on the other hand, is building a new distillery plant in Batangas.

Investments in and advances to associates and other related parties surged by P4.6 billion or 90% due primarily to the acquisition of 50% equity in an Spanish joint venture by Emperador and advances to other related parties made by Megaworld, which in turn is reduced by the amount of investment in a former associate of Megaworld which becomes a subsidiary during the period (the investment is closed).

Deferred tax assets decreased by P0.2 billion or 34% while deferred tax liabilities increased by P0.4 billion or 5% as a result of changes in taxable temporary differences at GERI.

Other current assets increased by P0.6 billion or 14% due to Megaworld's new subsidiary. Other non-current assets went up by P2.0 billion or 91% primarily due to additional deferred input vat of Emperador, guarantee deposits of Megaworld and Travellers.

Trade and other payables went up by P1.9 billion or 8% which primarily came from Travellers which include liabilities on unredeemed gaming points and gaming chips and retention payable to contractors and suppliers.

Both current and non-current interest-bearing debt dipped by P2.4 billion or 3.5% due to loan settlements made by Travellers and principal payments by AGI and Megaworld. After its payments, Travellers has no more loan due within a year

Income tax payable decreased by P0.3 billion or 34% due to lower tax liabilities of Emperador, GADC and Megaworld.

Other noncurrent liabilities increased by P1.9 billion or 13% due to deferred income on real estate sales and reserve for property development.

Liquidity and Capital Resources

The consolidated balance sheet showed strong liquidity with current assets exceeding current liabilities 3.3times. Total-liabilities-to-equity ratio is at 0.7:1 while debt-to-equity ratio is at 0.3:1. Assets exceeded liabilities 2.4 times, and equity 1.7times.

Working capital was sourced internally from operations during the period. In addition, the Group has net cash position that will enable it to pursue strategic activities. It may also from time to time seek other sources of funding, if necessary, which may include debt or equity financings, depending on its financing requirement and market conditions.

Amounts in Million Pesos	September 30, 2014	June 30, 2014	March 31, 2014	December 31, 2013
Cash and equivalents	71,141	77,529	86,367	94,977
Interest-bearing debt	67,088	60,727	64,668	69,504
Net cash	4,053	16,802	21,698	25,473
Cash and cash equivalents to interest-bearing debt	106%	128%	134%	137%
Interest-bearing debt to total equity	33%	30%	33%	37%

Subsequent Events

On October 27, 2014, EMP's subsidiary, EIL, obtained a £210 million short-term loan from two foreign banks. On October 31, Emperador UK Limited completed the acquisition of 100% stake in Whyte & Mackay Group Limited and its subsidiaries ("Whyte & Mackay") of UK for an enterprise value of £430 million. The acquisition will put the Group to two fastest growing spirits segments in the world, the brandy and whisky. The principal activities of Whyte and Mackay and its subsidiaries are the production, marketing and distribution of its Scotch whisky and other alcoholic drinks in over 50 countries.

On November 7, Singapore's sovereign wealth fund, GIC, through its private equity arm, entered into a definitive purchase agreement with EMP to invest P17.6 billion in new EMP shares and convertible equity-linked securities at P11 per share. The securities are convertible to EMP shares up to 7 years under preset terms at the option of both EMP and GIC. GIC also has the option to invest an additional P4.4 billion over a 13-month period. The definitive agreement is expected to be completed in November.

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 2014, all the business segments are expected to grow revenues and profits in line with targets.

Others

Events that occurred after the end of the interim period were summarized in Note 16 to the ICFS, *Subsequent Events*.

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
Chief Financial Officer/
Corporate Information Officer/
Principal Accounting Officer
November 13, 2014

ALLIANCE GLOBAL GROUP, INC.
SCHEDULE OF FINANCIAL SOUNDNESS INDICATORS
September 30, 2014

	9/30/14	12/31/13
Current ratio	3.29	3.91
Quick ratio	1.98	2.62
Liabilities-to-equity ratio	0.71	0.75
Interest-bearing debt to total capitalization ratio	0.37	0.39
Asset -to-equity ratio	1.71	1.75
Interest rate coverage ratio	806%	198%
Net profit margin	19.18%	20.48%
Return on assets	4.93%	6.05%
Return on equity/investment	8.45%	11.24%
Return on equity/investment of owners	9.94%	13.77%

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

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

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

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

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

ALLIANCE GLOBAL GROUP, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
SEPTEMBER 30, 2014 AND DECEMBER 31, 2013
(Amounts in Philippine Pesos)

		September 30, 2014 (UNAUDITED)		December 31, 2013 (AUDITED)
A S S E T S				
CURRENT ASSETS				
Cash and cash equivalents	**P**	**71,140,749,095**	P	94,977,525,445
Trade and other receivables - net		**34,007,770,586**		30,074,787,370
Financial assets at fair value through profit or loss		**6,565,072,450**		7,375,742,967
Inventories - net		**56,664,611,966**		49,075,369,433
Property development costs		**12,577,372,701**		11,974,519,471
Other current assets		**4,822,104,522**		4,212,007,912
Total Current Assets		**185,777,681,320**		197,689,952,598
NON-CURRENT ASSETS				
Trade and other receivables - net		**28,771,730,099**		24,609,462,917
Advances to landowners and joint ventures		**4,729,212,651**		4,787,412,854
Available-for-sale financial assets		**4,234,776,379**		4,758,892,191
Land for future development		**13,543,413,791**		12,524,387,842
Investments in and advances to associates and other related parties		**9,687,354,547**		5,099,102,903
Property, plant and equipment - net		**49,575,218,836**		41,661,804,726
Investment property - net		**35,973,534,702**		27,290,428,438
Intangible assets - net		**10,973,673,615**		11,049,976,130
Deferred tax assets		**479,817,913**		728,559,662
Other non-current assets		**4,208,922,040**		2,200,429,265
Total Non-current Assets		**162,177,654,573**		134,710,456,928
TOTAL ASSETS	**P**	**347,955,335,893**	P	332,400,409,526

		September 30, 2014 (UNAUDITED)		December 31, 2013 (AUDITED)
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Trade and other payables	**P**	**26,766,438,675**	P	24,830,784,627
Interest-bearing loans		**2,589,038,054**		3,795,792,269
Bonds payable		**5,000,000,000**		-
Income tax payable		**511,894,306**		779,445,751
Other current liabilities		**21,679,319,598**		21,178,560,896
Total Current Liabilities		**56,546,690,633**		50,584,583,543
NON-CURRENT LIABILITIES				
Interest-bearing loans		**7,754,532,951**		9,228,584,192
Bonds payable		**51,744,003,846**		56,479,746,306
Advances from related parties		**804,038,309**		354,107,249
Retirement benefit obligation		**1,548,246,794**		1,428,092,675
Redeemable preferred shares		**1,837,373,329**		1,786,120,902
Deferred tax liabilities		**7,642,109,411**		7,242,479,378
Other non-current liabilities		**16,999,272,855**		15,075,049,649
Total Non-current Liabilities		**88,329,577,495**		91,594,180,351
Total Liabilities		**144,876,268,128**		142,178,763,894
EQUITY				
Equity attributable to owners of the parent company		**114,975,742,735**		107,692,727,038
Non-controlling interest		**88,103,325,030**		82,528,918,594
Total Equity		**203,079,067,765**		190,221,645,632
TOTAL LIABILITIES AND EQUITY	**P**	**347,955,335,893**	P	332,400,409,526

See Notes to Interim Consolidated Financial Statements.

ALLIANCE GLOBAL GROUP, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR NINE MONTHS ENDED SEPTEMBER 30, 2014 AND 2013
(Amounts in Philippine Pesos)
(UNAUDITED)

	2014		2013 (As Restated)	
	Year-to-Date	**Quarter**	Year-to-Date	Quarter
REVENUES				
Sale of goods	P 42,492,255,790	P 14,400,043,383	P 41,118,103,027	P 13,993,862,659
Rendering of services	42,677,237,237	14,447,407,511	43,705,709,015	13,717,925,784
Share in net profits of associates and joint ventures	22,246,551	(34,907,310)	1,462,215	(4,433,717)
Finance and other income	4,331,089,232	1,102,414,171	8,608,421,205	4,928,493,261
	89,522,828,810	29,914,957,755	93,433,695,462	32,635,847,987
COSTS AND EXPENSES				
Cost of goods sold	27,255,554,420	8,703,391,445	27,613,253,599	9,234,552,539
Cost of services	19,002,022,972	6,348,681,543	20,156,981,364	6,622,885,136
Other operating expenses	17,353,593,868	5,653,748,199	18,472,028,737	5,585,579,077
Finance cost and other charges	3,500,111,570	1,308,316,048	4,168,388,370	1,990,269,013
	67,111,282,830	22,014,137,235	70,410,652,070	23,433,285,765
PROFIT BEFORE TAX	22,411,545,980	7,900,820,520	23,023,043,392	9,202,562,222
TAX EXPENSE	5,241,377,038	2,106,645,698	3,886,207,713	1,310,379,113
NET PROFIT	17,170,168,942	5,794,174,822	19,136,835,679	7,892,183,109
OTHER COMPREHENSIVE INCOME				
Items that will not be reclassified subsequently to profit or loss				
Actuarial gain (loss) on remeasurement of retirement benefit obligation	(1,474,441)	-	13,498,399	-
Tax income (expense)	442,332	-	(4,049,520)	-
	(1,032,109)	-	9,448,879	-
Items that will be reclassified subsequently to profit or loss				
Net unrealized fair value gains (losses) on available-for-sale financial assets	93,328,634	49,627,349	(159,173,845)	(104,606,302)
Share in other comprehensive income (loss) of associates and joint ventures	(6,159,298)	-	-	-
Translation adjustments	(126,643,959)	80,559,372	254,597,920	(35,045,898)
	(39,474,623)	130,186,721	95,424,075	(139,652,200)
TOTAL COMPREHENSIVE INCOME	P 17,129,662,210	P 5,924,361,543	P 19,241,708,633	P 7,752,530,909
Net profit attributable to:				
Owners of the parent company	P 11,431,208,291	P 3,941,003,781	P 14,333,932,424	P 6,094,702,975
Non-controlling interest	5,738,960,651	1,853,171,041	4,802,903,255	1,797,480,134
	P 17,170,168,942	P 5,794,174,822	P 19,136,835,679	P 7,892,183,109
Total comprehensive income attributable to:				
Owners of the parent company	P 11,390,701,559	P 4,071,190,502	P 14,438,805,378	P 5,955,050,775
Non-controlling interest	5,738,960,651	1,853,171,041	4,802,903,255	1,797,480,134
	P 17,129,662,210	P 5,924,361,543	P 19,241,708,633	P 7,752,530,909
Earnings Per Share for the Net Income Attributable to Owners of the Parent Company:				
Basic	P 1.1302	P 0.3896	P 1.4179	P 0.6029
Diluted	P 1.1251	P 0.3879	P 1.4143	P 0.6014

See Notes to Interim Consolidated Financial Statements.

ALLIANCE GLOBAL GROUP, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR NINE MONTHS ENDED SEPTEMBER 30, 2014 AND 2013
(Amounts in Philippine Pesos)
(UNAUDITED)

	2014	2013 (As Restated)
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT COMPANY		
Capital Stock	P 10,269,827,979	P 10,269,827,979
Additional Paid-in Capital	33,611,840,432	33,501,908,751
Treasury Shares - at cost	(955,217,410)	(984,512,637)
Net Actuarial Losses on Retirement Benefit Plan		
Balance at beginning of year		
As previously reported	(207,484,076)	-
Effect of adoption of PAS 19 (Revised)	-	(240,822,140)
As restated	(207,484,076)	(240,822,140)
Actuarial gains (losses) for the year, net of tax	(1,032,109)	9,448,879
Balance at end of year	(208,516,185)	(231,373,261)
Net Unrealized Losses on Available-for-Sale Securities		
Balance at beginning of year	(906,447,446)	(764,407,369)
Net unrealized fair value gains (losses) during the year	93,328,634	(159,173,845)
Share in other comprehensive loss of associates and joint venture	(6,159,298)	-
Balance at end of year	(819,278,110)	(923,581,214)
Accumulated Translation Adjustments		
Balance at beginning of year	(903,939,309)	(903,342,498)
Currency translation adjustments during the year	(126,643,959)	254,597,920
Balance at end of year	(1,030,583,268)	(648,744,578)
Balance carried forward	P 40,868,073,438	P 40,983,525,040

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		2014		2013 (As Restated)
Balance brought forward	**P**	**40,868,073,438**	P	40,983,525,040
Dilution Gain		**10,974,217,660**		1,277,846,433
Share Options				
Balance at beginning of year		**264,469,448**		107,652,616
Share-based compensation expense recognized during the year		**40,400,886**		71,490,230
Balance at end of year		**304,870,334**		179,142,846
Retained Earnings				
Appropriated		**2,145,000,000**		1,400,000,000
Unappropriated				
Balance at beginning of year				
As previously reported		**53,400,459,760**		40,237,045,058
Effect of adoption of PAS 19 (Revised)		**-**		7,112,315
As restated		**53,400,459,760**		40,244,157,373
Cash dividends declared during the year		**(3,855,808,236)**		(3,841,614,020)
Net profit for the year		**11,431,208,291**		14,333,932,424
Effect of change in percentage ownership		**(292,278,512)**		(166,114,287)
Balance at end of year		**60,683,581,303**		50,570,361,490
Total Retained Earnings		**62,828,581,303**		51,970,361,490
Total		**114,975,742,735**		94,410,875,809
NON-CONTROLLING INTEREST				
Balance at beginning of year				
As previously reported		**82,528,918,594**		59,870,536,020
Effect of adoption of PAS 19 (Revised)		**-**		(22,804,167)
As restated		**82,528,918,594**		59,847,731,853
Non-controlling interest in additional investments		**610,695,086**		4,367,129,045
Minority interest of newly acquired subsidiary		**-**		-
Share in consolidated net profit for the year		**5,738,960,651**		4,802,903,255
Effect of change in percentage ownership		**253,837,632**		-
Dividend from investee		**(1,029,086,933)**		(2,845,606,520)
Balance at end of year		**88,103,325,030**		66,172,157,633
TOTAL EQUITY	**P**	**203,079,067,765**	P	160,583,033,442

See Notes to Interim Consolidated Financial Statements.

ALLIANCE GLOBAL GROUP, INC. AND SUBSIDIARIES
INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR NINE MONTHS ENDED SEPTEMBER 30, 2014 AND 2013
(Amounts in Philippine Pesos)
(UNAUDITED)

	2014	2013 (As Restated)
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	P 22,411,545,980	P 23,023,043,392
Adjustments for:		
Interest expense	3,165,374,626	3,196,131,428
Depreciation and amortization	3,051,132,727	3,216,592,181
Interest income	(1,933,273,356)	(2,204,065,608)
Fair value losses (gains)	(687,281,214)	856,859,144
Gain on divestment of interest in a subsidiary	-	(2,905,304,542)
Unrealized foreign currency losses (gains)	(5,817,322)	270,112,550
Gain on sale of investment in available-for-sale financial assets	(132,598,165)	(99,174,686)
Net gains on disposal of property, plant and equipment, investment property and intangible assets	(168,587,239)	-
Dividend income	(92,637,055)	(10,873,572)
Income from acquisition of a subsidiary	(77,223,885)	-
Stock option benefit expense	40,400,886	71,490,230
Share in net profits of associates and joint ventures	(22,246,551)	(1,462,215)
Unrealized loss (gain) on interest rate swap	27,220,304	(61,260,525)
Impairment and other losses	6,159,404	1,815,261
Operating income before working capital changes	25,582,169,140	25,353,903,038
Increase in trade and other receivables	(7,493,726,432)	(9,616,833,143)
Increase in inventories	(6,064,189,635)	(4,377,302,224)
Increase in other current assets	(2,515,384,162)	(556,807,567)
Increase in other non-current liabilities	2,668,560,468	2,374,598,311
Increase in property development costs	(1,627,532,669)	(1,799,921,073)
Decrease (increase) in financial assets at fair value through profit or loss	1,194,321,263	(2,929,086,974)
Increase in other current liabilities	462,663,346	1,429,091,256
Increase in retirement benefit obligation	104,663,645	121,952,885
Increase in trade and other payables	1,419,997,262	3,637,017,560
Cash generated from operations	13,731,542,226	13,636,612,069
Cash paid for taxes	(2,921,000,872)	(3,131,061,742)
Net Cash From Operating Activities	10,810,541,354	10,505,550,327
Balance carried forward	P 10,810,541,354	P 10,505,550,327

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	2014	2013 (As Restated)
Balance brought forward	P 10,810,541,354	P 10,505,550,327
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisitions of:		
Property, plant and equipment and investment property	(16,214,166,410)	(7,771,203,137)
Investment in and advances to associates	(6,345,078,682)	-
Other non-current assets	(2,006,065,016)	(382,422,123)
Land for future development	(1,106,861,694)	(3,968,103,094)
Intangible assets	(4,204,918)	(25,121,495)
New subsidiary	-	(6,516,304,827)
Receipts of payments advances to landowners and joint ventures	58,200,203	19,884,740
Receipt of payment of advances to associates	-	4,080,080,118
Proceeds from:		
Sale of available-for-sale financial assets	608,420,617	838,211,054
Disposal of property, plant and equipment	69,861,537	-
Offering of shares of a subsidiary	-	15,744,442,755
Interest received	1,792,441,858	1,889,230,571
Cash dividends received	92,637,055	10,873,572
Net Cash Provided by (Used in) Investing Activities	(23,054,815,450)	3,919,568,134
CASH FLOWS FROM FINANCING ACTIVITIES		
Payment of interest-bearing loans	(8,542,456,803)	(2,899,040,529)
Proceeds from interest-bearing loans and bonds	5,787,800,000	10,718,000,000
Dividends paid by the group	(4,884,895,169)	(3,841,614,020)
Interest paid	(3,206,923,334)	(3,443,807,179)
Advances paid to related parties	(1,647,756,385)	(376,259,740)
Advances received from related parties	672,398,004	220,172,082
Payment of derivative liability	(158,399,438)	-
Net Cash Provided by (Used in) Financing Activities	(11,980,233,125)	377,450,614
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(24,224,507,221)	14,802,569,075
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	94,977,525,445	68,301,336,097
BEGINNING BALANCE OF CASH AND CASH EQUIVALENTS OF NEW SUBSIDIARIES	387,730,871	117,500,827
CASH AND CASH EQUIVALENTS AT END OF PERIOD	P 71,140,749,095	P 83,221,405,999

Supplemental Information on Non-cash Investing and Financing Activities:

In the normal course of business, the Group enters into non-cash transactions such as exchanges or purchases on account of real estate assets. Other non-cash transactions include transfers of property from Land for Future Development to Property Development Cost or Investment Property as the property goes through its various stages of development.

See Notes to Interim Consolidated Financial Statements.

ALLIANCE GLOBAL GROUP, INC. AND SUBSIDIARIES
NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2014
(With Comparative Figures as of December 31, 2013)
(Amounts in Philippine Pesos)
(Unaudited)

1. CORPORATE INFORMATION

Alliance Global Group, Inc. (the Company, Parent Company, or AGI) was registered with the Philippine Securities and Exchange Commission (SEC) on October 12, 1993 and began operations in 1994 as a glass-container manufacturer. On March 12, 1999, AGI obtained approval from the SEC to broaden its primary business into that of a holding company. Given a wider scope of business, AGI immediately diversified its investment holdings and on April 19, 1999, AGI listed its shares in the Philippine Stock Exchange (PSE). Currently, the Company and its subsidiaries 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 under the following entities (see Note 4):

			Percentage of Effective Ownership of AGI		
Subsidiaries/Associates/Jointly Controlled Entity	Short Name	Notes	**September 2014**	December 2013	December 2012
Subsidiaries					
Megaworld and subsidiaries					
Megaworld Corporation	Megaworld	(a)	**65%**	65%	63%
Megaworld Resort Estates, Inc.		(b)	**82%**	82%	81%
Megaworld Land, Inc.	MLI		**65%**	65%	63%
Prestige Hotels and Resorts, Inc.			**65%**	65%	63%
Mactan Oceanview Properties and Holdings, Inc.			**65%**	65%	63%
Megaworld Cayman Islands, Inc.	MCII	(c)	**65%**	65%	63%
Richmonde Hotel Group International	RHGI	(d)	**65%**	65%	63%
Eastwood Cyber One Corporation			**65%**	65%	63%
Megaworld Cebu Properties, Inc.			**65%**	65%	63%
Megaworld Newport Property Holdings, Inc. (formerly Forbes Town Properties and Holdings, Inc.)			**65%**	65%	63%
Oceantown Properties, Inc.			**65%**	65%	63%
Piedmont Property Ventures, Inc.			**65%**	65%	63%
Stonehaven Land, Inc.			**65%**	65%	63%
Streamwood Property, Inc.			**65%**	65%	63%
Suntrust Properties, Inc.			**65%**	65%	56%
Lucky Chinatown Cinemas, Inc.		(e)	**65%**	65%	-
Luxury Global Hotels and Leisures, Inc.		(e)	**65%**	65%	-
Suntrust Ecotown Developers, Inc.		(e)	**65%**	65%	-
Woodside Greentown Properties, Inc.		(e)	**65%**	65%	-
Citywalk Building Administration, Inc.		(f)	**65%**	-	-
Forebestown Commercial Center Administration, Inc.		(f)	**65%**	-	-
Paseo Center Building Administration, Inc.		(f)	**65%**	-	-
Global One Integrated Business Services, Inc.	GOIBSI	(g)	**65%**	-	-
Luxury Global Malls, Inc.	LGMI	(g)	**65%**	-	-
Sonoma Premiere Land, Inc.		(h)	**62%**	62%	70%
Megaworld Global-Estate, Inc.		(i)	**57%**	65%	63%
Empire East Land Holdings, Inc.	EELHI		**53%**	53%	50%
Valle Verde Properties, Inc.		(j)	**53%**	53%	50%
Empire East Communities, Inc.		(j)	**53%**	53%	50%
Sherman Oak Holdings, Inc.		(j)	**53%**	53%	50%

Subsidiaries/Associates/Jointly Controlled Entity	Short Name	Notes	Percentage of Effective Ownership of AGI September 2014	December 2013	December 2012
Subsidiaries					
Megaworld and subsidiaries					
Eastwood Property Holdings, Inc.		(j)	**53%**	53%	50%
Global Estate Resorts, Inc.	GERI	(k)	**52%**	65%	64%
Fil-Estate Properties, Inc.			**52%**	65%	64%
Aklan Holdings Inc.			**52%**	65%	64%
Blu Sky Airways, Inc.			**52%**	65%	64%
Fil-Estate Subic Development Corp.			**52%**	65%	64%
Fil-Power Construction Equipment Leasing Corp.			**52%**	65%	64%
Golden Sun Airways, Inc.			**52%**	65%	64%
La Compaña De Sta. Barbara, Inc.			**52%**	65%	64%
MCX Corporation			**52%**	65%	64%
Pioneer L-5 Realty Corp.			**52%**	65%	64%
Prime Airways, Inc.			**52%**	65%	64%
Sto. Domingo Place Development Corp.			**52%**	65%	64%
Fil-Power Concrete Blocks Corp.			**52%**	65%	64%
Fil-Estate Golf and Development, Inc			**52%**	65%	64%
Golforce, Inc.			**52%**	65%	64%
Fil-Estate Urban Development Corp.			**52%**	65%	64%
Novo Sierra Holdings Corp.			**52%**	65%	64%
Boracay Newcoast Hotel Group, Inc.			**52%**	65%	64%
Southwood Mall, Inc.		(l)	**52%**	-	-
Global Homes and Communities, Inc.		(m)	**52%**	-	-
Megaworld Central Properties, Inc.			**50%**	50%	48%
La Fuerza, Inc.	LFI	(n)	**43%**	-	-
Fil-Estate Industrial Park, Inc.			**41%**	51%	51%
Twin Lakes Corp.			**41%**	45%	44%
Megaworld-Daewoo Corporation			**39%**	39%	38%
Laguna Bel-Air School, Inc.		(j)	**39%**	38%	36%
Eastwood Cinema 2000, Inc.		(e)	**36%**	35%	-
Gilmore Property Marketing Associates Inc.		(j)	**34%**	47%	45%
Megaworld Globus Asia, Inc.			**33%**	33%	32%
Philippine International Properties, Inc.			**32%**	32%	32%
Sherwood Hills Development Inc.			**29%**	36%	35%
Fil-Estate Ecocentrum Corp.			**29%**	36%	36%
Philippine Aquatic Leisure Corp.			**29%**	36%	36%
Oceanfront Properties, Inc.			**26%**	32%	32%
Townsquare Development, Inc.			**20%**	49%	49%
Emperador and subsidiaries					
Emperador Inc.	EMP or Emperador	(o)	**88%**	88%	-
Emperador Distillers, Inc.	EDI	(o)	**88%**	88%	100%
Emperador International Ltd.	EIL	(d)	**88%**	88%	100%
Anglo Watsons Glass, Inc.			**88%**	88%	100%
The Bar Beverage, Inc.			**88%**	88%	100%
GADC and subsidiaries					
Golden Arches Development Corporation	GADC		**49%**	49%	49%
Golden Arches Realty Corporation			**49%**	49%	49%
Clark Mac Enterprises, Inc.			**49%**	49%	49%
Advance Food Concepts Manufacturing, Inc.			**46%**	46%	37%
Golden Laoag Foods Corporation			**38%**	38%	38%
Davao City Food Industries, Inc.			**37%**	37%	37%
First Golden Laoag Ventures			**34%**	34%	34%
Retiro Golden Foods, Inc.			**34%**	34%	34%
Red Asian Food Solutions		(p)	**34%**	34%	-
McDonald's Anonas City Center		(q)	**34%**	34%	-
McDonald's Puregold Taguig		(q)	**29%**	29%	29%
Golden City Food Industries, Inc.		(q)	**29%**	-	-
McDonald's Bench Building		(q)	**27%**	27%	27%

Subsidiaries/Associates/Jointly Controlled Entity	Short Name	Notes	Percentage of Effective Ownership of AGI September 2014	December 2013	December 2012
Subsidiaries					
Travellers and subsidiaries					
Travellers International Hotel Group, Inc.	Travellers	(r)	**44%**	42%	46%
APEC Assets Limited			**44%**	42%	46%
Bright Leisure Management, Inc.			**44%**	42%	46%
Deluxe Hotels and Recreation, Inc.			**44%**	42%	46%
Entertainment City Integrated Resorts & Leisure, Inc.			**44%**	42%	46%
Grand Integrated Hotels and Recreation, Inc.			**44%**	42%	46%
Grand Services, Inc.			**44%**	42%	46%
Grand Venture Management Services, Inc.			**44%**	42%	46%
Lucky Star Hotels and Recreation, Inc.			**44%**	42%	46%
Majestic Sunrise Leisure & Recreation, Inc.			**44%**	42%	46%
Net Deals, Inc.			**44%**	42%	46%
Newport Star Lifestyle, Inc.			**44%**	42%	46%
Royal Bayshore Hotels & Amusement, Inc.			**44%**	42%	46%
FHTC Entertainment and Production, Inc.			**44%**	42%	-
Bright Pelican Leisure and Production, Inc.			**44%**	42%	-
Yellow Warbler Leisure and Recreation, Inc.			**44%**	42%	-
Resorts World Bayshore City, Inc.	RWBCI	(s)	**45%**	45%	-
Purple Flamingos Amusement and Leisure Corporation		(t)	**45%**	45%	-
Red Falcon Amusement and Leisure Corporation		(t)	**45%**	45%	-
Corporate and Others					
New Town Land Partners, Inc.	NTLPI		**100%**	100%	100%
Tradewind Estates, Inc.			**100%**	100%	100%
Great American Foods, Inc.		(u)	**100%**	100%	100%
McKester America, Inc.		(u)	**100%**	100%	100%
Alliance Global Brands, Inc.			**100%**	100%	100%
McKester Pik-nik International Limited		(d)	**100%**	100%	100%
Venezia Universal Ltd.		(d)	**100%**	100%	100%
Travellers Group Ltd.		(d)	**100%**	100%	100%
Alliance Global Group Cayman Islands, Inc.		(c)	**100%**	100%	100%
Greenspring Investment Holdings Properties Ltd.		(d)	**100%**	100%	100%
Shiok Success International, Ltd.		(d)	**100%**	100%	-
Dew Dreams International, Ltd.		(d)	**100%**	100%	-
First Centro, Inc.	FCI		**75%**	75%	100%
Oceanic Realty Group International, Inc.		(v)	**75%**	75%	100%
ERA Real Estate Exchange, Inc.		(v)	**75%**	75%	100%
Adams Properties, Inc.	Adams		**60%**	60%	60%
Manila Bayshore Property Holdings, Inc.		(w)	**55%**	52%	55%
Associates					
Bonifacio West Developers, Inc.			**30%**	-	-
Suntrust Home Developers, Inc.	SHDI	(x)	**28%**	27%	27%
First Oceanic Property Management		(y)	**28%**	27%	27%
Citylink Coach Services, Inc.		(y)	**28%**	27%	27%
Palm Tree Holdings and Development Corporation		(y)	**26%**	26%	25%
Genting Star Tourism Academy, Inc.			**22%**	20%	23%
Fil-Estate Network, Inc.		(z)	**10%**	13%	13%
Fil-Estate Sales, Inc.		(z)	**10%**	13%	13%
Fil-Estate Realty and Sales Associates, Inc.		(z)	**10%**	13%	13%
Fil-Estate Realty Corp.		(z)	**10%**	13%	13%
Nasugbu Properties, Inc.		(z)	**7%**	9%	9%
Alliance Global Properties, Inc.		(aa)	**-**	-	30%
LFI		(n)	**-**	32%	-
Jointly Controlled Entities					
Bodega Las Copas		(bb)	44%	-	-
GCFII		(q)	**-**	25%	24%

Explanatory notes:

(a) Megaworld is 44% directly owned by AGI and 21% owned through other subsidiaries (NTLPI and FCI). Effective ownership over Megaworld increased due to additional subscription by AGI in 2013
(b) AGI and Megaworld directly owns 49% and 51%, respectively
(c) Foreign subsidiaries operating under the laws of the Cayman Islands
(d) Foreign subsidiaries operating under the Business Companies Act of the British Virgin Islands (BVI)
(e) Newly acquired subsidiaries of Megaworld in 2013
(f) Became subsidiaries of Megaworld in 2014 through MLI, their parent company.
(g) GOIBSI and LGMI, wholly-owned subsidiaries of Megaworld, were incorporated in September 2014. Both companies are engaged in business process outsourcing.
(h) A subsidiary of AGI through 60% and 40% direct ownership of EELHI and FCI, respectively
(i) A subsidiary of AGI through 88% effective ownership of Megaworld
(j) Subsidiaries of EELHI
(k) In June 2014, AGI sold all of its stake in GERI to Megaworld thereby increasing Megaworld's ownership to 80%. GERI thus becomes a subsidiary of Megaworld.
(l) Subsidiary acquired by Megaworld in 2014; primary purpose is to own, acquire, develop, manage and operate malls, shopping centers or other similar structures
(m) Subsidiary of Megaworld incorporated in 2014; engaged in real estate with primary purpose of building and establishing new communities, towns, cities and urban centers
(n) An associate in 2013 and subsidiary in 2014 through Megaworld's ownership of 50% and 67% in respective periods.
(o) Became a subsidiary of AGI in 2013 through subscription in the increase in the subsidiary's capital stock; and as a condition to the subscription, AGI sold its 100% interest in EDI to EMP
(p) Newly acquired subsidiary of GADC in 2013
(q) Unincorporated joint ventures of GADC in 2013; GFCI became a subsidiary in 2014 through additional investment by GADC
(r) In June 2014, Megaworld sold its 7% ownership interest in Travellers to AGI. As of June 30, 2014, AGI, Adams, FCI and Megaworld respectively own 25%, 22%, 5% and 2% of Travellers.
(s) Incorporated in 2013. Effective ownership in 2013 is through 20% direct ownership, 6% through 10% ownership of Megaworld, 4% through 5% ownership of FCI and 15% through 25% ownership of Adams. In 2014, Travellers acquired 95% ownership of RWBCI through acquisition of previously unissued shares.
(t) Incorporated in 2013; Wholly owned subsidiaries of RWBCI
(u) Foreign subsidiaries operating under the laws of United States of America
(v) Subsidiaries of FCI
(w) A subsidiary of AGI through 50/50 ownership of Travellers and Megaworld
(x) Associates of Megaworld
(y) Subsidiaries of SHDI, an associate of Megaworld
(z) Associates of GERI
(aa) A foreign associate operating in the BVI; AGPL was disposed in 2013
(bb) A foreign jointly-controlled entity under EIL's Grupo Emperador Spain, S.A. and operating under the laws of Spain

The Company, its subsidiaries, associates and jointly-controlled entities are incorporated and operating in the Philippines, except for such foreign subsidiaries as identified in the preceding table (see explanatory notes c, d, u, aa and bb above).

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

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

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

The Board of Directors (BOD) approved on November 13, 2014, the release of the interim consolidated financial statements (ICFS) of the Group for the nine months ended September 30, 2014 (including the comparative financial statements as of December 31, 2013 and for the nine months ended September 30, 2013).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of Preparation of Interim Consolidated Financial Statements

(a) Compliance with Interim Financial Reporting Standard

These ICFS have been prepared in accordance with Philippine Accounting Standard (PAS) 34, *Interim Financial Reporting*. They do not include all of the information required in annual financial statements in accordance with Philippine Financial Reporting Standards (PFRS), and should be read in conjunction with the Group's audited consolidated financial statements (ACFS) as of and for the year ended December 31, 2013.

(b) Application of PFRS

The significant accounting policies and methods of computation used in the preparation of these ICFS are consistent with those applied in the ACFS as of and for the year ended December 31, 2013, except for the application of standards that became effective on January 1, 2014 as discussed in Note 2.3.

There are new PFRS, annual improvements and interpretations to the existing standards that are effective for periods subsequent to 2014 but were not adopted early for the preparation of the ICFS. The ICFS, therefore, do not reflect the impact of any adoption of these new PFRS, annual improvements and interpretations to existing standards effective for periods subsequent to 2014.

(c) Functional and Presentation Currency

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

Items included in the consolidated financial statements of the Group are measured using the Company's functional currency (see Note 2.18).

(d) *Presentation of Interim Consolidated Financial Statements*

The presentation of the ICFS is consistent with the most recent ACFS presentation, except for the amendments introduced by the new accounting standards mentioned in Note 2.3. 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.

2.2 Basis of Consolidation

The Company obtains and exercises control through voting rights. The Group's ICFS comprise the financial statements of the Company and its subsidiaries, as enumerated in Note 1, as of September 30, 2014 and December 31, 2013 and for the nine months ended September 30, 2014 and 2013, 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 in full. Intercompany losses that indicate impairment are recognized.

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 interim 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 entities (including structured entities) over which the Group has control. The Group controls an entity when it is exposed, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. 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 Company reassesses whether or not it controls an entity if facts and circumstances indicate that there are changes to one or more of the three elements of controls indicated above. Accordingly, entities are deconsolidated from the date that control ceases. The acquisition method is applied to account for acquired subsidiaries (see Note 2.10).

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any existing equity interest in the acquiree over the acquisition-date fair value of identifiable net assets acquired is recognized as goodwill. If the consideration transferred is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognized directly as gain in profit or loss. (see Note 2.11).

(b) Investments in Associates

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

All subsequent changes to the ownership interest in the equity of the associates are recognized in the Group's carrying amount of the investments. Changes resulting from the profit or loss generated by the associates are credited or charged against the Share in Net Profits (Losses) of Associates and Joint Ventures account in the interim consolidated statements of comprehensive income. These changes include subsequent depreciation, amortization and impairment of the fair value adjustments of the associate's assets and liabilities.

Impairment loss is provided when there is objective evidence that the investment in an associate will not be recovered (see Note 2.19).

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 interim 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 is also recognized in consolidated equity.

2.3 Adoption of New and Amended PFRS

(a) Effective in 2014 that are Relevant to the Group

In 2014, the Group adopted the following amendments to PFRS that are relevant to the Group and effective for consolidated financial statements for the annual period beginning on or after January 1, 2014:

PAS 19 (Amendment)	:	Employee Benefits: Defined Benefit Plans – Employee Contributions
PAS 32 (Amendment)	:	Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities
PAS 36 (Amendment)	:	Impairment of Asset – Recoverable Amount Disclosures for Non-financial Assets
PAS 39 (Amendment)	:	Financial Instruments: Recognition and Measurement – Novation of Derivatives and Continuation of Hedge Accounting
PFRS 10, 12 and PAS 27 (Amendments)	:	Investment Entities

Discussed below are relevant information about these amended standards.

(i) PAS 19 (Amendment), *Employee Benefits – Defined Benefit Plans – Employee Contributions* (effective from January 1, 2014). The amendment clarifies that if the amount of the contributions from employees or third parties is dependent on the number of years of service, an entity shall attribute the contributions to periods of service using the same attribution method (i.e., either using the plan's contribution formula or on a straight-line basis) for the gross benefit. Management has determined that this amendment has no significant impact on the Group's ICFS.

(ii) PAS 32 (Amendment), *Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities* (effective from January 1, 2014). The amendment provides guidance to address inconsistencies in applying the criteria for offsetting financial assets and financial liabilities. It clarifies that a right of set-off is required to be legally enforceable, in the normal course of business; in the event of default; and in the event of insolvency or bankruptcy of the entity and all of the counterparties. The Group determined that the amendment has no significant impact on its ICFS as the Group is not setting off its financial assets and financial liabilities.

(iii) PAS 36 (Amendment), *Impairment of Assets – Recoverable Amount Disclosures for Non-financial Assets* (effective from January 1, 2014). The amendment clarifies that the requirements for the disclosure of information about the recoverable amount of assets or cash-generating units is limited only to the recoverable amount of impaired assets that is based on fair value less cost of disposal. Management has determined that this amendment has no significant impact on the Group's ICFS.

(iv) PAS 39 (Amendment), *Financial Instruments: Recognition and Measurement – Novation of Derivatives and Continuation of Hedge Accounting* (effective from January 1, 2014). The amendment provides some relief from the requirements on hedge accounting by allowing entities to continue the use of hedge accounting when a derivative is novated to a clearing counterparty resulting in termination or expiration of the original hedging instrument as a consequence of laws and regulations, or the introduction thereof. As the Group does not apply hedge accounting on its derivative transactions, hence the amendment does not impact the ICFS.

(v) PFRS 10, 12 and PAS 27 (Amendments) - *Investment Entities* (effective from January 1, 2014). The amendments define the term "investment entities," provide supporting guidance, and require investment entities to measure investments in the form of controlling interest in another entity, at fair value through profit or loss. Management assessed that these amendments have no material impact on the Group's ICFS.

(b) Effective in 2014 that is not Relevant to the Group

The International Financial Reporting Interpretations Committee (IFRIC) 21, *Levies*, which is mandatory for accounting periods beginning on or after January 1, 2014 is determined not relevant to the Group's ICFS.

(c) Effective Subsequent to 2014 but not Adopted Early

There are new PFRS, annual improvements and interpretation to existing standards that are effective for periods subsequent to 2014. Management has initially determined the following pronouncements to be relevant to its ICFS, and which the Group will apply in accordance with their transitional provision, but not adopted early:

(i) PFRS 9, *Financial Instruments: Clarification and Measurement*. This is the first part of a new standard on financial instruments that will replace PAS 39, *Financial Instruments: Recognition and Measurement*, in its entirety. The first phase contains new requirements and guidance for the classification, measurement and recognition of financial assets and financial liabilities. In addition, PFRS 9 allows entities to make an irrevocable election to present subsequent changes in the fair value of an equity instrument that is not held for trading in other comprehensive income.

In November 2013, the International Accounting Standards Board (IASB) has published amendments to International Financial Reporting Standard (IFRS) 9 which includes the removal of the January 1, 2015 mandatory effective date of IFRS 9.

To date, the remaining chapter of IFRS 9 and PFRS 9 dealing with impairment methodology is still being completed. Further, the IASB is currently discussing some limited modifications to address certain application issues regarding classification of financial assets and to provide other considerations in determining business model.

The Group does not expect to implement and adopt PFRS 9 until its effective date. In addition, management is currently assessing the impact of PFRS 9 on the interim consolidated financial statements of the Group and it will conduct a comprehensive study of the potential impact of this standard prior to its mandatory adoption date to assess the impact of all changes.

(ii) Philippine IFRIC 15, *Agreements for Construction of Real Estate*. This Philippine interpretation is based on IFRIC interpretation issued by the IASB in July 2008 effective for annual periods beginning on or after January 1, 2009. The adoption of this interpretation in the Philippines, however, was deferred by the FRSC and SEC after giving due considerations on various application issues and the implication on this interpretation of the IASB's on-going revision of the Revenue Recognition standard. This interpretation provides guidance on how to determine whether an agreement for the construction of real estate is within the scope of PAS 11, *Construction Contracts*, or PAS 18, *Revenue*, and accordingly, when revenue from the construction should be recognized. The main expected change in practice is a shift from recognizing revenue using the percentage of completion method (i.e., as a construction progresses, by reference to the stage of completion of the development) to recognizing revenue at completion upon or after delivery. The Group is currently evaluating the impact of this interpretation on its consolidated financial statements in preparation for its adoption when this becomes mandatorily effective in the Philippines.

(iii) Annual Improvements to PFRS. Annual improvements to PFRS (2010-2012 Cycle) and PFRS (2011-2013 Cycle) made minor amendments to a number of PFRS, which are effective for annual period beginning on or after July 1, 2014. 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:

Annual Improvements to PFRS (2010-2012 Cycle)

- PAS 16 (Amendment), *Property, Plant and Equipment* and PAS 38 (Amendment), *Intangible Assets* (effective July 1, 2014). The amendments clarify that when an item of property, plant and equipment, and intangible assets is revalued, the gross carrying amount is adjusted in a manner that is consistent with a revaluation of the carrying amount of the asset.

- PAS 24 (Amendment), *Related Party Disclosures* (effective July 1, 2014). The amendment clarifies that an entity providing key management services to a reporting entity is deemed to be a related party of the latter. It also requires and clarifies that the amounts incurred by the reporting entity for key management personnel services that are provided by a separate management entity should be disclosed in the consolidated financial statements and not the amounts of compensation paid or payable by the key management entity to its employees or directors.

- PFRS 13 (Amendment), *Fair Value Measurement*. The amendment, though a revision only in the basis of conclusion of PFRS 13, clarifies that issuing PFRS 13 and amending certain provisions of PFRS 9 and PAS 39 related to discounting of financial instruments, did not remove the ability to measure short-term receivables and payables with no stated interest rate on an undiscounted basis, when the effect of not discounting is immaterial.

Annual Improvements to PFRS (2011-2013 Cycle)

- PFRS 13 (Amendment), *Fair Value Measurement*. The amendment clarifies that the scope of the exception for measuring the fair value of a group of financial assets and financial liabilities on a net basis (the portfolio exception) applies to all contracts within the scope of, and accounted for in accordance with, PAS 39 or PFRS 9, regardless of whether they meet the definitions of financial assets or financial liabilities as defined in PAS 32.

- PAS 40 (Amendment), *Investment Property*. The amendment clarifies the interrelationship of PFRS 3, *Business Combinations*, and PAS 40, in determining the classification of property as an investment property or owner-occupied property, and explicitly requires entity to use judgment in determining whether the acquisition of an investment property is an acquisition of an asset or a group of asset, or a business combination in reference to PFRS 3.

2.4 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 fair value through profit or loss (FVTPL), loans and receivables and AFS financial assets.

(a) Financial Assets at FVTPL

Financial assets at FVTPL are measured at fair value, and changes therein are recognized in consolidated profit or loss. Financial assets (except derivatives and financial instruments originally designated as financial assets at FVTPL) may be reclassified out of FVTPL category if they are no longer held for the purpose of being sold or repurchased in the near term.

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. Loans and receivables are subsequently measured at amortized cost using the effective interest method, less impairment loss, if any.

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), Time Deposits (included under Other Current Assets account) and Refundable Security Deposits (included under Other Non-current Assets account).

(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.

The Group's AFS financial assets include investments in marketable equity securities where the Group held no significant influence, 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 interim 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.

2.5 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 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 (see Note 2.16). Accounting policies for real estate development transactions are discussed in more detail in Note 2.6.

2.6 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 (see Note 2.16). 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 2.5) 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 interim 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, 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.

2.7 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 ICFS 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.

2.8 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 be determined, 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.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (see Note 2.19).

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.

2.9 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 (see Note 2.19).

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.

2.10 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 to consolidated other comprehensive income. Contingent consideration that is classified as equity is not remeasured, 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 2.11).

2.11 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. The costs of trademarks and computer software are amortized over the estimated useful life of 10 and 3 years, respectively, while leasehold rights are over the term of the lease. Intangible assets are subject to impairment testing at least annually. Any impairment loss is recognized immediately in consolidated profit or loss and is not subsequently reversed (see Note 2.19).

Negative goodwill which is the excess of the Group's interest in the net fair value of net identifiable assets acquired over acquisition cost is recognized directly to income. On disposal of a subsidiary, the attributable amount of goodwill is included in the determination of the consolidated profit or loss on disposal.

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

2.12 Financial Liabilities

The categories of financial liabilities relevant to the Group are 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 assets when the fair value is positive and as liabilities when the fair value is negative, which are presented under the Other Assets or 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 McDonald's Restaurant Operations, Inc. (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 interim consolidated statement of comprehensive income.

Dividend distributions to shareholders, if any, are recognized as financial liabilities when the dividends are declared by the BOD.

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.

2.13 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.

2.14 Equity

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

APIC includes any premiums received on the 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 acquisition cost (see Note 2.2).

Revaluation reserves represent unrealized fair value gains or losses on AFS financial assets pertaining to cumulative mark-to-market valuations [see Note 2.4(c)], share in other comprehensive income of associates and joint ventures attributable to the Group, and actuarial gains or losses from remeasurement of retirement benefit obligations.

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 2.18).

Dilution gain or loss represents the difference between the book value per share in an investee versus the investee's offer price at the time pre-emptive rights are exercised. This also includes the Company's share in previous period's profit (loss) as a result of the current increase (decrease) in equity ownership over its subsidiaries. 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 represent all current and prior period results of operations as reported in the profit and loss section of the interim consolidated statement of comprehensive income, reduced by the amount of dividends declared.

2.15 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 under 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* - considered in the determination of total revenue for real estate sales. 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 under RE Sales)* – 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. This is presented as part of the item Others under Revenue from Rendering of Services.

(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 (VAT).

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 (see Note 2.16).

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 (see Note 2.16) and estimated costs to complete the project, determined based on estimates made by the project engineers (see Note 2.6).

2.16 Borrowing Costs

Borrowing costs are recognized as expenses in the period in which they are incurred, except to the extent that they are capitalized. Borrowing costs that are attributable to the acquisition, construction or production of a qualifying asset (i.e., an asset that takes a substantial period of time to get ready for its intended use or sale) are capitalized as part of the cost of such asset. The capitalization of borrowing costs commences when expenditures for the asset are being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalization ceases when substantially all such activities are complete.

2.17 Leases

The Group determines whether an arrangement is, or contains, a lease based on the substance of the arrangement. It makes an assessment of whether the fulfillment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset, as follows:

(a) Group as Lessee

Leases which transfer to the Group substantially all risks and benefits incidental to ownership of the leased item are classified as finance leases and are recognized as assets and liabilities in the consolidated statement of financial position at amounts equal to the fair value of the leased property at the inception of the lease or, if lower, at the present value of minimum lease payments. Lease payments are apportioned between the finance costs and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance costs are recognized in consolidated profit or loss. Capitalized leased assets are depreciated over the shorter of the estimated useful life of the asset or the lease term.

Leases which do not transfer to the Group substantially all the risks and benefits of ownership of the asset are classified as operating leases. Operating lease payments (net of any incentive received from the lessor) are recognized as expense in consolidated profit or loss on a straight-line basis over the lease term. Associated costs, such as repairs and maintenance and insurance, are expensed as incurred.

(b) *Group as Lessor*

Leases wherein the Group substantially transfers to the lessee all risks and benefits incidental to ownership of the leased item are classified as finance leases and are presented as receivable at an amount equal to the Group's net investment in the lease. Finance income is recognized based on the pattern reflecting a constant periodic rate of return on the Group's net investment outstanding in respect of the finance lease.

Leases which do not transfer to the lessee substantially all the risks and benefits of ownership of the asset are classified as operating leases. Lease income from operating leases is recognized in consolidated profit or loss on a straight-line basis over the lease term.

2.18 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.

2.19 Impairment of Non-financial Assets

The Group's Investments in Associates and Joint Ventures, Intangible Assets, Investment Property, Property, Plant and Equipment and Other Non-financial assets are subject to impairment testing. Intangible assets with an indefinite useful life or those not yet available for use are tested for impairment at least annually. All other individual assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

Impairment loss is recognized for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amounts which is the higher of its fair value less costs to sell and its value in use.

All assets are subsequently reassessed for indications that an impairment loss previously recognized may no longer exist and the carrying amount of the asset is adjusted to the recoverable amount resulting in the reversal of the impairment loss.

2.20 Employee Benefits

The Group provides post-employment benefits to employees through a defined benefit plan, as well as a defined contribution plan. In addition, the Group also grants share options to key officers and employees eligible under stock option plans.

2.21 Income Taxes

Tax expense recognized in consolidated profit or loss comprises the sum of deferred tax and current tax not recognized in consolidated other comprehensive income or directly in equity, if any.

Current tax assets or liabilities comprise those claims from, or obligations to, fiscal authorities relating to the current or prior reporting period, that are uncollected or unpaid at the end of the reporting period. They are calculated using the tax rates and tax laws applicable to the fiscal periods to which they relate, based on the taxable profit for the year. All changes to current tax assets or liabilities are recognized as a component of tax expense in consolidated profit or loss.

Deferred tax is accounted for using the liability method, on temporary differences at the end of the reporting period between the tax base of assets and liabilities and their carrying amounts for financial reporting purposes.

Travellers is subject to 25% and 15% license fees, in lieu of all taxes, with reference to the income component of the gross gaming revenues as provided under its license. On May 7, 2014, Philippine Amusement and Gaming Corporation (PAGCOR) and its Entertainment City licensees, which include Travellers, agreed to reduce the license fees by 10% of gross gaming revenues effective April 1, 2014 (see Note 10.1).

2.22 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 – see Note 8).

2.23 Segment Reporting

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

2.24 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.

2.25 Events After the End of the Reporting Period

Any post-year-end event that provides additional information about the Group's consolidated financial position at the end of the reporting period (adjusting event) is reflected in the consolidated financial statements. Post-year-end events that are not adjusting events, if any, are disclosed when material to the consolidated financial statements (see Note 16).

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 major business segments, which are the major subsidiaries of the Group, and that represent the main products and services provided by the Group and the line of business in which the Group operates (see Note 2.23). Presented below is the basis of the Group in reporting its primary segment information.

(a) The *Megaworld* segment consists of development of real estate, integrated resorts, leasing of properties and hotel operations business which is primarily undertaken by Megaworld Corporation and subsidiaries. As of September 30, 2014, the *GERI* segment has already been consolidated in this segment (see Note 1). All the real estate businesses are now consolidated under this segment, which will enable it to capture the growth in the tourism sector through GERI.

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

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

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

(e) The *GERI* segment relates to development of integrated tourism estates, leisure-related properties and mixed used towers which is primarily undertaken by Global Estate Resorts, Inc. and subsidiaries. This segment is consolidated with *Megaworld* segment in 2014, when, in a strategic move, MEG acquired all the GERI shares owned by AGI. Thus, *GERI* has ceased to be presented as a separate business segment.

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 sales and purchases are eliminated in consolidation.

4.4 Analysis of Segment Information

Segment information can be analyzed as follows for nine months ended September 30, 2014 and 2013.

	For nine months ended September 30, 2014 (Unaudited)					
	Megaworld	Travellers	GADC	Emperador	GERI	Total
REVENUES						
Sales to external customers	P 28,210,660,516	P 23,253,191,205	P 13,313,566,465	P 19,561,441,267	P -	P 84,338,859,453
Intersegment sales	11,540,544,512	-	-	-	-	11,540,544,512
Finance and other revenues	2,108,998,690	106,188,966	118,008,436	473,051,267	-	2,806,247,359
Segment revenues	41,860,203,718	23,359,380,171	13,431,574,901	20,034,492,534	-	98,685,651,324
Cost of sales and expenses excluding depreciation and amortization	(18,255,391,155)	(15,766,648,496)	(12,069,974,113)	(13,841,026,536)	-	(59,933,040,300)
	23,604,812,563	7,592,731,675	1,361,600,788	6,193,465,998	-	38,752,611,024
Depreciation and amortization	(829,559,506)	(1,178,978,771)	(669,210,057)	(325,660,471)	-	(3,003,408,805)
Finance cost and other charges	(1,317,002,913)	(1,016,556,620)	(138,201,163)	(28,457,667)	-	(2,500,218,363)
Profit before tax	21,458,250,144	5,397,196,284	554,189,568	5,839,347,860	-	33,248,983,856
Tax expense	(2,336,218,702)	(1,383,986,932)	(152,226,197)	(1,272,893,089)	-	(5,145,324,920)
SEGMENT PROFIT	P 19,122,031,442	P 4,013,209,352	P 401,963,371	P 4,566,454,771	P -	P 28,103,658,936
SEGMENT ASSETS AND LIABILITIES						
Segment assets	P 217,872,163,188	P 61,992,656,479	P 11,990,657,056	P 37,272,934,809	P -	P 329,128,411,532
Segment liabilities	85,368,742,134	24,534,586,846	7,756,246,163	2,469,212,944	-	120,128,788,087

	For nine months ended September 30, 2013 (Unaudited)					
	Megaworld	Travellers	GADC	Emperador	GERI	Total
REVENUES						
Sales to external customers	P 24,604,568,601	P 27,077,342,038	P 11,419,277,984	P 19,771,600,423	P 1,203,437,714	P 84,076,226,760
Intersegment sales	434,154,484	-	-	-	-	434,154,484
Finance and other revenues	1,566,589,703	(168,573,491)	14,000,012	1,044,369,851	115,567,667	2,571,953,742
Segment revenues	26,605,312,788	26,908,768,547	11,433,277,996	20,815,970,274	1,319,005,381	87,082,334,986
Cost of sales and expenses excluding depreciation and amortization	(16,556,034,054)	(20,574,968,247)	(10,015,763,396)	(14,310,424,937)	(929,134,064)	(62,386,324,698)
	10,049,278,734	6,333,800,300	1,417,514,600	6,505,545,337	389,871,317	24,696,010,288
Depreciation and amortization	(671,959,114)	(1,622,976,743)	(555,863,786)	(305,371,244)	(24,567,270)	(3,180,738,157)
Finance cost and other charges	(920,215,269)	(1,078,952,094)	(112,781,553)	(238,610,839)	(56,276,103)	(2,406,835,858)
Profit before tax	8,457,104,351	3,631,871,463	748,869,261	5,961,563,254	309,027,944	19,108,436,273
Tax expense	(2,005,571,164)	(57,429,172)	(233,365,136)	(1,472,064,974)	(76,289,730)	(3,844,720,176)
SEGMENT PROFIT	P 6,451,533,187	P 3,574,442,291	P 515,504,125	P 4,489,498,280	P 232,738,214	P 15,263,716,097

The following presents the segment assets and liabilities of the Group as at December 31, 2013 (audited):

SEGMENT ASSETS AND LIABILITIES						
Segment assets	P 169,461,257,482	P 60,758,944,954	P 13,202,719,956	P 35,201,294,060	P 31,238,285,371	P 309,862,501,823
Segment liabilities	68,494,968,424	26,448,067,054	7,983,040,586	3,187,496,148	7,566,385,608	113,679,957,820

4.5 Reconciliations

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

	September 30, 2014 (Unaudited)	September 30, 2013 (Unaudited)
Revenues		
Total segment revenues	**P 98,685,651,324**	P 87,082,334,986
Unallocated corporate revenue	**2,377,721,998**	6,792,663,298
Elimination of intersegment revenues	**(11,540,544,512)**	(434,154,484)
Revenues as reported in interim consolidated profit or loss	**P 89,522,828,810**	P 93,440,843,800
Profit or loss		
Segment operating profit	**P 28,103,658,936**	P 15,263,716,097
Unallocated corporate profit	**607,054,518**	4,307,274,066
Elimination of intersegment revenues	**(11,540,544,512)**	(434,154,484)
Profit as reported in interim consolidated profit or loss	**P 17,170,168,942**	P 19,136,835,679

	September 30, 2014 (Unaudited)	December 31, 2013 (Audited)
Assets		
Segment assets	**P 329,128,411,532**	P 309,862,501,823
Unallocated corporate assets	**18,826,924,361**	22,537,907,703
Total assets reported in the consolidated statements of financial position	**P 347,955,335,893**	P 332,400,409,526
Liabilities		
Segment liabilities	**P 120,128,788,087**	P 113,679,957,820
Unallocated corporate liabilities	**24,747,480,041**	28,498,806,074
Total liabilities reported in the consolidated statements of financial position	**P 144,876,268,128**	P 142,178,763,894

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. PROPERTY AND EQUIPMENT

The gross carrying amounts and accumulated depreciation and amortization of property and equipment as of September 30, 2014 and December 31, 2013 are shown below.

	September 30, 2014 (Unaudited)	December 31, 2013 (Audited)
Cost	**P 64,927,853,060**	P 54,763,153,124
Accumulated depreciation	**(15,352,634,224)**	(13,101,348,398)
Net carrying amount	**P 49,575,218,836**	P 41,661,804,726

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

	September 30, 2014 (Unaudited)	December 31, 2013 (Audited)
Balance at beginning of period net of accumulated depreciation	P 41,661,804,726	P 34,888,271,255
Property, plant and equipment of newly acquired subsidiary	43,245,885	63,000,110
Additions	10,335,951,413	10,554,811,085
Disposals	(216,429,101)	(336,260,664)
Reclassifications	1,931,739	(184,639,113)
Impairment loss – reversal	-	18,616,806
Depreciation charges for the period	(2,251,285,826)	(3,341,994,753)
Balance at end of period net of accumulated depreciation	P 49,575,218,836	P 41,661,804,726

6. INVESTMENT PROPERTY

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

	September 30, 2014 (Unaudited)	December 31, 2013 (Audited)
Cost	P 40,783,045,336	P 31,380,599,604
Accumulated depreciation	(4,809,510,634)	(4,090,171,166)
Net carrying amount	P 35,973,534,702	P 27,290,428,438

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

	September 30, 2014 (Unaudited)	December 31, 2013 (Audited)
Balance at beginning of period net of accumulated depreciation	P 27,290,428,438	P 18,751,335,670
Investment property of newly acquired subsidiary	3,431,392,000	5,020,588,055
Additions	5,979,151,279	3,696,859,574
Disposals	(6,165,808)	(3,873,468)
Reclassifications – net	(1,931,739)	695,129,708
Depreciation charges for the period	(719,339,468)	(869,611,101)
Balance at end of period net of accumulated depreciation	P 35,973,534,702	P 27,290,428,438

7. DIVIDENDS

On August 26, 2014, the BOD approved the declaration of cash dividends of P0.38 per share. Total dividends of P3,902.5 million was payable to stockholders on record as of September 8, 2014. The said dividends were fully paid on September 22, 2014.

8. EARNINGS PER SHARE

Earnings per share is computed as follows:

	September 30, 2014 (Unaudited)	September 30, 2013 (Unaudited)
Basic:		
Net profit attributable to owners of the parent company	**P 11,431,208,291**	P 14,333,932,424
Divide by the weighted average number of outstanding common shares	**10,114,531,579**	10,109,510,579
	P 1.1302	P 1.4179
Diluted:		
Net profit attributable to owners of the parent company	**P 11,431,208,291**	P 14,333,932,424
Divide by the weighted average number of outstanding common shares	**10,159,759,357**	10,134,858,497
	P 1.1251	P 1.4143

As of September 30, 2014 and 2013, there are 45.2 million and 25.3 million, respectively, potentially dilutive shares from the Company's Executive Stock Option Plan. However, such number of dilutive shares has no significant effect on the weighted average number of outstanding common shares and, consequently has no material effect on the 2014 and 2013 diluted EPS.

9. 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 for the periods ended September 30, 2014 and 2013, and the related outstanding balances as of September 30, 2014 and December 31, 2013 are as follows:

		Amount of Transaction		**Outstanding Balance**	
Related Party Category	Notes	**September 30, 2014 (Unaudited)**	September 30, 2013 (Unaudited)	**September 30, 2014 (Unaudited)**	December 31, 2013 (Audited)
Subsidiaries' stockholders:					
Loan payable	9.2	**-**	-	**538,500,000**	532,724,721
Interest expense on loan payable	9.2	**39,884,200**	38,058,700	**22,147,332**	13,378,621
Casino transactions	9.4	**6,724,664,384**	8,077,797,773	**555,450,059**	329,046,155
Incidental rebate charges	9.4	**(1,628,061,744)**	(1,954,681,417)	**237,866,280**	331,528,281
Management fees	9.5	**(218,656,983)**	(512,354,239)	**36,058,985**	23,996,555
Redeemable preferred shares	9.9	**-**	-	**579,385,429**	528,133,002

Related Party Category	Notes	Amount of Transaction September 30, 2014 (Unaudited)	Amount of Transaction September 30, 2013 (Unaudited)	Outstanding Balance September 30, 2014 (Unaudited)	Outstanding Balance December 31, 2013 (Audited)
Related party under common ownership:					
Purchase of raw materials	9.1	**37,362,922**	381,646,174	**399,043,066**	451,648,340
Purchase of imported goods	9.1	**2,162,415**	140,094,060	**284,842**	35,270,647
Acquisition of assets	9.3	**-**	-	**278,466**	196,597,811
Associates:					
Advances granted	9.6	**(1,266,758,444)**	(884,804,273)	**3,980,683,945**	2,713,925,501
Others:					
Receivable from joint venture		**-**	**-**	-	17,711,146
Advances granted	9.7	**13,148,789**	(41,527,304)	**1,227,768,035**	1,239,264,958
Advances obtained	9.7	**(281,773,783)**	32,773,703	**1,126,297,293**	1,295,411,359
Advances from joint venture partners and others	9.8	**449,931,060**	(156,087,658)	**804,038,309**	354,107,249
Other liabilities	9.10	**76,634,641**	103,796,544	**243,568,210**	161,969,303

9.1 Purchase of Goods

Prior to the acquisition of the distillery plant in 2013, Emperador sources its alcohol requirements from Consolidated Distillers, Inc. (Condis). Emperador imports raw materials such as alcohol, flavorings and other items through Andresons Global, Inc. (AGL). There are also finished goods purchased from Condis and through AGL. These transactions are payable within 30 days. 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.

9.2 Loan from MRO

GADC has a loan agreement with MRO. The principal amount of the loan amounting to U.S.$12.0 million is payable in full on March 17, 2025. Accrued interest payable as of September 30, 2014 and December 31, 2013 is included as part of Accrued Expenses under Trade and Other Payables account in the consolidated statements of financial position.

9.3 Acquisition of Assets

In 2013, GADC acquired building and leasehold improvements from McDonald's Philippines Realty Corporation (MPRC).

Also in 2013, Emperador acquired the distillery facilities of Condis, which include property, plant and equipment and inventories amounting to P756,990,993 and P140,578,342, respectively. The acquisition was fully settled in cash in 2013.

9.4 Joint Co-operation Agreement with Genting Hongkong, Ltd. (GHL)

Travellers and GHL have a joint co-operation agreement, whereby GHL handles the promotion of Travellers' casinos and will bring patrons to play in the casinos. As a consideration for such services, Travellers pays GHL an amount equivalent to a certain percentage of net turnovers.

Incidental rebate charges arising from this transaction are presented as part of General Marketing under the Other Operating Expenses account in the interim consolidated statements of comprehensive income. The outstanding balances of payables are presented as part of Trade Payables under the Trade and Other Payables account in the consolidated statements of financial position.

Travellers also recognized outstanding receivables from GHL representing show money received by GHL from foreign patrons which GHL will later remit to Travellers. The outstanding balances of receivables are presented as part of Trade Receivables under Trade and Other Receivables in the consolidated statements of financial position.

9.5 Operations and Management Agreement with GHL

Some of Travellers' administrative functions are being handled by certain key officers and employees under the management of GHL as agreed by both parties under the Operations and Management Agreement. Management fees are presented as part of Management fees under the Other Operating Expenses account in the interim consolidated statements of comprehensive income. The outstanding liability arising from this transaction is presented as part of Accrued Expenses under the Trade and Other Payables account in the consolidated statements of financial position.

9.6 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 interim consolidated statements of financial position, and movement of the account are presented as follows (these mainly represent advances granted by Megaworld):

	September 30, 2014 (Unaudited)	December 31, 2013 (Audited)
Balance at beginning of year	**P 2,713,925,501**	P 1,869,121,228
Cash advances granted	**1,266,758,444**	903,799,948
Collections	**-**	(58,995,675)
Balance at end of year	**P 3,980,683,945**	P 2,713,925,501

As of September 30, 2014 and December 31, 2013, based on management's assessment, the outstanding balances of advances to associates and other related parties are not impaired; hence, no impairment losses were recognized.

9.7 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 anytime. Settlement is generally made in cash. As of September 30, 2014 and December 31, 2013, 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 details of the Due from/to Related Parties are presented under Trade and Other Receivables and Trade and Other Payables accounts, respectively, in the consolidated statements of financial position as follows:

	September 30, 2014 (Unaudited)	December 31, 2013 (Audited)
Due from Related Parties		
Balance at beginning of year	**P 1,239,264,958**	P 1,195,324,696
Additions	**142,344,807**	567,411,271
Collections	**(153,841,730)**	(524,057,941)
Balance at end of year	**P 1,227,768,035**	P 1,239,264,958
Due to Related Parties		
Balance at beginning of year	**P 1,295,411,359**	P 887,770,297
Additions	**69,539,068**	577,290,766
Repayments	**(238,653,134)**	(169,649,704)
Balance at end of year	**P 1,126,297,293**	P 1,295,411,359

9.8 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 in cash. Due to Joint Venture (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:

	September 30, 2014 (Unaudited)	December 31, 2013 (Audited)
Advances from related parties	**P 555,532,885**	P 120,487,829
Advances from JV partners	**248,505,424**	233,619,420
	P 804,038,309	P 354,107,249

9.9 Redeemable Preferred Shares

This pertains to preferred shares issued by GADC in March 2005 to MRO.

9.10 Other Liabilities

In the normal course of business, Travellers obtains from certain related parties unsecured non-interest bearing, cash advances for working capital requirements and other purposes which is presented as part of Other Current Liabilities.

9.11 Retirement Plans

The Group has a formal retirement plan established separately for each significant subsidiary, particularly Megaworld, GERI and GADC. The retirement fund neither provides any guarantee or surety for any obligation of the Group.

10. COMMITMENTS AND CONTINGENCIES

10.1 Tax Contingencies of Travellers' Casino Operations

Under the Provisional License Agreement with PAGCOR, Travellers is subject to 25% and 15% license fees, in lieu of all taxes, with reference to the income component of the gross gaming revenues. The license fees are directly remitted by Travellers to PAGCOR as required under the Provisional License Agreement.

Sections 13.2(a) and (b) of Presidential Decree (P.D.) No. 1869, as amended, otherwise known as the PAGCOR Charter, grants PAGCOR an exemption from tax of any kind or form, income or otherwise, as well as fees, charges or levies of whatever nature, whether National or Local, except for the 5% franchise tax on gross revenue or earnings derived by PAGCOR from its operation under its franchise.

The PAGCOR Charter further provides that the tax exemption granted to PAGCOR shall inure to the benefit of and extend to entities with whom PAGCOR has any contractual relationship in connection with the operation of casinos. Pursuant thereto, the Provisional License Agreement entered into by Travellers with PAGCOR included a provision on license fees in lieu of all taxes with reference to the income component of the gross gaming revenues.

In April 2013, however, the BIR issued RMC 33-2013 which clarified that PAGCOR, its contractees and its licensees are no longer exempt from corporate income tax under the National Internal Revenue Code of 1997, as amended.

In May 2014, PAGCOR issued Guidelines for a 10% Income Tax Allocation (ITA) measure whereby, effective April 1, 2014, the 25% and 15% license fees were effectively reduced to 15% and 5%, respectively, inasmuch as 10% of the license fees was allocated for income tax on gaming, subject to quarterly and annual true-up mechanisms obliging the licensees to remit to PAGCOR any savings from the excess of the 10% ITA over the actual income tax paid on the gaming revenues.

The ITA measure ceases to be effective and the license fees shall automatically revert to the 25% and 15% rates indicated in the Provisional License Agreement should any of the following circumstances occur:

(a) The BIR ceases to impose income tax on the licensees, or deletes the provision of RMC 33-2013 which imposes income tax on the licensees;

(b) A court restrains or enjoins the BIR from implementing the provisions of RMC 33-2013 which imposes income tax on licensees, during the effectivity of such restraining order or injunction. In the event the court withdraws the temporary restraining order (TRO), or if the TRO expires and is not extended, the 10% ITA shall automatically be reinstated;

(c) A court, by final and executory judgment, nullifies the provision of RMC 33-2013 which imposes income tax on the licensees;

(d) The Philippine Congress amends or revokes the imposition of corporate income tax on PAGCOR and its contractees and licensees; or,

(e) Recognition of Entertainment City as a special economic and/or tourism zone with special fiscal incentives for its locators resulting in the same effect as paragraph (d) above.

The 10% ITA measure is in keeping with the true spirit and intent of the terms of the Provisional License Agreement insofar as the license fees are intended and contemplated to be in lieu of all taxes with reference to the income component of the gross gaming revenues while preserving at the same time the financial benefits of the Provisional License Agreement for the Philippine Government. It is neither intended to modify, amend or revise the Provisional License Agreement, specifically Article IV Section 20 on License Fees, nor is it an admission by PAGCOR or Travellers of the validity of RMC 33-2013 or a waiver of any of the remedies available to PAGCOR or its licensees against any assessment on income tax on gaming revenues pursued by BIR. Meanwhile, a resolution of the issue on whether PAGCOR licensees are subject to income tax is pending with the Philippine Supreme Court.

In view of the foregoing, no provision has been recognized in the financial statements as of the end of the reporting periods for those periods not covered by the ITA measure.

10.2 Other Commitments and Contingencies

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

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

11. RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group has various financial instruments such as cash and cash equivalents, financial assets at 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.

11.1 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:

	September 30, 2014 (Unaudited)		December 31, 2013 (Audited)	
	U.S. Dollars	**HK Dollars**	U.S. Dollars	HK Dollars
Financial assets	**P 34,905,598,359**	**P 1,245,708,984**	P 34,766,824,958	1,347,307,562
Financial liabilities	**(70,505,755,001)**	**(586,620,809)**	(59,074,985,969)	(642,724,055)
	(P 35,600,156,642)	**P 659,088,175**	(P 24,308,161,011)	P 704,583,507

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 +/- 21% and +/- 23% changes of the Philippine peso/U.S. dollar exchange rate for the nine months ended September 30, 2014 and for the year ended December 31, 2013, respectively. The HK dollar – Philippine peso exchange rate assumes +/-20% and +/- 20% change for the nine months ended September 30, 2014 and for the year ended December 31, 2013, respectively. These percentages have been determined based on the average market volatility in exchange rates in the previous 12 months estimated at 95% level of confidence. The sensitivity analysis is based on the Group's foreign currency financial instruments held at each reporting periods.

If the Philippine peso had strengthened (or weakened) against the U.S. dollar, with all other variables held constant, consolidated income before tax would have increased (or decreased) by P7.4 billion for the nine-month period ended September 30, 2014 and P5.5 billion for the year ended December 31, 2013. If in 2014 and 2013, the Philippine peso had strengthened (or weakened) against the HK dollar, with all other variables held constant, consolidated income before tax would have decreased (or increased) by P0.1 billion in both years.

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

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

(b) *Interest Rate Sensitivity*

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

The sensitivity of the consolidated income before tax for the period to a reasonably possible change in interest rates of +/- 0.40% for Philippine peso and +/- 0.04% for U.S. dollar in 2014, and +/-1.44% for Philippine peso and +/-0.14% for US dollar in 2013 with effect from the beginning of the period. These percentages have been determined based on the average market volatility in interest rates, using standard deviation, in the previous 12 months estimated at 95% level of confidence.

The sensitivity analysis is based on the Group's financial instruments held at September 30, 2014 and December 31, 2013, with effect estimated from the beginning of the period. All other variables held constant, the consolidated income before tax would have increased by P0.2 billion for the nine-month period ended September 30, 2014 and P0.4 billion for the year ended December 31, 2013. Conversely, if the interest rates decreased by the same percentage, consolidated income before tax would have been lower by the same amount.

11.2 Credit Risk

Generally, the Group's credit risk is attributable to trade and other 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:

	September 30, 2014 (Unaudited)	December 31, 2013 (Audited)
Not more than 30 days	**P 3,096,365,301**	P 549,092,678
31 to 60 days	**944,279,249**	2,289,013,027
Over 60 days	**1,473,392,141**	747,543,582
	P 5,514,036,691	P 3,585,649,287

11.3 Liquidity Risk

The Group manages its liquidity needs by carefully monitoring scheduled debt servicing payments for long-term financial liabilities as well as cash outflows due in a day-to-day business. Liquidity needs are monitored in various time bands, on a day-to-day and week-to-week basis, as well as on the basis of a rolling 30-day projection. Long-term liquidity needs for a 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 of September 30, 2014, 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 20,406,268,350	P 5,786,387,498	P -	P -
Interest-bearing loans	1,087,768,572	1,580,587,118	5,536,751,043	2,779,843,681
Bonds payable	465,398,100	5,465,398,100	43,085,583,137	11,033,442,051
Advances from related parties	376,971,352	-	804,038,309	-
Redeemable preferred shares	-	-	-	2,832,147,248
Security deposits	82,683,069	5,114,654	40,356,094	86,155,509
Derivative liability	-	-	1,066,252,165	-
Other liabilities	-	1,953,474,473	650,311,298	-
	P 22,419,089,443	P 14,790,961,843	P 51,183,292,046	P16,731,588,489

As of December 31, 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 15,356,683,282	P 7,826,578,063	P -	P -
Interest-bearing loans	1,603,279,826	2,192,512,443	8,795,031,294	433,552,898
Bonds payable	1,181,347,400	1,181,347,400	55,449,496,930	7,625,297,602
Advances from related parties	-	-	354,107,249	-
Redeemable preferred shares	-	-	1,352,336,993	1,574,159,348
Security deposits	-	-	86,286,060	61,932,286
Derivative liability	38,631,143	-	-	1,145,961,938
Other liabilities	519,684,000	-	-	-
	P 18,699,625,651	P 11,200,437,906	P 66,037,258,526	P 10,840,904,072

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

11.4 Other Price Risk Sensitivity

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

For equity securities listed in the Philippines, the observed volatility rates of the fair values of the Group's investments held at fair value and their impact on the equity as of September 30, 2014 and December 31, 2013 are summarized as follows:

	Observed Volatility Rates		Impact on Equity	
	Increase	Decrease	Increase	Decrease
2014 - Investment in equity securities	**+18.82%**	**-18.82%**	**P 67,890,963**	**(P 67,890,963)**
2013 - Investment in equity securities	+18.12%	-18.12%	P 480,595,059	(P 480,595,059)

The maximum additional estimated loss in 2014 and 2013 is to the extent of the carrying value of the securities held as of these reporting dates with all other variables held constant. The estimated change in quoted market price is computed based on volatility of listed companies at the PSE for the past 9 months in 2014 and 12 months in 2013.

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

12. CATEGORIES OF FINANCIAL ASSETS AND LIABILITIES

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

	September 30, 2014 (Unaudited)		December 31, 2013 (Audited)	
	Carrying Values	Fair Values	Carrying Values	Fair Values
Financial assets				
Loans and receivables:				
Cash and cash equivalents	**P 71,140,749,095**	**P 71,140,749,095**	P 94,977,525,445	P 94,977,525,445
Trade and other receivables	**62,646,570,235**	**62,646,570,235**	51,086,163,464	51,086,163,464
Other financial assets	**32,320,252**	**32,320,252**	1,322,462,800	1,322,462,800
	P 133,819,639,582	**P 133,819,639,582**	P147,386,151,709	P147,386,151,709
Financial assets at FVTPL:				
Marketable debt and equity securities	**P 6,565,072,450**	**P 6,565,072,450**	P 7,363,058,599	P 7,363,058,599
Derivative asset	**-**	**-**	12,684,368	12,684,368
	P 6,565,072,450	**P 6,565,072,450**	P 7,375,742,967	P 7,375,742,967
AFS Financial Assets:				
Debt securities	**P 3,874,111,041**	**P 3,874,111,041**	P 4,399,906,888	P 4,399,906,888
Equity securities	**360,665,338**	**360,665,338**	358,985,303	358,985,303
	P 4,234,776,379	**P 4,234,776,379**	P 4,758,892,191	P 4,758,892,191

	September 30, 2014 (Unaudited)		December 31, 2013 (Audited)	
	Carrying Values	Fair Values	Carrying Values	Fair Values
Financial Liabilities				
Financial liabilities at FVTPL -				
Derivative liabilities	**P 1,027,665,272**	**P 1,027,665,272**	P 1,184,593,081	P 1,184,593,081
Financial liabilities at amortized cost				
Current				
Trade and other payables	**P 26,192,655,848**	**P 26,192,655,848**	P 23,183,261,345	P 23,183,261,345
Bonds payable	**5,000,000,000**	**5,000,000,000**	-	-
Interest-bearing loans and borrowings	**2,589,038,054**	**2,589,038,054**	3,795,792,269	3,795,792,269
Other current liabilities	**3,269,272,087**	**3,269,272,087**	2,113,418,300	2,113,418,300
	P 37,050,965,989	**P 37,050,965,989**	P 29,092,471,914	P 29,092,471,914
Non-current				
Bonds payable	**P 51,744,003,846**	**P 51,744,003,846**	P 56,479,746,306	P 56,479,746,306
Interest-bearing loans and borrowings	**7,754,532,951**	**6,127,937,713**	9,228,584,192	9,228,584,192
Redeemable preference shares	**1,837,373,329**	**1,837,373,329**	1,786,120,902	1,786,120,902
Due to related parties	**804,038,309**	**804,038,309**	354,107,249	354,107,249
Security deposits	**214,309,326**	**214,309,326**	148,218,346	148,218,346
	P 62,354,257,761	**P 60,727,662,523**	P 67,996,776,995	P 67,996,776,995

See Notes 2.4 and 2.12 for a description of the accounting policies for each category of financial instrument.

13. FAIR VALUE MEASUREMENT AND DISCLOSURES

13.1 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 or for identical assets or liabilities;

- Level 2: inputs other than quoted prices included within Level 1 that are observable for the resource or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and,

- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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

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

13.2 Financial Instruments Measured at Fair Value

The table below shows the fair value hierarchy of the Group's classes of financial assets and financial liabilities measured at fair value in the consolidated statements of financial position on a recurring basis as of September 30, 2014 and December 31, 2013.

	September 30, 2014 (Unaudited)			
	Level 1	**Level 2**	**Level 3**	**Total**
Financial assets:				
Financial assets at FVTPL:				
Debt and equity securities	P 6,565,072,450	P -	P -	P 6,565,072,450
Available-for-sale financial assets:				
Debt securities	3,874,111,041	-	-	3,874,111,041
Equity securities	115,644,001	49,880,000	195,141,337	360,665,338
	P 10,554,827,492	**P 49,880,000**	**P 195,141,337**	**P 10,799,848,829**
Financial liability:				
Financial liabilities at FVTPL:				
Derivative liabilities	**P 1,027,665,272**	**P -**	**P -**	**P 1,027,665,272**

	December 31, 2013 (Audited)			
	Level 1	Level 2	Level 3	Total
Financial assets:				
Financial assets at FVTPL:				
Debt and equity securities	P 7,363,058,599	P -	P -	P 7,363,058,599
Derivative assets	12,684,368	-	-	12,684,368
Available-for-sale financial assets:				
Debt securities	4,399,906,888	-	-	4,399,906,888
Equity securities	117,218,306	49,880,000	191,886,997	358,985,303
	P 11,892,868,161	P 49,880,000	P 191,886,997	P 12,134,635,158
Financial liability:				
Financial liabilities at FVTPL:				
Derivative liabilities	P 1,184,593,081	P -	P -	P 1,184,593,081

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

The table below shows the fair value hierarchy of the Group's classes of financial assets and financial liabilities measured at fair value in the interim consolidated statements of financial position on a recurring basis as of September 30, 2014 and December 31, 2013.

	September 30, 2014 (Unaudited)			
	Level 1	Level 2	Level 3	Total
Financial assets:				
Cash and cash equivalents	P 71,140,749,095	P -	P -	P 71,140,749,095
Trade and other receivables and other financial assets	-	-	62,678,890,487	62,678,890,487
	P 71,140,749,095	**P -**	**P 62,678,890,487**	**P 133,819,639,582**
Financial liabilities:				
Current:				
Trade and other payables	P -	P -	P 26,192,655,848	P 26,192,655,848
Interest-bearing loans and borrowings	-	-	2,589,038,054	2,589,038,054
Bonds payable	5,000,000,000	-	-	5,000,000,000
Other current liabilities	-	-	3,269,272,087	3,269,272,087
Non-current:				
Interest-bearing loans and borrowings	-	-	7,754,532,951	7,754,532,951
Bonds payable	51,744,003,846	-	-	51,744,003,846
Due to related parties	-	-	804,038,309	804,038,309
Redeemable preferred shares	-	-	1,837,373,329	1,837,373,329
Security deposits	-	-	214,309,326	214,309,326
	P 56,744,003,846	**P -**	**P 42,661,219,904**	**P 99,405,223,750**

	December 31, 2013 (Audited)			
	Level 1	Level 2	Level 3	Total
Financial assets:				
Current:				
Cash and cash equivalents	P 94,977,525,445	P -	P -	P 94,977,525,445
Trade and other receivables and other financial assets	-	-	51,086,163,464	51,086,163,464
	P 94,977,525,445	P -	P 51,086,163,464	P 146,063,688,909
Financial liabilities:				
Current:				
Interest-bearing loans and borrowings	P -	P -	P 3,795,792,269	P 3,795,792,269
Trade and other payables	-	-	23,183,261,345	23,183,261,345
Other current liabilities	-	-	2,113,418,300	2,113,418,300
Non-current:				
Interest-bearing loans and borrowings	-	-	9,228,584,192	9,228,584,192
Bonds payable	56,479,746,306	-	-	56,479,746,306
Due to related parties	-	-	354,107,249	354,107,249
Redeemable preferred shares	-	-	1,786,120,902	1,786,120,902
Security deposits	-	-	148,218,346	148,218,346
	P 56,479,746,306	P -	P 40,609,502,603	P 97,089,248,909

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

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

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

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

As at December 31, 2013, the fair value of the Group's investment property amounting to P123.6 billion is classified within Level 3 of the fair value hierarchy. The Level 3 fair value of the investment property was determined using the income approach which is performed with values derived using a discounted cash flow model. Also, there were no transfers into or out of Level 3 fair value hierarchy. There was no valuation update made for the current period.

14. CAPITAL MANAGEMENT OBJECTIVES, POLICIES AND PROCEDURES

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

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

	September 30, 2014 (Unaudited)	December 31, 2013 (Audited)
Total liabilities	**P 144,876,268,128**	P 142,178,763,894
Equity attributable to owners of the parent company	**114,975,742,735**	107,692,727,038
Debt-to-equity ratio	**P 1.26 : 1**	P 1.32 : 1

15. SEASONAL FLUCTUATIONS

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

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

16. SUBSEQUENT EVENTS

On November 7, 2014, GIC, Singapore's sovereign wealth fund, through its private equity arm, entered into a definitive purchase agreement with EMP to invest P17.6 billion in new EMP shares and equity-linked securities (ELS) at P11.0 per share. The ELS has a tenure of up to 7 years and convertible into 480 million EMP shares under preset terms at the option of both EMP and GIC. GIC has also an option to invest additional P4.4 billion in EMP at the same price under certain conditions over a 13-month period. The agreement is expected to be completed within November 2014.

On October 31, 2014, EMP, through its wholly owned subsidiary, Emperador UK Limited, has completed the acquisition of 100 per cent stake in Whyte & Mackay Group Limited and its subsidiaries ("Whyte & Mackay") for an enterprise value of £430 million (P31 billion). The agreement for acquisition was signed on May 9, 2014.

On October 27, 2014, the Group availed £210 million loan from The Hongkong and Shanghai Banking Corporation Limited (Hong Kong Branch) and JP Morgan Chase Bank N.A. (Singapore Branch). The loan has a tenure of one year and bears interest at 1.25% over LIBOR.

ALLIANCE GLOBAL GROUP, INC. AND SUBSIDIARIES
AGING SCHEDULE OF CURRENT TRADE AND OTHER RECEIVABLES
SEPTEMBER 30, 2014
(Amounts in Philippine Pesos)

Current	P	27,265,965,860
1 to 30 days		3,096,365,301
31 to 60 days		944,279,249
Over 60 days		1,473,392,141
Total		32,780,002,551
Due from other related parties		1,227,768,035
Balance as of September 30, 2014	**P**	**34,007,770,586**