CR05403-2019

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q

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

1. For the quarterly period ended
   Jun 30, 2019
2. SEC Identification Number
   ASO93-7946
3. BIR Tax Identification No.
   003-831-302-000
4. Exact name of issuer as specified in its charter
   Alliance Global Group, Inc.
5. Province, country or other jurisdiction of incorporation or organization
   Metro Manila
6. Industry Classification Code(SEC Use Only)

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

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
Common	9,973,379,839
Treasury	296,448,140

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

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

    (•) Yes ( ) No

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

    (•) Yes ( ) No

ALLIANCE GLOBAL

Alliance Global Group, Inc.
AGI

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

For the period ended	Jun 30, 2019
Currency (indicate units, if applicable)	Philippine Peso

Balance Sheet

	Period Ended	Fiscal Year Ended (Audited)
	Jun 30, 2019	Dec 31, 2018
Current Assets	273,019,119,219	277,726,370,659
Total Assets	593,086,965,888	588,251,194,728
Current Liabilities	94,188,801,974	92,440,137,592
Total Liabilities	297,278,984,161	297,678,531,269
Retained Earnings/(Deficit)	125,632,832,152	117,531,876,687
Stockholders' Equity	295,807,981,727	290,572,663,459
Stockholders' Equity - Parent	177,596,841,815	172,193,472,060
Book Value per Share	30.03	29.31

Income Statement

	Current Year (3 Months)	Previous Year (3 Months)	Current Year-To-Date	Previous Year-To-Date
Gross Revenue	40,926,199,071	35,050,536,430	80,396,903,729	68,296,118,130
Gross Expense	31,901,087,936	26,677,561,946	62,868,011,435	52,036,672,925
Non-Operating Income	838,245,662	2,244,184,136	2,415,894,478	3,419,482,209
Non-Operating Expense	1,703,307,452	1,575,521,174	3,396,966,858	3,536,825,449
Income/(Loss) Before Tax	8,160,049,345	9,041,637,446	16,547,819,914	16,142,101,965
Income Tax Expense	2,164,383,727	2,236,039,120	4,029,222,686	3,697,427,005
Net Income/(Loss) After Tax	5,995,665,618	6,805,598,326	12,518,597,228	12,444,674,960
Net Income Attributable to Parent Equity Holder	3,748,611,781	4,215,821,897	8,100,955,465	7,813,375,356
Earnings/(Loss) Per Share (Basic)	0.38	0.42	0.82	0.78
Earnings/(Loss) Per Share (Diluted)	0.38	0.42	0.82	0.78

	Current Year (Trailing 12 months)	Previous Year (Trailing 12 months)
Earnings/(Loss) Per Share (Basic)	2.41	2.48
Earnings/(Loss) Per Share (Diluted)	2.41	2.47

Other Relevant Information
Attached is the Company's SEC Form 17-Q for the period ended 30 June 2019.

Filed on behalf by:

Name	Alan Quintana
Designation	Corporate Secretary

COVER SHEET

SEC Registration Number

A S 0 9 3 - 7 9 4 6

COMPANY NAME

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

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

7 T H F L O O R , 1 8 8 0 E A S T W O O D
A V E N U E , E A S T W O O D C I T Y
C Y B E R P A R K , 1 8 8 E . R O D R I G U E Z
J R . A V E N U E , B A G U M B A Y A N ,
Q U E Z O N C I T Y

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

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number/s	Mobile Number
dinainting@allianceglobal.com.ph	709-2038 to 41	N/A

No. of Stockholders	Annual Meeting Month/Day	Fiscal Year Month/Day
1,006	JUNE 3RD THURSDAY	DECEMBER 31

CONTACT PERSON INFORMATION

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

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
DINA INTING	dinainting@allianceglobal.com.ph	709-2038 to 41	N/A

Contact Person's Address

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

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

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

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q

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

1. *For the quarterly period ended* **June 30, 2019**

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

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

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

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

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

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

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

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

Title of Each Class	*Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding*
Common	**9,973,379,839** (net of 296,448,140 buyback shares held by AGI)

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

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

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

PART I – FINANCIAL INFORMATION

1. FINANCIAL STATEMENTS

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

The interim consolidated financial statements (ICFS) have been prepared in accordance with the Philippine Financial Reporting Standards (PFRS) and Philippine Accounting Standard 34, *Interim Financial Reporting*. As such, they do not include all of the information and disclosures required for full annual consolidated financial statements, and thus should be read in conjunction with the audited consolidated financial statements of the Group as at and for the year ended December 31, 2018 (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, 2019 (see Note 2.2 to the ICFS and Note 2.3(c) to the ACFS). Certain profit and loss accounts in 2018 were reclassified to conform to the current period's presentation.

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

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

Business Segments

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

The Group disaggregates revenues recognized from contracts with customers into these segments that depict how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors. This same disaggregation is used in earnings releases, annual reports and investor presentations.

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

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

Key Performance Indicators

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

In Million Pesos

	Jan-June 2019	Jan-June 2018	Quarter 2 2019	Quarter 2 2018	Quarter 1 2019	Quarter 1 2018
REVENUES	**82,813**	**71,716**	**41,764**	**37,295**	**41,048**	**34,421**
NET PROFIT	**12,519**	**12,445**	**5,996**	**6,806**	**6,523**	**5,639**
NET PROFIT TO OWNERS OF AGI	**8,101**	**7,813**	**3,749**	**4,216**	**4,352**	**3,598**
Revenue Growth	**15.47%**	**7.29%**	**11.98%**	**12.54%**	**19.25%**	**2.13%**
Net Profit Growth	**0.59%**	**23.41%**	**-11.90%**	**44.72%**	**15.67%**	**4.79%**
NP Attributable to Parent Growth	**3.68%**	**16.28%**	**-11.08%**	**33.72%**	**20.98%**	**0.86%**
Net profit rate	15.12%	17.35%	14.36%	18.25%	15.89%	16.38%
NP Attributable to parent	9.78%	10.89%	8.98%	11.30%	10.60%	10.45%
Return on investment/assets [NP/TA]	2.11%	2.23%				
	30-Jun-19	31-Dec-18	Growth	30-Jun-18		
TOTAL ASSETS	593,087	588,251	0.83%	557,727		
CURRENT ASSETS	273,019	277,726	-1.69%	262,906		
CURRENT LIABILITIES	94,189	92,440	1. 89%	83,841		
Current ratio	2.9x	3.0x		3.1x		
Quick ratio	1.1X	1.3X		1.5x		

Note: Numbers may not add up due to rounding.

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

Results of Operations – First Half

The Group turned over P82.8 billion revenues in the first half, growing 15% from P71.7 billion in the same period last year, from the double-digit growths delivered by all business segments. With costs and expenses pacing 19% year-on-year, the Group ended the first half with P12.5 billion net profit as compared to P12.4 billion from a year ago, attributing P8.1 billion to owners in the current year, up 4% year-on-year. Net profit rate was pegged at 15% from 17% a year ago while net profit rate to owners stood at 10% from 11% a year ago.

By business segments, as represented by the major subsidiary groups:

In Million Pesos

	MEG	EMP	RWM	GADC	Others	TOTAL
2019						
Revenues	31,724	21,450	14,065	15,542	738	83,519
Intercompany/ Adjusment	(81)	(30)	(408)	-	(187)	
Consolidated	**31,643**	**21,420**	**13,657**	**15,542**	**551**	**82,813**
% contribution	38%	26%	16%	19%	1%	100%
Costs and expenses	19,754	17,733	13,160	14,404	1,306	**66,357**
Intercompany/ Adjustment		(18)	(18)	(51)	(5)	
Consolidated	**19,754**	**17,715**	**13,142**	**14,353**	**1,301**	**66,265**
Tax Expense	**3,103**	**451**	**63**	**392**	**20**	**4,029**
Net profit	8,867	3,266	842	747	(588)	13,133
Intercompany/ Adjustment	(81)	(12)	(390)	51	(182)	
Consolidated	**8,786**	**3,254**	**452**	**797**	**(770)**	**12,519**
% contribution	70%	26%	4%	6%	-6%	100%
Net profit to owners	8,307	3,250	845	751	(588)	12,565
Intercompany/ Adjustment	(2,803)	(562)	(585)	(332)	(182)	
Consolidated	**5,504**	**2,688**	**260**	**419**	**(770)**	**8,101**
% contribution	68%	33%	3%	5%	-9%	100%
2018	MEG	EMP	RWM	GADC	Others	TOTAL
Revenues	26,986	19,474	10,971	13,604	2,781	73,816
Intercompany/ Adjustment	(87)		(44)		(1,969)	
Consolidated	**26,899**	**19,474**	**10,927**	**13,604**	**812**	**71,716**
% contribution	38%	27%	15%	19%	1%	100%
Costs and expenses	17,187	15,699	8,747	12,516	1,515	55,664
Intercompany/ Adjustment		(17)	(29)	(41)	(4)	
Consolidated	**17,187**	**15,682**	**8,718**	**12,475**	**1,511**	**55,573**
Tax Expense	**2,279**	**513**	**537**	**345**	**24**	**3,698**
Net profit	7,520	3,262	1,687	743	1,242	14,454
Intercompany/ Adjustment	(87)	17	(15)	41	(1,965)	
Consolidated	**7,433**	**3,279**	**1,672**	**784**	**(723)**	**12,445**
% contribution	60%	26%	13%	6%	-6%	100%
Net profit to owners	7,186	3,190	1,690	741	1,243	14,050
Intercompany/ Adjustment	(2,440)	(551)	(943)	(337)	(1,966)	
Consolidated	**4,746**	**2,639**	**747**	**404**	**(723)**	**7,813**
% contribution	61%	34%	10%	5%	-9%	100%
Year-on-year Change	MEG	EMP	RWM	GADC	Others	TOTAL
2019						
Revenues	17.64%	9.99%	24.98%	14.25%	-32.22%	15.47%
Costs and expenses	14.94%	12.96%	50.74%	15.05%	-13.89%	19.24%
Tax Expense	36.13%	-11.94%	-88.35%	13.55%	-13.72%	8.97%
Net profit	18.20%	-0.78%	-72.96%	1.91%	6.73%	0.59%
Net profit to owners	16.00%	1.84%	-65.23%	3.76%	6.64%	3.68%

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

Megaworld, the country's leading developer and pioneer of integrated urban townships, reported an 18% year-on-year rise in net profit in the first half toP8.9 billion from P7.5 billion, with 16% growth in attributable to owners to P8.3 billion from P7.2 billion, on the back of the group's revenues escalating 18% to P31.7 billion from P27.0 billion a year ago as all its core business segments continued exhibiting double-digit growths, with better second quarter results quarter-on-quarter. **Residential** sales, which accounted for two-thirds of revenues, went up 11% to P20.2 billion at the end of the semester from P18.1 billion a year ago, at a current product mix of 66%-14%-10%-10% for Megaworld-GERI (Global-Estate Resorts, Inc.)-Empire East (Empire East Land Holdings, Inc.)-Suntrust (Suntrust Properties, Inc.) brands.

Residential sales in second quarter grew 12% year-on-year and 13% quarter-on-quarter. Sales reservations reached P80 billion in the first half of the current year. **Leasing** of office and commercial retail spaces, which accounted for 26% of revenues, provided P8.1billion rental income which grew 20% year-on-year from P6.8 billion as the group completed developments that add up in its rental space inventory. Rental revenues grew at a faster pace in second quarter at 23% year-on-year and 7% quarter-on-quarter. **Hotel** revenues registered the fastest growth, soaring 80% to P1.3 billion from P715 million a year ago, with the recently opened homegrown hotel brands Twin Lakes Hotel in Tagaytay, Savoy Hotel Boracay, and Hotel Lucky Chinatown in Manila. With eight homegrown hotels across the country, second quarter hotel revenues escalated 104% year-on-year and 24% quarter-on-quarter. These operating results brought in 38%, 70% and 68% to AGI's consolidated revenues, net profit and net profit attributable to owners, respectively.

Emperador, the world's largest brandy company and owner of the world's 5th largest Scotch whisky manufacturer, hit P3.25 billion net profit attributable to its owners for the first half of the year, a 2% increase from P3.19 billion a year ago while revenues rose 10% to P21.4 billion from P19.5 billion a year ago. Including non-controlling interest, net profit reached P3.3 billion in both years. Gross profit and net profit rates were recorded at 35% and 15%, respectively, as compared to 37% and 17% from a year ago and 35% and 15% in the second quarter. Accounting for 72% of the Emperador group, the **Brandy** business grew revenues to external customers by 15% year-on-year to P15.3 billion from P13.4 billion. Emperador, Fundador and Presidente remained to be the group's top-selling Philippine, Spanish and Mexican brandy brands, respectively. Spain's Terry and Mexico's Don Pedro came in second. The biggest market for the offshore brands was Mexico, followed by Philippines, Spain, UK, USA and Guinea. Fundador and Tres Cepas have been growing in the Philippines. Smirnoff Mule and The Bar (launched in the fourth quarter last year) beefed up local sales in the first half. Costs of sales expanded at a faster pace due to product mix, resulting in gross profit rate for the current six-month period of 32% as compared to 35% a year ago, further ending the period with net profit attributable to owners of P2.25 billion, at attributable net profit rate of 15% as compared to 17% of the same period last year. The **Scotch Whisky** business, which accounted for 28% of Emperador group, reported P6.1 billion revenues from external customers for both comparable periods, with net profit jumping 12% to P997 million from P890 million a year ago due to higher gross profit margin of 41% as compared to 38% a year ago, propelled by the single malts led by The Dalmore, followed by Jura and the blended Whyte&Mackay and Tamnavaulin. Single malts Fettercairn and Tamnavulin showed the fast growth during the period. Net profit rate was 16% as compared to 14% a year ago. Top markets for the brands were Asia, Travel Retail, UK, USA and Greater Europe. Business also expanded in the Pacific, France, Germany and Canada. For the first six months of the year, Emperador group contributed 26% to AGI's consolidated revenues, 26% to consolidated net profit, and 33% to consolidated net profit attributable to AGI owners.

Travellers, the owner and operator of Resorts World Manila (RWM), grew its core revenues this semester by 45% to P13.6 billion from P9.4 billion a year ago with gross profit jumping 54% year-on-year to P6.5 billion from P4.2 billion, reflective of a flourishing business. Gross profit in the second quarter is up 54% year-on-year although slightly down 4% quarter-on-quarter. **Gaming** net revenues in the first half rose 44% to P10.6 billion from P7.3 billion a year ago driven by sustained growth in the VIP and non-VIP segments as gaming capacity increased with the opening of the ground floor gaming area of the Grand Wing and new machines at the Garden Wing. **Non-gaming** revenues jumped 48% to P3.0 billion from P2.0 billion a year ago as a result of higher restaurant covers, more hotel rooms, and higher revenues from theater, mall and cinemas. From just three hotels operating before, three additional hotels were operating this year – Courtyard by Marriott Iloilo opened in May 2018, Hilton Manila opened in October 2018 and Sheraton Manila opened in January 2019 – bringing the total room keys to 2,527 by period-end from 1,780 a year ago. As construction projects were getting completed, the capitalization of finance costs ceased resulting in higher charges to operations, which during the current interim totaled P982 million as compared to P44 million a year ago. The first half ended with P842 million net profit as compared to P217 million a year ago. Travellers group accounted for 16%, 4% and 3% of AGI's consolidated revenues, consolidated net profit, and consolidated net profit attributable to owners of AGI, respectively.

GADC, the master franchise holder of McDonald's quick-service restaurants brand in the Philippines, attained P15.5 billion revenues which is 14% higher than a year ago, with systemwide sales climbing 16% and same-store-sales expanding 6% year-on-year. Systemwide sales in the second quarter grew 17% year-on-year while same-store-sales grew 6% year-on-year. GPR on sales, saddled by the high cost of inventory, stood at 17% as compared to 19% from a year ago, for the first half, second quarter and first quarter. Nevertheless, the P747 million net profit in the first half was 1% better year-on-year. These results were achieved from the opening of new restaurants, new product launches and the promotions of core menu. Sixty-five **new restaurants** (25 in 2019) were opened while eight restaurants (3 in 2019) were closed from a year ago, bringing the total count to 642 restaurants at the end of interim period as compared to 585 stores a year ago (620 at end-2018), more than half of which are operated by the company. **New product introductions** pushed trial and repeat visits from customers during the period. McDo Sulit Rice Bowls was launched in February as part of the Value Rice platform which feature the lead price point of P79 for more filling and "sulit" (worth your money) rice meals. A new tasty offering, the Cheesy Omelette Bowls, is an exciting addition to Breakfast McSavers starting mid-March. In April and May, McCafe Iced Coffee selection (Sweet Black and Milky) and Milktea McFloat (Classic and Wintermelon) were launched, respectively. **Convenience channels** continued to be business accelerators. McDelivery continued with its double-digit growth garnering 21% for the period. Digital channels through McDonald's app, Grab Food and Food Panda showed good support. These operating results translated into 19%, 6% and 5% contribution to the consolidated revenues, net profit and net profit to owners of AGI, respectively.

These strong performances are reflected in the profit and loss accounts, as follows:

In Million Pesos	2019	2018	2019 vs 2018
REVENUES			
Sale of goods	41,829	37,819	10.60%
Consumer goods	21,670	19,737	9.79%
Revenues from real estate (RE) sales	20,159	18,082	11.49%
Rendering of services	38,568	30,478	26.54%
Gaming	13,536	9,008	50.27%
Less: Promotional allowance	2,947	1,659	77.66%
Net Gaming	10,589	7,349	44.09%
Sales by company-operated quick-service restaurant	13,892	12,238	13.52%
Franchise revenues	1,541	1,284	20.03%
Rental income	8,391	6,998	19.92%
Other services	4,155	2,609	59.20%
Hotel operations	3,592	2,235	60.67%
Other services	563	374	50.44%
Share in net profits of associates and joint ventures	163	147	10.90%
Finance and other income	2,253	3,272	-31.16%
TOTAL	82,813	71,716	15.47%
COSTS AND EXPENSES			
Cost of goods sold	25,278	22,247	13.62%
Consumer goods sold	14,193	12,528	13.30%
RE sales	11,085	9,719	14.05%
Cost of services	19,972	16,011	24.75%
Gaming	5,216	4,100	27.23%
Services	14,756	11,911	23.89%
Other operating expenses	17,618	13,779	27.86%
Selling and marketing	7,301	5,791	26.07%
General and administrative	10,317	7,988	29.15%
Finance costs and other charges	3,397	3,537	-3.95%
TOTAL	66,265	55,574	19.24%
TAX EXPENSE	4,029	3,697	8.97%
NET PROFIT	12,519	12,445	0.59%

Note: Numbers may not add up due to rounding off.

Revenues for the first six months accelerated 15% to P82.8 billion as compared to P71.7 billion a year ago, from double-digit growth in all business segments. **Sales of goods** (real estate, alcoholic beverages and snack products) at P41.8 billion expanded 11% compared to last year's P37.8 billion as a result of brisk sales of Emperador's Scotch Whisky and Brandy products and Megaworlds' condominium units and residential lots. **Service revenues** (gaming, leasing, hotels, quick-service restaurants, other related services) at P38.6 billion escalated 26% compared to last year's P30.5 billion driven mainly by the robust growth in RWM's gaming operations, McDonald's QSR revenues, and the flourishing leasing and hotel operations. The Group's hotel operations showed the fastest revenue growth (61%yoy) while leasing operations provided an expanding revenue stream (20%yoy). **Share in net profits of associates and joint ventures** went up 11% to P163 million, or P16 million higher this interim period from net profit reported by EMP's BLC.

Costs and expenses increased 19% year-on-year to P66.3 billion during the current year from P55.6 billion a year ago. While **cost of goods sold and cost of services** (which are a function of sales) respectively grew 14% and 25% to P25.3 billion and P20.0 billion, the combined gross profit margin moved at almost the same as sales revenues, thereby keeping 44% GPR for both comparable periods. **Other operating expenses** went up 28% year-on-year to P17.6 billion which is mainly attributed to higher spending by Megaworld and Travellers, mostly in advertising, promotions and salaries and employee benefits .

Finance and other income dwindled 31% to P2.2 billion or P1.0 billion less than P3.3 billion a year ago from other gain reported in second quarter last year, while interest income went up. **Finance costs and other charges**, on the other hand, shrank 4% to P3.4 billion or P140 million lower than P3.5 billion a year ago from favorable foreign exchange this interim period as compared to last year's reported loss, particularly on re-measurement of MEG's dollar bonds last year.

Income tax went up 9% to P4.0 billion or P332 million year-on-year due to higher taxable income.

Earnings before interest, taxes, depreciation and amortizations (EBITDA), computed as net profit before income taxes, interest expense, depreciation and amortizations escalated 10% year-on-year to P23.5 billion this year as compared to P21.3 billion a year ago, exhibiting 28% and 30% EBITDA rate.

Net profit attributable to owners amounted to P8.1 billion from P7.8 billion a year ago, up 4% year-on-year as a result of the foregoing.

Financial Condition

Consolidated total assets amounted to P593.1 billion at end of the interim period from P588.2 billion at beginning of year. The Group is strongly liquid with **current assets** exceeding **current liabilities** 3times. Current assets amounted to P273.0 billion while current liabilities amounted to P94.2 billion at end of the interim period.

Cash and cash equivalents depleted P5.2 billion or 12% ending at P39.6 billion from P44.8 billion at the beginning of the year, primarily due to capital expenditures, buy-back of shares, payment of bank loans and interest, and cash dividends. 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 decreased 10% or P6.3 billion from collections mostly from debtors of Emperador and Megaworld.

Contract assets which represent the reclassified portion of trade and other receivables relating to rights to payment which are conditioned upon the completion of units sold and represent excess of progress of work over the right to an amount of consideration, went up 24% or P2.7 billion for **currently** maturing assets while the **non-currently** maturing assets went down 4% or P477 million.

Other current assets grew 11% or P1.7 billion prepayments of Emperador, Megaworld, Travellers, and GADC.

Non-current trade and other receivables jumped 12% or P1.6 billion, attesting to Megaworld's robust business.

Advances to land owners and joint ventures increased 5% or P367 million from payments made by Megaworld group during the period.

Deferred tax assets diminished 15% or P150 million principally from temporary tax differences of GADC while **deferred tax liabilities** climbed 12% or P1.3 billion from temporary tax differences of MEG.

Contract liabilities represent MEG's excess of collection over the progress of work with **current** portion decreasing 20% or P524 million and **non-current** portion increasing 28% or P756 million.

Current interest-bearing loans accelerated 9% or P2.3 billion while **non-current interest-bearing loans** decelerated 4% or P5.2 billion, as the Group's payments exceeded incurrence of loans. RWM has converted short-term loans to fixed-interest rate long-term loan.

Income tax payable dropped 37% or P629 million due to timing of payments and tax credits. Both the fourth and first quarters' payable fell due in the second quarter.

Retirement benefit obligation eased 28% or P510 million from the actuarial gains booked in UK in the interim period.

Other non-current liabilities surged 10% or P1.8 billion from Megaworlds' customer deposits and Travellers' other obligations.

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

Liquidity and Capital Resources

The consolidated statements of financial position showed strong liquidity with current assets exceeding current liabilities 3times. The interim period opened and closed with 1:1 total-liabilities-to-equity ratio and 0.7:1 interest-bearing-debt-to-equity ratio. Assets exceeded liabilities 2times, and equity 2times as well.

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

Amounts in Million Pesos	30-Jun-19	31-Dec-18
Cash and equivalents	39,576	44,779
FVTPL/AFS financial assets	13,521	14,077
Total Available	53,097	58,856
Interest-bearing debt –current	26,842	24,530
Interest-bearing debt- noncurrent	162,420	167,974
Equity-linked securities- non- current*	5,336	5,259
Total Debt	194,599	197,763
Net cash (debt)	-141,502	-138,906
Available Cash/financial assets to debt	27%	30%
Interest-bearing debt to equity	66%	68%

*Presented under Other Non-current liabilities

Prospects for the future

AGI has a proven track record of creating value over time and is confident in its ability to deliver sustainable profitable growth and value for its stakeholders. In 2019, all business segments are expected to sustain growth trajectory in line with targets and will continue to bolster their presence in their respective fields.

Emperador group is best positioned to capitalize on premiumization opportunities, with its much bigger product portfolio and inventory of high-quality brandy and Scotch whisky and greater global reach. New products are initiated to capture the discriminating taste of its consumers who look for variety and innovations.

Megaworld has a strong roster of townships nationwide that are backed by adequate land banking and carefully-thought masterplans. Its aggressive thrust to grow its investment properties has resulted in increased recurring income stream. The group expects stronger numbers given the group's pipeline of projects this year and the coming years.

Travellers sees a lot of potential for further growth, as it continues to expand its non-gaming facilities and offerings. It is looking forward to the opening of Hotel Okura Manila in its Grand Wing in RWM in the first half of next year which would boost further RWM's hotel capacity.

GADC targets more new store openings with continuous focus on delivering its promise of making delicious feel-good moments easy for everyone along its commitment to continuously provide consumers with value-for-money products. Initiatives will be grounded on maintaining strong restaurant fundamentals to ensure that customer satisfaction scores remain high, espousing the role of family and community in delivering business while exemplifying good corporate citizenship.

Others

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

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

There are no other known events that will trigger direct or contingent financial obligation that is currently considered material to the Company, including any default or acceleration of an obligation.

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

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

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

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

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

SIGNATURE

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

Alliance Global Group, Inc.
Issuer

By:

DINA D.R. INTING
Chief Financial Officer/
Corporate Information Officer/
Principal Accounting Officer
August 12, 2019

ALLIANCE GLOBAL GROUP, INC. AND SUBSIDIARIES
SCHEDULE OF FINANCIAL SOUNDNESS INDICATORS
June 30, 2019

	6/30/19	12/31/18
Current ratio	2.90	3.00
Quick ratio	1.13	1.29
Liabilities-to-equity ratio	1.00	1.02
Interest-bearing debt to total equity	0.66	0.68
Asset-to-equity ratio	2.00	2.02
		6/30/18 As Restated
Interest rate coverage ratio	667%	877%
Net profit margin	15.12%	17.35%
Return on assets	2.11%	2.23%
Return on equity/investment	4.23%	4.21%
Return on equity/investment of owners	4.56%	4.54%

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 divided by equity attributable to ownersof the parent company

ALLIANCE GLOBAL GROUP, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2019 AND DECEMBER 31, 2018
(Amounts in Philippine Pesos)

		June 30, 2019 (UNAUDITED)		December 31, 2018 (AUDITED)
A S S E T S				
CURRENT ASSETS				
Cash and cash equivalents	**P**	**39,575,563,464**	P	44,779,011,533
Trade and other receivables - net		**54,181,301,713**		60,518,718,373
Contract assets		**13,808,958,955**		11,131,863,695
Financial assets at fair value through profit or loss		**13,041,405,144**		13,617,425,147
Inventories - net		**134,390,248,496**		131,394,011,426
Other current assets		**18,021,641,447**		16,285,340,485
Total Current Assets		**273,019,119,219**		277,726,370,659
NON-CURRENT ASSETS				
Trade and other receivables - net		**14,582,301,357**		12,984,665,792
Contract assets		**10,618,076,633**		11,095,415,992
Advances to landowners and joint ventures		**7,276,998,031**		6,910,177,902
Financial assets at fair value through other comprehensive income		**479,767,179**		459,974,884
Investments in and advances to associates and other related parties		**8,078,293,010**		7,942,876,611
Property, plant and equipment - net		**121,763,031,530**		117,501,643,236
Investment property - net		**109,123,405,751**		104,635,533,741
Intangible assets - net		**41,001,674,179**		41,958,580,601
Deferred tax assets - net		**859,179,515**		1,009,269,507
Other non-current assets		**6,285,119,484**		6,026,685,803
Total Non-current Assets		**320,067,846,669**		310,524,824,069
TOTAL ASSETS	**P**	**593,086,965,888**	P	588,251,194,728

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		June 30, 2019 (UNAUDITED)		December 31, 2018 (AUDITED)
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Trade and other payables	**P**	**49,658,540,508**	P	49,181,881,957
Contract liabilities		**2,139,544,046**		2,663,104,996
Interest-bearing loans		**26,842,173,513**		24,530,016,698
Income tax payable		**1,050,009,580**		1,679,266,461
Redeemable preferred shares		**251,597,580**		251,597,580
Other current liabilities		**14,246,936,747**		14,134,269,900
Total Current Liabilities		**94,188,801,974**		92,440,137,592
NON-CURRENT LIABILITIES				
Interest-bearing loans		**137,650,936,002**		142,871,936,606
Bonds payable		**24,769,230,251**		25,102,042,365
Contract liabilities		**3,461,286,741**		2,705,562,299
Advances from related parties		**2,334,109,582**		2,385,463,118
Retirement benefit obligation		**1,279,704,221**		1,790,019,668
Redeemable preferred shares		**1,770,938,981**		1,712,264,245
Deferred tax liabilities - net		**12,380,461,578**		11,077,531,099
Other non-current liabilities		**19,443,514,831**		17,593,574,277
Total Non-current Liabilities		**203,090,182,187**		205,238,393,677
Total Liabilities		**297,278,984,161**		297,678,531,269
EQUITY				
Equity attributable to owners of the parent company		**177,596,841,815**		172,193,472,060
Non-controlling interest		**118,211,139,912**		118,379,191,399
Total Equity		**295,807,981,727**		290,572,663,459
TOTAL LIABILITIES AND EQUITY	**P**	**593,086,965,888**	P	588,251,194,728

See Notes to Interim Consolidated Financial Statements.

ALLIANCE GLOBAL GROUP, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED JUNE 30, 2019 AND 2018
(Amounts in Philippine Pesos)
(UNAUDITED)

	2019		2018 (As Restated - see Note 2)	
	Year-to-Date	**Quarter**	Year-to-Date	Quarter
REVENUES				
Sale of goods	**P 41,828,843,902**	**P 21,251,330,762**	P 37,818,282,550	P 19,685,950,497
Rendering of services - net	**38,568,059,827**	**19,674,868,309**	30,477,835,580	15,364,585,933
Share in net profits of associates and joint ventures - net	**163,381,010**	**68,592,773**	147,319,871	30,236,224
Finance and other income	**2,252,513,468**	**769,652,889**	3,272,162,338	2,213,947,912
	82,812,798,207	**41,764,444,733**	71,715,600,339	37,294,720,566
COSTS AND EXPENSES				
Cost of goods sold	**25,277,965,211**	**12,839,837,017**	22,246,966,502	11,447,108,695
Cost of services	**19,972,287,211**	**10,218,905,883**	16,010,360,358	8,143,685,082
Other operating expenses	**17,617,759,013**	**8,842,345,036**	13,779,346,065	7,086,768,169
Finance costs and other charges	**3,396,966,858**	**1,703,307,452**	3,536,825,449	1,575,521,174
	66,264,978,293	**33,604,395,388**	55,573,498,374	28,253,083,120
PROFIT BEFORE TAX	**16,547,819,914**	**8,160,049,345**	16,142,101,965	9,041,637,446
TAX EXPENSE	**4,029,222,686**	**2,164,383,727**	3,697,427,005	2,236,039,120
NET PROFIT	**12,518,597,228**	**5,995,665,618**	12,444,674,960	6,805,598,326
				-
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified subsequently to profit or loss				
Actuarial gains on remeasurement of retirement benefit obligation	**394,672,752**	**151,399,723**	653,910,000	580,398,000
Net unrealized fair value loss on financial assets at fair value through other comprehensive income	**20,052,920**	**22,471,421**	(64,450,325)	18,162,183
Deferred tax expense relating to components of other comprehensive income	**(61,913,150)**	**(28,267,362)**	(111,164,700)	(98,667,660)
	352,812,522	**145,603,782**	478,294,975	499,892,523
Items that will be reclassified subsequently to profit or loss				
Translation adjustments	**(2,104,699,894)**	**(2,727,479,280)**	1,696,594,122	(269,487,074)
Net unrealized fair value gain (loss) on cash flow hedge	**(179,582,723)**	**(79,961,681)**	177,119,803	4,909,170
	(2,284,282,617)	**(2,807,440,961)**	1,873,713,925	(264,577,904)
TOTAL COMPREHENSIVE INCOME	**P 10,587,127,133**	**P 3,333,828,439**	P 14,796,683,860	P 7,040,912,945
Net profit attributable to:				
Owners of the parent company	**P 8,100,955,465**	**P 3,748,611,781**	P 7,813,375,356	P 4,215,821,897
Non-controlling interest	**4,417,641,763**	**2,247,053,837**	4,631,299,604	2,589,776,429
	P 12,518,597,228	**P 5,995,665,618**	P 12,444,674,960	P 6,805,598,326
Total comprehensive income attributable to:				
Owners of the parent company	**P 6,258,522,520**	**P 1,330,738,016**	P 9,481,224,915	P 4,239,167,973
Non-controlling interest	**4,328,604,613**	**2,003,090,423**	5,315,458,945	2,801,744,972
	P 10,587,127,133	**P 3,333,828,439**	P 14,796,683,860	P 7,040,912,945
Earnings Per Share for the Net Profit Attributable to Owners of the Parent Company:				
Basic	**P 0.8224**	**P 0.3806**	P 0.7849	P 0.4235
Diluted	**P 0.8204**	**P 0.3796**	P 0.7833	P 0.4226

See Notes to Interim Consolidated Financial Statements.

ALLIANCE GLOBAL GROUP, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED JUNE 30, 2019 AND 2018
(Amounts in Philippine Pesos)
(UNAUDITED)

	Attributable to Owners of the Parent Company													
									Retained Earnings					
	Capital Stock	Additional Paid-in Capital	Treasury Shares – at cost	Net Actuarial Losses on Retirement Benefit Plan	Net Fair Value Gains (Losses) on Financial Assets at FVOCI	Accumulated Translation Adjustments	Revaluation Reserves on Cash Flow Hedge	Share Options	Other Reserves	Appropriated	Unappropriated	Total	Noncontrolling Interest	Total Equity
Balance at January 1, 2019	P 10,269,827,979	P 34,395,380,979	(P 4,130,664,509)	(P 37,087,081)	P 292,038,325	(P 4,186,081,933)	P 124,320,576	P 744,676,052	P 17,189,184,985	P 3,520,080,000	P 114,011,796,687	P 172,193,472,060	P 118,379,191,399	P 290,572,663,459
Transactions with owners:														
Acquisition of treasury shares	-	-	(910,237,124)	-	-	-	-	-	-	-	-	(910,237,124)	-	(910,237,124)
Share-based compensation	-	-	-	-	-	-	-	-	-	-	-	-	10,657,563	10,657,563
Additions (Deductions)	-	-	-	-	-	-	-	-	55,084,359	-	-	55,084,359	(3,546,255,666)	(3,491,171,307)
Dividend paid by investee	-	-	-	-	-	-	-	-	-	-	-	-	(961,057,997)	(961,057,997)
	-	-	(910,237,124)	-	-	-	-	-	55,084,359	-	-	(855,152,765)	(4,496,656,100)	(5,351,808,865)
Total comprehensive income	-	-	-	251,075,305	(212,519,366)	(1,760,219,503)	(120,769,381)	-	-	-	8,100,955,465	6,258,522,520	4,328,604,613	10,587,127,133
Balance at June 30, 2019	**P 10,269,827,979**	**P 34,395,380,979**	**(P 5,040,901,633)**	**P 213,988,224**	**P 79,518,959**	**(P 5,946,301,436)**	**P 3,551,195**	**P 744,676,052**	**P 17,244,269,344**	**P 3,520,080,000**	**P 122,112,752,152**	**P 177,596,841,815**	**P 118,211,139,912**	**P 295,807,981,727**
Balance at January 1, 2018	P 10,269,827,979	P 34,395,380,979	(P 1,566,146,040)	(P 36,537,800)	P 259,101,753	(P 3,761,144,930)	(P 30,896,586)	P 744,676,052	P 20,039,138,973	P 2,748,722,000	P 100,958,827,802	P 164,020,950,182	P 109,964,643,080	P 273,985,593,262
Transactions with owners:														
Acquisition of treasury shares	-	-	(2,108,532,422)	-	-	-	-	-	-	-	-	(2,108,532,422)	-	(2,108,532,422)
Issuance of perpetual securities	-	-	-	-	-	-	-	-	-	-	-	-	10,315,886,577	10,315,886,577
Share-based compensation	-	-	-	-	-	-	-	-	-	-	-	-	11,631,331	11,631,331
Deductions	-	-	-	-	-	-	-	-	-	-	-	-	(903,711,150)	(903,711,150)
Dividend paid by investee	-	-	-	-	-	-	-	-	-	-	-	-	(428,786,081)	(428,786,081)
Redemption of preferred shares	-	-	-	-	-	-	-	-	-	-	-	-	(2,875,000)	(2,875,000)
	-	-	(2,108,532,422)	-	-	-	-	-	-	-	-	(2,108,532,422)	8,992,145,677	6,883,613,255
Reclassification adjustment	-	-	-	-	-	-	-	-	9,689,175	-	(9,689,175)	-	-	-
Deductions during the year	-	-	-	-	-	-	-	-	(37,776,804)	-	-	(37,776,804)	-	(37,776,804)
Additions during the year	-	-	-	-	-	-	-	-	33,968,896	-	-	33,968,896	-	33,968,896
Total comprehensive income	-	-	-	446,190,911	(12,863,077)	1,115,408,657	119,113,068	-	-	-	7,813,375,356	9,481,224,915	5,315,458,945	14,796,683,860
Balance at June 30, 2018	P 10,269,827,979	P 34,395,380,979	(P 3,674,678,462)	P 409,653,111	P 246,238,676	(P 2,645,736,273)	P 88,216,482	P 744,676,052	P 20,045,020,240	P 2,748,722,000	P 108,762,513,983	P 171,389,834,767	P 124,272,247,702	P 295,662,082,469

See Notes to Interim Consolidated Financial Statements.

ALLIANCE GLOBAL GROUP, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE SIX MONTHS ENDED JUNE 30, 2019 AND 2018
(Amounts in Philippine Pesos)
(UNAUDITED)

	2019	2018 (As Restated - see Note 2)
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	**P 16,547,819,914**	P 16,142,101,965
Adjustments for:		
Depreciation and amortization	**4,030,222,185**	3,151,723,065
Interest expense	**2,882,813,620**	1,953,307,972
Interest income	**(1,535,136,022)**	(935,092,069)
Unrealized foreign currency loss (gain) - net	**229,679,179**	1,014,077,230
Gain on sale of investments in an associate	**(188,514,452)**	-
Share in net profits of associates and joint ventures	**(163,381,010)**	(147,319,871)
Stock option benefit expense	**10,657,563**	11,631,331
Dividend income	**(9,683,128)**	(42,061,134)
Gain on reversal of impairment losses	**(4,276,104)**	-
Gain on disposal of property, plant and equipment and investment property	**(6,030,672)**	(60,950,308)
Operating profit before working capital changes	**21,794,171,073**	21,087,418,181
Decrease (increase) in trade and other receivables	**3,074,306,426**	(1,188,899,100)
Increase in contract assets	**(2,199,755,901)**	(4,796,611,847)
Decrease (increase) in financial assets at fair value through profit or loss	**251,637,992**	(7,964,463,920)
Increase in inventories	**(2,743,507,843)**	(869,724,375)
Increase in other current assets	**(2,974,366,809)**	(2,828,036,065)
Increase (decrease) in trade and other payables	**(3,122,188,672)**	2,776,438,755
Increase in contract liabilities	**232,163,492**	317,001,665
Increase (decrease) in retirement benefit obligation	**(208,033,597)**	16,186,633
Increase (decrease) in other current liabilities	**112,666,847**	178,609,532
Increase in other non-current liabilities	**1,927,367,553**	1,111,438,092
Cash generated from operations	**16,144,460,561**	7,839,357,551
Cash paid for taxes	**(2,568,343,527)**	(2,116,227,360)
Net Cash From Operating Activities	**13,576,117,034**	5,723,130,191
Balance carried forward	**P 13,576,117,034**	P 5,723,130,191

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	2019	2018 (As Restated - see Note 2)
Balance brought forward	**P 13,576,117,034**	P 5,723,130,191
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisitions of:		
Property, plant and equipment	**(7,061,987,358)**	(11,512,476,215)
Investment property	**(4,590,196,848)**	(1,753,081,346)
Intangible assets	**(21,524,008)**	(25,767,899)
Proceeds from:		
Sale of an investment in an associate	**240,908,437**	-
Disposal of property, plant and equipment and intangible asset	**140,319,410**	205,388,039
Collections of advances from associates and other related parties	**96,569,692**	-
Interest received	**1,048,660,814**	612,940,894
Advances to (from) landowners, joint ventures and other related parties - net	**(366,820,129)**	244,216,966
Decrease (increase) in other non-current assets	**(251,914,300)**	111,526,522
Additional advances granted to associates	**(183,960,598)**	(135,845,239)
Cash dividends received	**9,683,128**	139,553,646
Net Cash Used in Investing Activities	**(10,940,261,760)**	(12,113,544,632)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payment of interest-bearing loans	**(7,767,764,099)**	(16,031,845,133)
Proceeds from interest-bearing loans	**6,710,450,000**	8,481,642,448
Interest paid	**(5,203,372,409)**	(3,821,762,647)
Dividends paid	**(174,551,169)**	(428,786,081)
Acquisition of treasury shares	**(910,237,124)**	(2,108,532,422)
Buyback of shares from non-controlling interest by a subsidiary	**(361,469,948)**	(707,701,399)
Advances granted and paid to related parties	**(323,232,456)**	(279,274,982)
Advances collected and received from related parties	**190,873,862**	168,930,358
Proceeds from issuance of perpetual bonds	**-**	10,315,886,577
Redemption of preferred shares	**-**	(2,875,000)
Net Cash Used in Financing Activities	**(7,839,303,343)**	(4,414,318,281)
NET DECREASE IN CASH AND CASH EQUIVALENTS	**(5,203,448,069)**	(10,804,732,722)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	**44,779,011,533**	55,672,960,546
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**P 39,575,563,464**	P 44,868,227,824

Supplemental Information on Non-cash Investing and Financing Activities:

In the normal course of business, the Group enters into non-cash activities which are not reflected in the cash flows, including the following: (a) exchanges or purchases or sale on account of real estate and other assets that remain unpaid at end of period; (b) reclassifications or transfers of property between Inventories, Property and Equipment and Investment Properties; (c) borrowing costs under capitalized Inventories or Construction in Progress.

See Notes to Interim Consolidated Financial Statements.

ALLIANCE GLOBAL GROUP, INC. AND SUBSIDIARIES
NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED JUNE 30, 2019 AND 2018
(With Comparative Figures as of December 31, 2018)
(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 listed its shares in the Philippine Stock Exchange (PSE) on April 19, 1999.

Currently, AGI is one of the leading conglomerates in the Philippines, with interests in real estate property development, food and beverage manufacture and distribution, integrated tourism-entertainment and gaming, and quick-service restaurant businesses. The Company and its subsidiaries, associates and joint ventures (collectively referred to as the Group) operate a diversified range of businesses that focus on developing products and services that generally cater to their target markets, under the following entities (see Note 4):

			Percentage of Effective Ownership of AGI	
Subsidiaries/Associates/Joint Ventures	Short Name	Notes	**June 2019**	December 2018
Subsidiaries				
Megaworld and subsidiaries				
Megaworld Corporation	Megaworld	(a)	**67%**	67%
Megaworld Resort Estates, Inc.		(b)	**83%**	83%
Townsquare Development, Inc.	TDI		**50%**	50%
Golden Panda-ATI Realty Corporation			**50%**	50%
Arcovia Properties, Inc.			**67%**	67%
Belmont Newport Luxury Hotels, Inc.			**67%**	67%
Davao Park District Holdings Inc.			**67%**	67%
Eastwood Cyber One Corporation			**67%**	67%
Global One Hotel Group, Inc.			**67%**	67%
Global One Integrated Business Services, Inc.			**67%**	67%
Hotel Lucky Chinatown, Inc.			**67%**	67%
Landmark Seaside Properties, Inc.			**67%**	67%
Luxury Global Hotels and Leisures, Inc.			**67%**	67%
Luxury Global Malls, Inc.			**67%**	67%
Mactan Oceanview Properties and Holdings, Inc.			**67%**	67%
Megaworld Cayman Islands, Inc.		(c)	**67%**	67%
Megaworld Cebu Properties, Inc.			**67%**	67%
Megaworld Land, Inc.			**67%**	67%
Citywalk Building Administration, Inc.			**67%**	67%
Forbestown Commercial Center Administration, Inc.			**67%**	67%
Ilo-ilo Center Mall Administration, Inc.			**67%**	67%
Newtown Commercial Center Administration, Inc.			**67%**	67%
Paseo Center Building Administration, Inc.			**67%**	67%
San Lorenzo Place Commercial Center Administration, Inc.			**67%**	67%
Southwoods Lifestyle Mall Management, Inc.			**67%**	67%
Uptown Commercial Center Administration, Inc.			**67%**	67%
Valley Peaks Property Management, Inc.			**67%**	67%
Megaworld Newport Property Holdings, Inc			**67%**	67%
Oceantown Properties, Inc.			**67%**	67%

Subsidiaries/Associates/Joint Ventures	Short Name	Notes	Percentage of Effective Ownership of AGI June 2019	December 2018
Subsidiaries				
Megaworld and subsidiaries				
Piedmont Property Ventures, Inc.			**67%**	67%
Prestige Hotels and Resorts, Inc.			**67%**	67%
Richmonde Hotel Group International Ltd.		(d)	**67%**	67%
San Vicente Coast, Inc.			**67%**	67%
Savoy Hotel Manila, Inc.			**67%**	67%
Stonehaven Land, Inc.			**67%**	67%
Streamwood Property, Inc.			**67%**	67%
Megaworld Bacolod Properties, Inc.			**62%**	62%
Manila Bayshore Property Holdings, Inc.			**60%**	60%
Megaworld Capital Town, Inc.			**51%**	51%
Megaworld Central Properties, Inc.			**51%**	51%
Soho Cafe and Restaurant Group, Inc.			**50%**	50%
La Fuerza, Inc.			**45%**	45%
Megaworld-Daewoo Corporation			**40%**	40%
Northwin Properties, Inc.			**40%**	40%
Gilmore Property Marketing Associates Inc.			**35%**	35%
Integrated Town Management Corporation			**34%**	34%
Maple Grove Land, Inc.			**34%**	34%
Megaworld Globus Asia, Inc.			**34%**	34%
Suntrust Properties, Inc.			**67%**	67%
Governor's Hills Science School, Inc.			**67%**	67%
Sunrays Properties Management, Inc.			**67%**	67%
Suntrust Ecotown Developers, Inc.			**67%**	67%
Suntrust One Shanata, Inc.			**67%**	67%
Suntrust Two Shanata, Inc.			**67%**	67%
Stateland, Inc.			**65%**	65%
Global-Estate Resorts, Inc.	GERI	(e)	**55%**	55%
Southwoods Mall Inc.			**61%**	61%
Twin Lakes Corp.			**61%**	61%
Twin Lakes Hotel, Inc.			**61%**	61%
Megaworld Global-Estate, Inc.			**60%**	60%
Fil-Estate Golf and Development, Inc			**55%**	55%
Golforce, Inc.			**55%**	55%
Southwoods Ecocentrum Corp.			**33%**	33%
Philippine Aquatic Leisure Corp.			**33%**	33%
Fil-Estate Properties, Inc.			**55%**	55%
Aklan Holdings Inc.			**55%**	55%
Blu Sky Airways, Inc.			**55%**	55%
Fil-Estate Subic Development Corp.			**55%**	55%
Fil-Power Concrete Blocks Corp.			**55%**	55%
Fil-Power Construction Equipment Leasing Corp.			**55%**	55%
Golden Sun Airways, Inc.			**55%**	55%
La Compaña De Sta. Barbara, Inc.			**55%**	55%
MCX Corporation			**55%**	55%
Pioneer L-5 Realty Corp.			**55%**	55%
Prime Airways, Inc.			**55%**	55%
Sto. Domingo Place Development Corp.			**55%**	55%
Fil-Estate Industrial Park, Inc.			**44%**	44%
Sherwood Hills Development Inc.			**30%**	30%
Fil-Estate Urban Development Corp.			**55%**	55%
Global Homes and Communities, Inc.			**55%**	55%
Novo Sierra Holdings Corp.			**55%**	55%
Elite Communities Property Services, Inc.			**55%**	55%
Oceanfront Properties, Inc.			**28%**	28%
Empire East Land Holdings, Inc.	EELHI		**55%**	55%
Sonoma Premiere Land, Inc.		(f)	**73%**	73%
Pacific Coast Mega City, Inc.	PCMI	(g)	**82%**	71%
20th Century Nylon Shirt, Inc.			**55%**	55%
Eastwood Property Holdings, Inc.			**55%**	55%
Empire East Communities, Inc.			**55%**	55%
Sherman Oak Holdings, Inc.			**55%**	55%
Valle Verde Properties, Inc.			**55%**	55%
Laguna Bel-Air School, Inc.			**40%**	40%

Subsidiaries/Associates/Joint Ventures	Short Name	Notes	Percentage of Effective Ownership of AGI June 2019	December 2018
Subsidiaries				
Emperador and subsidiaries				
Emperador Inc.	EMP or Emperador		**83%**	83%
Emperador Distillers, Inc.	EDI		**83%**	83%
Alcazar de Bana Holdings Company, Inc.			**83%**	83%
ProGreen AgriCorp, Inc.			**83%**	83%
South Point Science Park, Inc.			**83%**	83%
Anglo Watsons Glass, Inc.			**83%**	83%
Cocos Vodka Distillers Philippines, Inc.			**83%**	83%
The Bar Beverage, Inc.			**83%**	83%
Tradewind Estates, Inc.			**83%**	83%
BoozyLife, Inc.			**42%**	42%
Zabana Rum, Inc.			**83%**	83%
Emperador International Ltd.	EIL	(d)	**83%**	83%
Emperador Asia Pte Ltd.	EA	(i)	**83%**	83%
Grupo Emperador Spain, S.A.U.	GES	(i)	**83%**	83%
Bodega San Bruno, S.L.	BSB	(i)	**83%**	83%
Bodegas Fundador SLU	BFS	(i)	**83%**	83%
Complejo Bodeguero San Patricio, SLU	CBSP	(i)	**83%**	83%
Destilados de la Mancha S.L.		(i)	**83%**	83%
Emperador Gestion S.L.	GEG	(i)	**83%**	83%
Domecq Bodega Las Copas, S.L.	DBLC	(h)	**41%**	41%
Bodega Domecq S.A. de C.V.	BDSC	(h)	**41%**	41%
Gonzales Byass de Mexico S.A. de C.V.	GBMS	(h)	**41%**	41%
Pedro Domecq S.A. de C.V.	PDSC	(h)	**41%**	41%
Emperador Europe SARL	EES	(i)	**83%**	83%
Emperador Holdings (GB) Limited.	EGB	(i)	**83%**	83%
Emperador UK Limited	EUK	(i)	**83%**	83%
Whyte and Mackay Group Limited	WMG	(i)	**83%**	83%
Whyte and Mackay Limited	WML	(i)	**83%**	83%
Whyte and Mackay Warehousing Ltd.	WMWL	(i)	**83%**	83%
GADC and subsidiaries				
Golden Arches Development Corporation	GADC		**49%**	49%
Advance Food Concepts Manufacturing, Inc.			**49%**	49%
Red Asian Food Solutions			**37%**	37%
Clark Mac Enterprises, Inc.			**49%**	49%
Golden Laoag Foods Corporation			**38%**	38%
Davao City Food Industries, Inc.			**37%**	37%
First Golden Laoag Ventures			**34%**	34%
McDonald's Anonas City Center			**34%**	34%
McDonald's Puregold Taguig			**29%**	29%
Golden City Food Industries, Inc.			**29%**	29%
McDonald's Bonifacio Global City			**27%**	27%
Molino First Golden Foods, Inc.			**26%**	26%
GY Alliance Concepts, Inc.			**19%**	19%
Golden Arches Realty Corporation	GARC	(j)	**-**	-
Travellers and subsidiaries				
Travellers International Hotel Group, Inc.	Travellers	(k)	**47%**	47%
Agile Fox Amusement and Leisure Corporation			**47%**	47%
APEC Assets Limited			**47%**	47%
Aquamarine Delphinium Leisure and Recreation, Inc.			**47%**	47%
Bright Pelican Leisure and Production, Inc.			**47%**	47%
Bright Leisure Management, Inc.			**47%**	47%
Brilliant Apex Hotels and Leisure Corporation			**47%**	47%
Coral Primrose Leisure and Recreation Corporation			**47%**	47%

Subsidiaries/Associates/Joint Ventures	Short Name	Notes	Percentage of Effective Ownership of AGI June 2019	December 2018
Subsidiaries				
Travellers and subsidiaries				
Deluxe Hotels and Recreation, Inc.			**47%**	47%
Entertainment City Integrated Resorts & Leisure, Inc.			**47%**	47%
FHTC Entertainment & Production, Inc.	FHTC		**47%**	47%
Golden Peak Leisure and Recreation, Inc.			**47%**	47%
Grand Integrated Hotels and Recreation, Inc.			**47%**	47%
Grandservices, Inc.			**47%**	47%
Grandventure Management Services, Inc.			**47%**	47%
Lucky Star Hotels and Recreation, Inc.			**47%**	47%
Lucky Panther Amusement and Leisure Corporation			**47%**	47%
Luminescent Vertex Hotels and Leisure Corporation			**47%**	47%
Magenta Centaurus Amusement and Leisure Corporation			**47%**	47%
Majestic Sunrise Leisure & Recreation, Inc.			**47%**	47%
Netdeals, Inc.			**47%**	47%
Newport Star Lifestyle, Inc.			**47%**	47%
Royal Bayshore Hotels & Amusement, Inc.			**47%**	47%
Sapphire Carnation Leisure and Recreation Corporation			**47%**	47%
Scarlet Milky Way Amusement and Leisure Corporation			**47%**	47%
Sparkling Summit Hotels and Leisure Corporation			**47%**	47%
Valiant Leopard Amusement and Leisure Corporation			**47%**	47%
Vermillion Triangulum Amusement and Leisure Corporation			**47%**	47%
Westside City Resorts World, Inc.		(l)	**47%**	47%
Purple Flamingos Amusement and Leisure Corporation			**47%**	47%
Red Falcon Amusement and Leisure Corporation			**47%**	47%
Westside Theatre Inc.			**47%**	47%
Corporate and Others				
Alliance Global Brands, Inc.			**100%**	100%
McKester Pik-nik International Limited	MPIL	(d)	**100%**	100%
Great American Foods, Inc.		(m)	**100%**	100%
New Town Land Partners, Inc.	NTLPI		**100%**	100%
Alliance Global Group Cayman Islands, Inc.		(c)	**100%**	100%
Boracay Newcoast Resorts, Inc.			**100%**	100%
Dew Dreams International, Inc.			**100%**	100%
First Centro, Inc.	FCI		**100%**	100%
ERA Real Estate Exchange, Inc.			**100%**	100%
Oceanic Realty Group International, Inc.			**100%**	100%
Greenspring Investment Holdings Properties Ltd.		(d)	**100%**	100%
Infracorp Development, Inc.			**100%**	100%
Shiok Success International, Inc.			**100%**	100%
Travellers Group Ltd.		(d)	**100%**	100%
Venezia Universal Ltd.		(d)	**100%**	100%
Dew Dreams International, Ltd.		(d)	**100%**	100%
Shiok Success International, Ltd.		(d)	**100%**	100%
Adams Properties, Inc.	Adams		**60%**	60%

Subsidiaries/Associates/Joint Ventures	Short Name	Notes	Percentage of Effective Ownership of AGI June 2019	December 2018
Associates				
First Premiere Arches Restaurant Inc.			**49%**	49%
Bonifacio West Development Corporation			**31%**	31%
Suntrust Home Developers, Inc.	SHDI		**31%**	31%
Citylink Coach Services, Inc.			**31%**	31%
First Oceanic Property Management, Inc.			**31%**	31%
Palm Tree Holdings and Development Corporation			**27%**	27%
Fil-Estate Network, Inc.			**11%**	11%
Fil-Estate Sales, Inc.			**11%**	11%
Fil-Estate Realty and Sales Associates, Inc.			**11%**	11%
Fil-Estate Realty Corp.			**11%**	11%
Boracay Newcoast Hotel Group, Inc.		(n)	**-**	8%
Nasugbu Properties, Inc.			**8%**	8%
Joint Ventures				
Bodega Las Copas, S.L.	BLC	(o)	**41%**	41%
Front Row Theatre Management, Inc.		(p)	**24%**	24%

Explanatory notes:

(a) AGI's effective ownership interest is derived from its 44% direct ownership, 3% direct holdings of FCI, 18% direct holdings of NTLPI and 2% holdings of other subsidiaries.
(b) AGI and Megaworld directly owns 49% and 51%, respectively.
(c) 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) AGI's effective ownership interest represents its indirect holdings through Megaworld, which owns 82% of GERI as of December 31, 2018 and 2019.
(f) A subsidiary through 60% and 40% direct ownership of EELHI and FCI, respectively.
(g) As of December 31, 2018, PCMI is 71% effectively owned by the Group through the 60% direct ownership of AGI and 20% by EELHI. In January 2019, EELHI acquired the remaining 20% held by TAGI, thus the Group gained 100% rights over PCMI. The effective ownership of the Group over PCMI after the transaction is 82%.
(h) DBLC, a subsidiary of GES, is operating under the laws of Spain and its subsidiaries PDSC, BDSC and GBMS are operating under the laws of Mexico.
(i) Subsidiaries under EIL. EA is operating under the laws of Singapore while GES and its subsidiaries BSB, BFS, GEG, CBSP and DBLC, are operating under the laws of Spain. EES is operating under the laws of Luxembourg. EGB (the ultimate UK parent) is operating under the laws of England and Wales. EUK, WMG, WML and WMWL are operating under the laws of Scotland. EA, EES and EGB are direct subsidiaries of EIL.
(j) GADC has no ownership interest over GARC, but qualifies as a subsidiary since its operating and corporate policies and decision making are being governed by GADC.
(k) Travellers' common shares are directly owned 15% by AGI, 3% by FCI, 2% by Megaworld, 46% by Adams, 24% by Genting Hongkong Limited (GHL) and 10% by the public.
(l) AGI's effective ownership is through 1% direct ownership, 45% through 95% ownership of Travellers, and 1% through ownership of other subsidiaries within the Group (i.e., FCI, Megaworld and Adams).
(m) Foreign subsidiary of MPIL operating under the laws of United States of America.
(n) As of June 2019, FEPI sold an aggregate of 100% ownership interest in BNHGI.
(o) A foreign joint venture under GES and operating under the laws of Spain.
(p) A joint venture through FHTC.

The Company, its subsidiaries, associates and joint ventures are incorporated and operating in the Philippines, except for such foreign subsidiaries and a joint venture as identified in the preceding table (see explanatory notes c, d, h, i, m and o above).

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

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

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

The Board of Directors (BOD) approved on August 12, 2019, the release of the interim consolidated financial statements (ICFS) of the Group as of and for the six months ended June 30, 2019 (including the comparative financial statements as of December 31, 2018 and for the six months ended June 30, 2018).

2. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies used in the preparation of these ICFS are consistent with those applied in the audited consolidated financial statements (ACFS) as of and for the year ended December 31, 2018 except for the application of standards that became effective on January 1, 2019 (see Note 2.2).

2.1 Basis of Preparation of Interim Consolidated Financial Statements

These ICFS have been prepared in accordance with Philippine Accounting Standard (PAS) 34, *Interim Financial Reporting*. They do not include all of the information required in annual financial statements in accordance with Philippine Financial Reporting Standards (PFRS), and should be read in conjunction with the Group's ACFS as of and for the year ended December 31, 2018.

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

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

The presentation of the ICFS is consistent with the most recent ACFS presentation, except for the amendments introduced by the new accounting standards mentioned in Note 2.2.

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

The Group reclassified certain accounts in its consolidated statements of comprehensive income for the six months ended June 30, 2018 to conform to the current period presentation and classification, as follows:

1) Certain expenses amounting to P193.6 million in June 30, 2018 were reclassified from Cost of Goods Sold account to Other Operating Expenses account in the consolidated statement of comprehensive income for the six months ended June 30, 2018, to conform to the current interim period presentation; and,

2) Promotional allowances were increased by P422.5 million in June 30, 2018 relating to the net effects of the casino rebates program and the provision for gaming points that should have reduced the gaming revenues in accordance with the fair value measurement of such derivatives, and the casino-related prizes and promotions that should have been reported as operating expenses. Adjusted Promotional allowances totaling P1,658.6 million in June 30, 2018 were reclassified from Cost of Services account to Revenues-Rendering of Services under Revenues account to conform to the current interim period presentation.

The effects of these prior period adjustments on certain line items in the consolidated statements of income for the six months ended June 30, 2018 are as follows:

	June 30, 2018			
		Effects of adoption		
	As Previously Reported	PFRS 15 and PIC Q&A 2018-12	Restatement/ Reclassification	As Restated
Sale of goods	P 37,954,855,473	(P 136,572,923)	P -	P 37,818,282,550
Rendering of services	32,114,895,532	-	(1,637,059,952)	30,477,835,580
Finance and other income	2,942,633,808	351,022,221	(21,493,691)	3,272,162,338
Cost of goods sold	(22,832,396,571)	391,844,380	193,585,689	(22,246,966,502)
Cost of services	(15,587,818,617)	-	(422,541,741)	(16,010,360,358)
Other operating expenses	(15,361,408,242)	(305,447,518)	1,887,509,695	(13,779,346,065)
Finance costs and other charges	(3,247,060,185)	(289,765,264)	-	(3,536,825,449)
Tax expense	(3,700,247,282)	2,820,277	-	(3,697,427,005)
Net increase in profit		P 13,901,173	P -	
Net profit attributable to:				
Owners of the parent company	7,856,875,563	(43,500,207)	-	7,813,375,356
Non-controlling interest	4,573,898,224	57,401,380	-	4,631,299,604
		P 13,901,173	P -	
Earnings per share:				
Basic	0.7893			0.7849
Diluted	0.7877			0.7833

The effects of prior period adjustments on certain line items under cash flows from operating and investing activities in the consolidated statement of cash flows for the six months ended June 30, 2018 are as follows:

	June 30, 2018			
		Effects of adoption		
	As Previously Reported	PFRS 15 and PIC Q&A 2018-12	Restatement/ Reclassification	As Restated
Cash flows from operating activities				
Profit before tax	P 16,131,021,069	P 11,080,896	P -	P 16,142,101,965
Fair value loss – net	31,358,575	-	(31,358,575)	-
Decrease (increase) in:				
Trade and other receivables	(3,041,295,186)	345,473,420	1,506,922,666	(1,188,899,100)
Contract assets	-	(4,796,611,847)	-	(4,796,611,847)
Financial assets at fair value through profit or loss	(7,995,822,495)	-	31,358,575	(7,964,463,920)
Inventories	(5,029,691,413)	4,159,967,038	-	(869,724,375)
Property development cost	(146,235,974)	2,467,041,541	(2,320,805,567)	-
Other current assets	(1,501,094,412)	(337,179,648)	(989,762,005)	(2,828,036,065)
Increase (decrease) in:				
Trade and other payables	4,159,907,236	(2,081,747,845)	698,279,364	2,776,438,755
Other current liabilities	(1,727,358,775)	-	1,905,968,307	(178,609,532)
Contract liabilities	-	317,001,665	-	317,001,665
Cash flows from investing activities				
Acquisition of				
Property, plant and equipment	(11,512,438,455)	-	(37,760)	(11,512,476,215)
Investment properties	-	-	(1,753,081,346)	(1,753,081,346)
Land for future development	(193,767,436)	(115,990,814)	309,758,250	-
Advances to landowners, joint ventures and other related parties – net	192,390,094	-	51,826,872	244,216,966
Increase in other non-current assets	(344,086,302)	30,965,594	424,647,230	111,526,522
Additional advances granted to associates	(302,129,228)	-	166,283,989	(135,845,239)
Cash at the beginning of year	55,672,960,546	-	-	55,672,960,546
Cash at end of year	44,868,227,824	-	-	44,868,227,824
Net effect of changes on cash flows		P -	P -	

2.2 Adoption of New and Amended PFRS

(a) Effective in 2019 that are Relevant to the Group

In 2019, the Group adopted for the first time the following new PFRS, amendments, interpretation and annual improvements to existing standards that are relevant to the Group and effective for financial statements with annual periods beginning on or after January 1, 2019.

PAS 19 (Amendments)	:	Employee Benefits – Plan Amendment, Curtailment or Settlement
PAS 28	:	Investment in Associates – Long-term Interest in Associates and Joint Venture
PFRS 9 (Amendment)	:	Financial Instruments – Prepayment Features with Negative Compensation
PFRS 16	:	Leases
IFRIC 23	:	Uncertainty over Income Tax Treatments

(b) Effective Subsequent to 2019 but are not Adopted Early

There are amendments and annual improvements to existing standards effective for annual periods subsequent to 2019, which are adopted by the Financial Reporting Standards Council. Management will adopt the following relevant pronouncements in accordance with their transitional provisions:

PFRS 10 and PAS 28 (Amendments)	:	Consolidated Financial Statements, and Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associates or Joint Venture
Annual Improvements	:	Annual Improvements to PFRS (2015 – 2017 cycle)

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

3. JUDGMENTS AND ESTIMATES

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

The judgments, estimates and assumptions applied in the ICFS, including the key sources of estimation uncertainty, were the same as those applied in the ACFS for the year ended December 31, 2018.

4. SEGMENT INFORMATION

4.1 Business Segments

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

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

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

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

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

The Group disaggregates revenues recognized from contracts with customers into these segments that depict how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors. This same disaggregation is used in earnings releases, annual reports and investor presentations.

4.2 Segment Assets and Liabilities

Segment assets are allocated based on their physical location and use or direct association with a specific segment and they include all operating assets used by a segment and consist principally of operating cash and cash equivalents, trade and other receivables, inventories, property, plant and equipment, intangible assets and investment properties. Segment liabilities include all operating liabilities and consist principally of trade and other payables, interest-bearing loans and bonds payable.

4.3 Intersegment Transactions

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

4.4 Analysis of Segment Information

Segment information can be analyzed as follows for six months ended June 30, 2019 and 2018.

	For six months ended June 30, 2019 (Unaudited)				
	Megaworld	Travellers	GADC	Emperador	Total
REVENUES					
Sales to external customers	P 29,639,625,294	P 13,620,591,998	P 15,450,039,781	P 21,082,506,836	P 79,792,763,909
Intersegment sales	81,378,239	408,419,292	-	29,653,517	519,451,048
Finance and other income	2,002,780,692	36,143,857	92,410,648	338,121,109	2,469,456,306
Segment revenues	31,723,784,225	14,065,155,147	15,542,450,429	21,450,281,462	82,781,671,263
Cost of sales and expenses excluding depreciation and amortization	(16,785,510,885)	(10,704,205,427)	(13,639,892,024)	(16,707,026,300)	(57,836,634,636)
	14,938,273,340	3,360,949,720	1,902,558,405	4,743,255,162	24,945,036,627
Depreciation and amortization	(1,254,285,642)	(1,525,339,047)	(630,764,762)	(592,318,644)	(4,002,708,095)
Finance costs and other charges	(1,714,596,558)	(912,499,891)	(82,096,528)	(415,657,548)	(3,124,850,525)
Profit before tax	11,969,391,140	923,110,782	1,189,697,115	3,735,278,970	17,817,478,007
Tax expense	(3,103,001,489)	(62,539,651)	(391,998,789)	(451,318,281)	(4,008,858,210)
SEGMENT PROFIT	**P 8,866,389,651**	**P 860,571,131**	**P 797,698,326**	**P 3,283,960,689**	**P 13,808,619,797**
SEGMENT ASSETS AND LIABILITIES					
Segment assets	**P 327,394,558,941**	**P 109,618,384,512**	**P 19,104,067,927**	**P 113,624,551,993**	**P 569,741,563,373**
Segment liabilities	**123,200,863,591**	**59,909,390,445**	**10,398,909,806**	**51,427,627,418**	**244,936,791,260**
OTHER SEGMENT INFORMATION					
Share in net profit (loss) of associates and joint ventures	**44,133,621**	**(20,040)**	**-**	**119,267,429**	**163,381,010**

	For six months ended June 30, 2018 [As Restated (Unaudited)]				
	Megaworld	Travellers	GADC	Emperador	Total
REVENUES					
Sales to external customers	P 25,612,107,975	P 9,390,151,260	P 13,543,073,325	P 19,164,487,962	P 67,709,820,522
Intersegment sales	87,350,638	44,478,543	-	-	131,829,181
Finance and other income	1,286,159,706	1,536,779,799	60,483,140	310,049,857	3,193,472,502
Segment revenues	26,985,618,319	10,971,409,602	13,603,556,465	19,474,537,819	71,035,122,205
Cost of sales and expenses excluding depreciation and amortization	(13,948,878,910)	(7,771,054,332)	(11,785,698,450)	(14,862,392,235)	(48,368,023,927)
	13,036,739,409	3,200,355,270	1,817,858,015	4,612,145,584	22,667,098,278
Depreciation and amortization	(1,060,590,763)	(1,027,999,896)	(571,390,340)	(463,546,304)	(3,123,527,303)
Finance costs and other charges	(2,177,404,436)	80,914,862	(118,474,171)	(356,301,772)	(2,571,265,517)
Profit before tax	9,798,744,210	2,253,270,236	1,127,993,504	3,792,297,508	16,972,305,458
Tax expense	(2,279,358,972)	(536,716,163)	(345,226,549)	(512,521,916)	(3,673,823,600)
SEGMENT PROFIT (LOSS)	P 7,519,385,238	P 1,716,554,073	P 782,766,955	P 3,279,775,592	P 13,298,481,858

The following presents the segment assets and liabilities of the Group as of December 31, 2018 (audited):

	Megaworld	Travellers	GADC	Emperador	Total
SEGMENT ASSETS AND LIABILITIES					
Segment assets	P 322,191,472,006	P 104,709,932,153	P 19,580,530,142	P 114,542,338,652	P 561,024,272,953
Segment liabilities	123,368,102,367	58,410,773,061	11,656,147,656	54,404,692,853	247,839,715,937
OTHER SEGMENT INFORMATION [For the six months ended June 30, 2018 (Unaudited)]					
Share in net profit (loss) of associates and joint ventures	45,868,429	(33,266)	-	101,484,708	147,319,871

4.5 Reconciliations

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

	June 30, 2019 (Unaudited)	June 30, 2018 [As Restated (Unaudited)]
Revenues		
Total segment revenues	**P 82,781,671,263**	P 71,035,122,205
Unallocated corporate revenue	**550,577,992**	812,307,315
Elimination of intersegment revenues	**(519,451,048)**	(131,829,181)
Revenues as reported in interim consolidated profit or loss	**P 82,812,798,207**	P 71,715,600,339
Profit or loss		
Segment operating profit	**P 13,808,619,797**	P 13,298,481,858
Unallocated corporate gain (loss)	**(770,571,521)**	(721,977,717)
Elimination of intersegment revenues	**(519,451,048)**	(131,829,181)
Profit as reported in interim consolidated profit or loss	**P 12,518,597,228**	P 12,444,674,960
	June 30, 2019 (Unaudited)	December 31, 2018 (Audited)
Assets		
Segment assets	**P 569,741,563,373**	P 561,024,272,953
Unallocated corporate assets	**23,345,402,515**	27,226,921,775
Total assets reported in the consolidated statements of financial position	**P 593,086,965,888**	P 588,251,194,728
Liabilities		
Segment liabilities	**P 244,936,791,260**	P 247,839,715,937
Unallocated corporate liabilities	**52,342,192,901**	49,838,815,332
Total liabilities reported in the consolidated statements of financial position	**P 297,278,984,161**	P 297,678,531,269

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

5. PROPERTY, PLANT AND EQUIPMENT

The gross carrying amounts and accumulated depreciation, amortization and impairment of property, plant and equipment as of June 30, 2019 and December 31, 2018 are shown below.

	June 30, 2019 (Unaudited)	December 31, 2018 (Audited)
Cost	**P 158,044,314,686**	P 151,062,328,123
Accumulated depreciation, amortization and impairment	**(36,281,283,156)**	(33,560,684,887)
Net carrying amount	**P 121,763,031,530**	P 117,501,643,236

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

	June 30, 2019 (Unaudited)	December 31, 2018 (Audited)
Balance at beginning of period, net of accumulated depreciation, amortization and impairment	**P 117,501,643,236**	P 98,026,484,627
Additions	**8,126,043,490**	19,985,611,713
Depreciation and amortization charges for the period	**(3,132,415,887)**	(5,201,720,435)
Disposals – net	**(736,515,413)**	(346,205,473)
Reversal of impairment loss	**4,276,104**	19,258,000
Reclassifications – net	**-**	5,018,214,804
Balance at end of period, net of accumulated depreciation, amortization and impairment	**P 121,763,031,530**	P 117,501,643,236

6. INVESTMENT PROPERTY

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

	June 30, 2019 (Unaudited)	December 31, 2018 (Audited)
Cost	**P 120,990,388,715**	P 115,489,918,831
Accumulated depreciation	**(11,866,982,964)**	(10,854,385,090)
Net carrying amount	**P 109,123,405,751**	P 104,635,533,741

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

	June 30, 2019 (Unaudited)	December 31, 2018 (Audited)
Balance at beginning of period, net of accumulated depreciation	**P 104,635,533,741**	P 97,228,826,949
Additions	**5,500,469,885**	14,280,652,677
Depreciation charges for the period	**(1,012,597,875)**	(1,907,742,465)
Reclassifications	**-**	(4,963,739,212)
Disposals – net	**-**	(2,464,208)
Balance at end of period, net of accumulated depreciation	**P 109,123,405,751**	P 104,635,533,741

7. DIVIDENDS

There were no dividends declared and paid by the Company during the six-month period ended June 30, 2019 and 2018.

8. EARNINGS PER SHARE

Earnings per share is computed as follows:

		June 30, 2019 (Unaudited)		June 30, 2018 [As Restated – see Note 2 (Unaudited)]
Basic:				
Net profit attributable to owners of the parent company	**P**	**8,100,955,465**	P	7,813,375,356
Divide by the weighted average number of outstanding common shares		**9,850,415,639**		9,954,052,279
	P	**0.8224**	P	0.7849
Diluted:				
Net profit attributable to owners of the parent company	**P**	**8,100,955,465**	P	7,813,375,356
Divide by the weighted average number of outstanding common shares and potentially dilutive shares		**9,874,211,370**		9,974,785,818
	P	**0.8204**	P	0.7833

On September 19, 2017 the BOD approved a two-year share repurchase program allowing the Company to repurchase up to P5.0 billion shares from existing stockholders. Under this program, the Company has repurchased 296,448,140 shares for P4.1 billion and 192,811,500 shares for P2.7 billion as of June 30, 2019 and 2018, respectively, which are reported as Treasury Shares. In addition, as of June 30, 2019 and 2018, certain subsidiaries held 122,964,200 shares which cost P936.2 million that are considered as part of Treasury Shares. Such treasury shares do not form part of outstanding common shares.

The actual number of outstanding common shares approximates the weighted average for each interim period. As of June 30, 2019, and 2018, there are 23.8 million and 20.7 million potentially dilutive shares, respectively, 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 negligible effect on the 2019 and 2018 diluted EPS.

9. RELATED PARTY TRANSACTIONS

The Group's related parties include its stockholders, associates, joint ventures, the Group's key management personnel and retirement fund, and others. The summary of the Group's transactions with its related parties for the periods ended June 30, 2019 and 2018, and the related outstanding balances as of June 30, 2019 and December 31, 2018 are as follows:

Related Party Category	Notes	Amount of Transaction June 30, 2019 (Unaudited)	Amount of Transaction June 30, 2018 (Unaudited)	Outstanding Balance Receivable (Payable) June 30, 2019 (Unaudited)	Outstanding Balance Receivable (Payable) December 31, 2018 (Audited)
Subsidiaries' stockholders:					
Casino transactions	9.2	**P 1,527,657**	P 6,802,047	**P 1,527,657**	(P 1,346,880)
Management fees	9.3	**191,571,138**	121,705,499	**(28,616,477)**	(17,173,497)
Accounts payable	9.5	**-**	-	**(347,670,510)**	(347,670,510)
Acquisition of investment	9.7	**869,233,406**	-	**(1,046,400,000)**	(1,046,400,000)
Related party under common ownership:					
Purchase of raw materials	9.1	**2,296,946,539**	1,700,472,092	**(1,170,796,665)**	(941,949,372)
Purchase of imported goods	9.1	**10,642,521**	6,481,170	**(521,283)**	(459,844)
Advances granted	9.4	**102,916,776**	300,135,950	**1,615,871,119**	1,512,954,344
Management services	9.1	**30,000,000**	30,000,000	**(82,500,000)**	(76,500,000)
Associates –					
Advances granted	9.4	**(15,525,869)**	1,993,278	**1,116,023,105**	1,131,548,974
Others:					
Accounts receivable	9.5	**(6,385,848)**	45,570,191	**331,230,610**	337,616,458
Accounts payable	9.5	**-**	150,000,000	**(65,208,430)**	(65,208,430)
Advances from joint venture partners and others	9.6	**(51,353,536)**	(214,774,433)	**(2,334,109,582)**	(2,385,463,118)
Donations		**(112,368,590)**	(78,757,713)	**(19,813,951)**	(16,717,694)

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

9.1 Purchase of Goods and Management Agreement

Emperador imports finished goods and raw materials such as alcohol, flavorings and other items through Andresons Global, Inc., a related party under common ownership. Emperador also imports raw materials from Alcoholera dela Mancha Vinicola, S.L., a wholly-owned subsidiary of BLC, which is considered a related party under joint control. These transactions are generally payable within 30 days. Emperador also entered into a management agreement with Condis for the consultancy and advisory services in relation to the operation, management, development and maintenance of machineries in the distillery plant. The outstanding balances as of June 30, 2019 and December 31, 2018 are shown as part of Trade and Other Payables account in the consolidated statements of financial position.

9.2 Casino Transactions with GHL

Travellers recognized outstanding accounts receivable from (payable to) GHL representing show money received by Travellers (GHL) from foreign patrons which the counterparty will later remit to the other. The outstanding balance, which is unsecured, noninterest bearing and payable in cash upon demand, is presented as part of Trade and Other Receivables account and Trade and Other Payables account in the 2019 and 2018 consolidated statements of financial position, respectively.

9.3 Operations and Management Agreement with GHL

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

9.4 Advances to Associates and Other Related Parties

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

	June 30, 2019 (Unaudited)	December 31, 2018 (Audited)
Balance at beginning of period	**P 2,644,503,318**	P 2,544,141,192
Cash advances granted	**183,960,598**	355,789,071
Collections	**(96,569,692)**	(255,426,945)
Balance at end of period	**P 2,731,894,224**	P 2,644,503,318

As of June 30, 2019 and December 31, 2018, based on management's assessment, the outstanding balances of advances to associates and other related parties are not impaired; hence, no impairment losses were recognized.

9.5 Due from/to Related Parties

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

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

	June 30, 2019 (Unaudited)	December 31, 2018 (Audited)
Due from Related Parties		
Balance at beginning of period	**P 337,616,458**	P 249,464,102
Additions	**87,918,322**	200,099,920
Collections	**(94,304,170)**	(111,947,564)
	331,230,610	337,616,458
Impairment loss	**-**	(9,340,816)
Balance at end of period	**P 331,230,610**	P 328,275,642
Due to Related Parties		
Balance at beginning of period	**P 412,878,940**	P 487,878,940
Additions	**-**	150,000,000
Repayments	**-**	(225,000,000)
Balance at end of period	**P 412,878,940**	P 412,878,940

As of June 30, 2019, based on management's assessment, an additional amount of impairment is not necessary to be recognized.

9.6 Non-current Advances from Related Parties

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

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

	June 30, 2019 (Unaudited)	December 31, 2018 (Audited)
Advances from related parties	**P 1,938,684,939**	P 1,990,038,475
Advances from JV partners	**395,424,643**	395,424,643
	P 2,334,109,582	P 2,385,463,118

9.7 Acquisition of Investments

In 2018, AGI acquired 2,250.0 million shares of PCMI for P3,714.3 million from TAGI, by way of assignment of subscription rights. The acquisition represents 60% ownership in PCMI. As of June 30, 2019 and December 31, 2018, there is an outstanding liability from this transaction which is shown as part of Trade and Other Payables account in the consolidated statements of financial position.

Effective ownership over PCMI is 82% and 71% at June 30, 2019 and December 31, 2018, respectively, derived from AGI's 60% and EELHI's holdings (20% in 2018; 40% in 2019). In January 2019, EELHI acquired additional shares of PCMI representing additional 20% direct ownership.

9.8 Transactions with the Retirement Plans

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

10. COMMITMENTS AND CONTINGENCIES

10.1 Tax Contingencies of Travellers' Casino Operations

Travellers is subject to 25% and 15% license fees, inclusive of franchise tax and in lieu of all taxes, with reference to the income component of the gross gaming revenues, as provided under the Provisional License Agreement with Philippine Amusement and Gaming Corporation (PAGCOR). In April 2013, however, the BIR issued RMC 33-2013 declaring 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 August 2016, the Supreme Court (SC) confirmed that "all contractees and licensees of PAGCOR, upon payment of the 5% franchise tax, shall be exempted from all other taxes, including income tax realized from the operation of casinos." The SC Decision has been affirmed with finality by the SC in a Resolution dated November 28, 2016, when it denied the Motion for Reconsideration filed by the Bureau of Internal Revenue. Consistent with the decision of SC, on June 13, 2018, the Office of the Solicitor General issued a legal opinion stating that the tax exemption and imposition of 5% franchise tax in lieu of all other taxes and fees for gaming operations that was granted to PAGCOR extended to all PAGCOR contractees and licensees.

10.2 Consortium Agreement for Ninoy Aquino International Airport

On February 12, 2018, AGI as a member of a consortium of seven (7) conglomerates, submitted a P102-billion unsolicited proposal to the Department of Transportation (DOTr) for the improvement, upgrade, enhancement, expansion, operation and maintenance, and management of the Ninoy Aquino International Airport. On September 10, 2018, the DOTr and Manila International Airport Authority granted an Original Proponent Status (OPS) to the consortium.

10.3 Skytrain Project

On October 10, 2017, the Group submitted a P3-billion unsolicited proposal to the government to build a 1.87-kilometer Skytrain monorail project and transfer its ownership title to the government. The Group was granted an OPS by the DOTr on May 17, 2018. The following day, DOTr formally endorsed the project to the National Economic and Development Authority – Investment Coordination Committee and is now undergoing review and evaluation.

10.4 Other Commitments and Contingencies

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

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

11. RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group has various financial instruments such as cash and cash equivalents, financial assets at fair value through profit or loss (FVTPL), financial assets at fair value through other comprehensive income (FVOCI), interest-bearing loans, bonds payable, trade receivables and payables and derivative assets and liabilities which arise directly from the Group's business operations. The financial debts were issued to raise funds for the Group's capital expenditures.

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

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

11.1 Market Risk

(a) Foreign Currency Sensitivity

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

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

	June 30, 2019 (Unaudited)		December 31, 2018 (Audited)	
	U.S. Dollars	**HK Dollars**	U.S. Dollars	HK Dollars
Financial assets	**P 3,324,812,625**	**P 2,893,799,275**	P 5,046,723,090	P 4,393,877,128
Financial liabilities	**(19,095,168,777)**	**(964,666,900)**	(20,699,495,919)	(1,128,098,097)
	(P 15,770,356,152)	**P 1,929,132,375**	(P15,652,772,829)	P 3,265,779,031

The sensitivity of the consolidated income before tax for the period with regard to the Group's financial assets and the U.S. dollar – Philippine peso exchange rate assumes +/- 7.83% and +/- 7.43% changes in exchange rate for the six months ended June 30, 2019 and for the year ended December 31, 2018, respectively. The HK dollar – Philippine peso exchange rate assumes +/- 7.94% and +/- 7.57% changes in exchange rate for the six months ended June 30, 2019 and for the year ended December 31, 2018, respectively. These percentages have been determined based on the average market volatility in exchange rates in the previous 12 months estimated at 95% level of confidence. The sensitivity analysis is based on the Group's foreign currency financial instruments held at each reporting periods.

If the Philippine peso had strengthened (or weakened) against the U.S. dollar, with all other variables held constant, consolidated profit before tax would have increased (or decreased) by P1.2 billion for the six-month period ended June 30, 2019 and for the year ended December 31, 2018. If in 2019 and 2018, the Philippine peso had strengthened (or weakened) against the HK dollar, with all other variables held constant, consolidated profit before tax would have decreased (or increased) by P0.2 billion for the six-month period ended June 30, 2019 for the year ended December 31, 2018.

The Group periodically reviews the trend of the foreign exchange rates and monitors its non-functional currency cash flows.

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

(b) *Interest Rate Sensitivity*

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

The sensitivity of the consolidated profit before tax for the period to a reasonably possible change in interest rates of +/- 2.86% for Philippine peso and +/- 1.15% for U.S. dollar in 2019, and +/- 2.91% for Philippine peso and +/- 1.99% for U.S. dollar in 2018 with effect from the beginning of the period. These percentages have been determined based on the average market volatility in interest rates, using standard deviation, in the previous 12 months estimated at 95% level of confidence.

The sensitivity analysis is based on the Group's financial instruments held at June 30, 2019 and December 31, 2018, with effect estimated from the beginning of the period. All other variables held constant, the consolidated profit before tax would have increased by P3.1 billion for the six-month period ended June 30, 2019 and P3.3 billion for the year ended December 31, 2018. Conversely, if the interest rates decreased by the same percentage, consolidated profit before tax would have been lower by the same amount.

11.2 Credit Risk

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

The Group maintains defined credit policies and continuously monitors defaults of customers and other counterparties, identified either individually or by group, and incorporates this information into its credit risk controls. Where available at a reasonable cost, external credit ratings and/or reports on customers and other counterparties are obtained and used. Franchisees are subject to stringent financial, credit and legal verification process. The Group's policy is to deal only with creditworthy counterparties. In addition, for a significant portion of sales, advance payments are received to mitigate credit risk.

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

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

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

	June 30, 2019 (Unaudited)	December 31, 2018 (Audited)
Not more than 30 days	**P 3,774,903,250**	P 6,168,427,517
31 to 60 days	**1,296,068,871**	2,118,222,699
Over 60 days	**2,082,752,395**	1,774,318,897
	P 7,153,724,516	P 10,060,969,113

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 three-month and one-year period are identified monthly. The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of loans, bonds, and preferred shares.

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

As of June 30, 2019, 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 35,854,659,324	P 13,343,371,802	P -	P -
Interest-bearing loans	15,199,308,027	15,814,339,712	145,543,482,719	571,217,330
Bonds payable	-	-	23,092,159,177	-
Equity-linked debt securities (ELS)	-	-	5,402,665,931	-
Advances from related parties	-	-	2,334,109,582	-
Redeemable preferred shares	-	251,597,580	754,792,740	1,574,159,348
Guaranty deposits	24,032,721	10,827,480	91,834,044	418,642,539
Derivative liabilities	364,141,930	-	-	-
Other liabilities	6,315,271	1,303,760,886	5,432,244,602	101,070,596
	P 51,448,457,273	**P 30,723,897,460**	**P182,651,288,796**	**P 2,665,089,813**

As of December 31, 2018, the Group's financial liabilities have contractual maturities which are presented below.

	Current		Non-current	
	Within 6 Months	6 to 12 Months	1 to 5 Years	Later than 5 Years
Trade and other payables	P 39,230,499,206	P 6,800,895,953	P -	P -
Interest-bearing loans	13,494,324,190	12,449,456,918	143,683,341,001	3,307,547,673
Bonds payable	-	1,202,612,500	30,032,563,750	-
ELS	-	-	5,402,665,931	-
Advances from related parties	-	-	2,385,463,118	-
Redeemable preferred shares	-	268,957,813	772,152,973	1,574,159,348
Guaranty deposits	-	-	153,529,825	208,423,557
Derivative liabilities	393,300,753	-	-	-
Other liabilities	-	1,171,355,329	4,305,304,967	101,279,537
	P 53,118,124,149	P 21,893,278,513	P186,735,021,565	P 5,191,410,115

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 financial assets at FVOCI). It manages its risk arising from changes in market price by monitoring the changes in the market price of the investments.

For equity securities listed in the Philippines, the observed volatility rates of the fair values of the Group's investments held at fair value and their impact on the equity as of June 30, 2019 and December 31, 2018 are summarized as follows:

	Observed Volatility Rates		Impact on Equity	
	Increase	Decrease	Increase	Decrease
2019 - Investment in equity securities	**+32.35%**	**-32.35%**	**P 44,653,968**	**(P 44,653,968)**
2018 - Investment in equity securities	+35.39%	-35.39%	P 48,923,706	(P 48,923,706)

The maximum additional estimated loss in 2019 and 2018 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 three months in 2019 and 12 months in 2018, at 95% confidence level.

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

12. CATEGORIES OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

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

	June 30, 2019 (Unaudited)		December 31, 2018 (Audited)	
	Carrying Values	Fair Values	Carrying Values	Fair Values
Financial assets				
Financial assets at amortized cost:				
Cash and cash equivalents	**P 39,575,563,464**	**P 39,575,563,464**	P 44,779,011,533	P 44,779,011,533
Trade and other receivables	**47,452,185,030**	**47,450,171,542**	52,852,435,257	52,829,566,514
Other financial assets	**8,584,331,869**	**8,495,032,659**	8,365,705,660	8,460,215,641
	P 95,612,080,363	**P 95,520,767,665**	P 105,997,152,450	P 106,068,793,688
Financial assets at FVTPL:				
Marketable debt and equity securities	**P 12,916,053,788**	**P 12,916,053,788**	P 13,190,939,209	P 13,190,939,209
Derivative assets	**125,351,356**	**125,351,356**	426,485,938	426,485,938
	P 13,041,405,144	**P 13,041,405,144**	P 13,617,425,147	P 13,617,425,147
Financial assets at FVOCI –				
Equity securities	**P 479,767,179**	**P 479,767,179**	P 459,974,884	P 459,974,884

	June 30, 2019 (Unaudited) Carrying Values	June 30, 2019 (Unaudited) Fair Values	December 31, 2018 (Audited) Carrying Values	December 31, 2018 (Audited) Fair Values
Financial Liabilities				
Financial liabilities at FVTPL –				
Derivative liabilities	**P 578,538,474**	**P 578,538,474**	P 393,300,753	P 393,300,753
Financial liabilities at amortized cost:				
Current:				
Trade and other payables	**P 49,198,031,126**	**P 49,198,031,126**	P 46,031,395,159	P 46,031,395,159
Interest-bearing loans	**26,842,173,513**	**25,957,659,549**	24,530,016,698	24,137,908,859
Redeemable preferred shares	**251,597,580**	**251,597,580**	251,597,580	251,597,580
Commission payable	**4,357,177,786**	**4,357,177,786**	1,165,040,058	1,165,040,058
	P 80,648,980,005	**P 79,764,466,041**	P 71,978,049,495	P 71,585,941,656
Non-current:				
Interest-bearing loans	**P 137,650,936,002**	**P 134,956,758,693**	P 142,871,936,606	P 136,250,437,900
Bonds payable	**24,769,230,251**	**23,092,159,177**	25,102,042,365	23,366,702,221
ELS	**5,336,228,391**	**5,336,228,391**	5,258,801,592	5,258,801,592
Redeemable preferred shares	**1,770,938,981**	**1,943,960,408**	1,712,264,245	1,840,140,016
Due to related parties	**2,334,109,582**	**2,334,109,582**	2,385,463,118	2,385,463,118
Retention payable	**4,118,933,389**	**3,718,536,368**	4,063,944,817	3,945,330,030
Security deposits	**661,422,941**	**532,601,682**	578,726,149	502,057,696
Accrued rent	**116,059,594**	**122,353,369**	116,455,980	122,771,251
	P 176,757,859,131	**P 172,036,707,670**	P 182,089,634,872	P173,671,703,824

13. FAIR VALUE MEASUREMENT AND DISCLOSURES

13.1 Fair Value Hierarchy

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

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

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

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

13.2 Financial Instruments Measured at Fair Value

The table below shows the fair value hierarchy of the Group's classes of financial assets and financial liabilities measured at fair value in the consolidated statements of financial position on a recurring basis as of June 30, 2019 and December 31, 2018.

	June 30, 2019 (Unaudited)			
	Level 1	**Level 2**	**Level 3**	**Total**
Financial assets:				
Financial assets at FVTPL – Debt and equity securities	P 12,916,053,788	P -	P -	P 12,916,053,788
Derivative asset	-	125,351,356	-	125,351,356
Financial assets at FVOCI – Equity securities	138,033,905	123,200,000	218,533,274	479,767,179
	P 13,054,087,693	**P 248,551,356**	**P 218,533,274**	**P 13,521,172,323**
Financial liabilities:				
Financial liability at FVTPL – Derivative liabilities	**P -**	**P 578,538,474**	**P -**	**P 578,538,474**

	December 31, 2018 (Audited)			
	Level 1	Level 2	Level 3	Total
Financial assets:				
Financial assets at FVTPL – Debt and equity securities	P 13,190,939,209	P -	P -	P 13,190,939,209
Derivative asset	-	426,485,938	-	426,485,938
Financial assets at FVOCI – Equity securities	138,241,610	103,200,000	218,533,274	459,974,884
	P 13,329,180,819	P 529,685,938	P 218,533,274	P 14,077,400,031
Financial liabilities:				
Financial liability at FVTPL – Derivative liabilities	P -	P 393,300,753	P -	P 393,300,753

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

The table below and in the succeeding page shows the fair value hierarchy of the Group's classes of financial assets and financial liabilities measured at fair value in the consolidated statements of financial position on a recurring basis as of June 30, 2019 and December 31, 2018.

	June 30, 2019 (Unaudited)			
	Level 1	**Level 2**	**Level 3**	**Total**
Financial assets:				
Cash and cash equivalents	P 39,575,563,464	P -	P -	P 39,575,563,464
Trade and other receivables	-	125,993,441	47,324,178,101	47,450,171,542
Other financial assets	3,353,692,673	586,539,872	4,554,800,114	8,495,032,659
	P 42,929,256,137	**P 712,533,313**	**P 51,878,978,215**	**P 95,520,767,665**

	June 30, 2019 (Unaudited)			
	Level 1	**Level 2**	**Level 3**	**Total**
Financial liabilities:				
Current:				
Trade and other payables	P -	P -	P 49,198,031,126	P 49,198,031,126
Interest-bearing loans	-	300,382,966	25,657,276,583	25,957,659,549
Redeemable preferred shares	-	-	251,597,580	251,597,580
Commission payable	-	-	4,357,177,786	4,357,177,786
Non-current:				
Bonds payable	23,092,159,177	-	-	23,092,159,177
Interest-bearing loans	-	258,074,292	134,698,684,401	134,956,758,693
ELS	-	-	5,336,228,391	5,336,228,391
Redeemable preferred shares	-	1,189,167,668	754,792,740	1,943,960,408
Due to related parties	-	-	2,334,109,582	2,334,109,582
Retention payable	-	-	3,718,536,368	3,718,536,368
Security deposits	-	375,670,389	156,931,293	532,601,682
Accrued rent	-	122,353,369	-	122,353,369
	P 23,092,159,177	**P 2,245,648,684**	**P226,463,365,850**	**P 251,801,173,711**

	December 31, 2018 (Audited)			
	Level 1	Level 2	Level 3	Total
Financial assets:				
Cash and cash equivalents	P 44,779,011,533	P -	P -	P 44,779,011,533
Trade and other receivables	-	130,921,360	52,698,645,154	52,829,566,514
Other financial assets	3,270,298,083	755,805,022	4,434,112,536	8,460,215,641
	P 48,049,309,616	P 886,726,382	P 57,132,757,690	P 106,068,793,688
Financial liabilities:				
Current:				
Trade and other payables	P -	P -	P 46,031,395,159	P 46,031,395,159
Interest-bearing loans	-	392,840,499	23,745,068,360	24,137,908,859
Redeemable preferred shares	-	-	251,597,580	251,597,580
Commission payable	-	-	1,165,040,058	1,165,040,058
Non-current:				
Bonds payable	23,366,702,221	-	-	23,366,702,221
Interest-bearing loans	-	339,391,430	135,911,046,470	136,250,437,900
ELS	-	-	5,258,801,592	5,258,801,592
Redeemable preferred shares	-	1,085,347,276	754,792,740	1,840,140,016
Due to related parties	-	-	2,385,463,118	2,385,463,118
Retention payable	-	-	3,945,330,030	3,945,330,030
Security deposits	-	313,467,160	188,590,536	502,057,696
Accrued rent	-	122,771,251	-	122,771,251
	P 23,366,702,221	P 2,253,817,616	P219,637,125,643	P 245,257,645,480

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

The fair value of the Group's investment properties earning rental income was determined through discounted cash flows valuation technique. The Group uses assumptions that are mainly based on market conditions existing at each reporting period, such as: the receipt of contractual rentals; expected future market rentals; void periods; maintenance requirements; and appropriate discount rates. These valuations are regularly compared to actual market yield data and actual transactions by the Group and those reported by the market. The expected future market rentals are determined on the basis of current market rentals for similar properties in the same location and condition.

The Group determines the fair value of idle properties through appraisals by independent valuation specialists using market-based valuation approach where prices of comparable properties are adjusted for specific market factors such as location and condition of the property.

As of December 31, 2018, the fair value of the Group's investment property amounting to P352.5 billion is classified within Level 3 of the fair value hierarchy. The Level 3 fair value of the investment property was determined using the income approach which is performed with values derived using a discounted cash flow model. Also, there were no transfers into or out of Level 3 fair value hierarchy. There was no valuation update made for the current period.

14. CAPITAL MANAGEMENT OBJECTIVES, POLICIES AND PROCEDURES

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

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

	June 30, 2019 (Unaudited)	December 31, 2018 (Audited)
Total liabilities	**P 297,278,984,161**	P 297,678,531,269
Total equity	**295,807,981,727**	290,572,663,459
Total liabilities-to-equity ratio	**P 1.00:1**	P 1.02:1

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 August 9, 2019, Megaworld's BOD has approved the subscription to 1,820,350,874 unissued common shares by certain holders of the US$200 million 5.375% Senior Perpetual Securities issued on April 4, 2018, with a par value of P1.00 at a subscription price of P5.70 per share, effective upon approval of the listing of the subscription shares in the PSE.

ALLIANCE GLOBAL GROUP, INC. AND SUBSIDIARIES
AGING SCHEDULE OF CURRENT TRADE AND OTHER RECEIVABLES
JUNE 30, 2019
(Amounts in Philippine Pesos)

Current	P	46,696,346,587
1 to 30 days		3,774,903,250
31 to 60 days		1,296,068,871
Over 60 days		2,082,752,395
Total		53,850,071,103
Due from other related parties		331,230,610
Balance as at June 30, 2019	**P**	**54,181,301,713**