# COVER SHEET

SEC Registration Number

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**COMPANY NAME**

ALLIANCE GLOBAL GROUP, INC.
AND SUBSIDIARIES

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

7TH FLOOR, 1880 EASTWOOD
AVENUE, EASTWOOD CITY
CYBERPARK,
188 E. RODRIGUEZ JR. AVENUE,
BAGUMBAYAN, QUEZON CITY

| Form Type | Department requiring the report | Secondary License Type, If Applicable |
|---|---|---|
| 17-Q | SEC | Certificate of Permit to Offer Securities for Sale |

**COMPANY INFORMATION**

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

| No. of Stockholders | Annual Meeting Month/Day | Fiscal Year Month/Day |
|---|---|---|
| 1,297 | SEPTEMBER 3RD TUESDAY | DECEMBER 31 |

**CONTACT PERSON INFORMATION**

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

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

Contact Person's Address

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

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

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

**SECURITIES AND EXCHANGE COMMISSION**

**SEC FORM 17-Q**

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

1. *For the quarterly period ended* **September 30, 2016**

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

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

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

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

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

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

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

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

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

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

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

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

# PART I – FINANCIAL INFORMATION

## 1. FINANCIAL STATEMENTS



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, 2015 (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, 2016 (see Note 2 to the ICFS).

Accounting estimates, assumptions and judgments are used in preparing these statements; and while these are believed to be reasonable under the circumstances, actual results may ultimately differ from such estimates (see Note 2).

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

*Business Segments*

The Group is organized into four major business segments, which aptly correspond to its operating subsidiaries, namely Megaworld, 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).

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 - Sept 2016 | Jan - Sept 2015 | Qtr 3 2016 | Qtr 3 2015 | Qtr 2 2016 | Qtr 2 2015 | Qtr 1 2016 | Qtr 1 2015 |
|---|---|---|---|---|---|---|---|---|
| **Revenues** | **101,564** | **99,587** | **34,490** | **34,167** | **33,994** | **33,108** | **33,080** | **32,312** |
| **Net profit** | **17,336** | **16,249** | **5,992** | **4,769** | **6,075** | **5,904** | **5,269** | **5,576** |
| **Net profit to Owners of AGI** | **11,048** | **10,610** | **3,763** | **3,103** | **3,946** | **4,031** | **3,339** | **3,476** |
| Revenue growth | 1.98% | 11.24% | 0.95% | 14.21% | 2.68% | 16.69% | 2.38% | 3.45% |
| Net profit growth | 6.69% | -5.36% | 25.64% | -17.69% | 2.90% | 15.27% | -5.51% | 10.84% |
| NP Attributable to parent growth | 4.13% | -7.18% | 21.27% | -21.26% | -2.11% | 13.63% | -3.94% | 11.84% |
| Net profit rate | 17.07% | 16.32% | 17.37% | 13.96% | 17.87% | 17.83% | 15.93% | 17.26% |
| NP Attributable to parent | 10.88% | 10.65% | 10.91% | 9.08% | 11.61% | 12.18% | 10.09% | 10.76% |
| Return on investment/assets [NP/TA] | 3.71% | 4.02% | | | | | | |
| | 30-Sep-16 | 31-Dec-15 | Growth | | | | | |
| TOTAL ASSETS | 466,670 | 448,725 | 4.00% | | | | | |
| CURRENT ASSETS | 214,811 | 225,720 | -4.83% | | | | | |
| CURRENT LIABILITIES | 70,615 | 89,733 | -21.31% | | | | | |
| Current ratio | 3.04x | 2.52x | | | | | | |
| Quick ratio | 1.47x | 1.40x | | | | | | |

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

*Results of Operations – First Nine Months*

By Subsidiary groups:

*In Million Pesos*

| | MEG | EMP | RWM | GADC | Others | TOTAL |
|---|---|---|---|---|---|---|
| **2016** | | | | | | |
| **Revenues** | 35,264 | 27,617 | 20,840 | 16,493 | 5,263 | **105,477** |
| Intercompany/ Adjustment | -111 | -22 | 0 | 0 | -3,780 | |
| Consolidated | **35,153** | **27,595** | **20,840** | **16,493** | **1,483** | **101,564** |
| % contribution | 34.61% | 27.17% | 20.52% | 16.24% | 1.46% | 100.00% |
| **Costs and expenses** | 23,278 | 21,682 | 17,722 | 15,349 | 2,042 | **80,073** |
| Intercompany/ Adjustment | -42 | 0 | 0 | 0 | -28 | |
| Consolidated | **23,236** | **21,682** | **17,722** | **15,349** | **2,014** | **80,003** |
| **Net profit** | 9,273 | 4,922 | 2,980 | 819 | 3,185 | **21,179** |
| Intercompany/ Adjustment | -69 | -22 | 0 | 0 | -3,752 | |
| Consolidated | **9,204** | **4,900** | **2,980** | **819** | **-567** | **17,336** |
| % contribution | 53.09% | 28.27% | 17.19% | 4.72% | -3.27% | 100.00% |
| **Net profit to owners** | **8,982** | **4,922** | **2,983** | **812** | **3,186** | **20,885** |
| Intercompany/ Adjustment | **-3,005** | **-932** | **-1,661** | **-414** | **-3,825** | |
| Consolidated | **5,977** | **3,990** | **1,322** | **398** | **-639** | **11,048** |
| % contribution | 54.10% | 36.11% | 11.97% | 3.60% | -5.78% | 100.00% |
| **2015** | MEG | EMP | RWM | GADC | Others | TOTAL |
| **Revenues** | 33,527 | 29,117 | 20,530 | 14,848 | 5,843 | **103,865** |
| Intercompany/ Adjustment | -68 | 0 | 0 | 0 | -4,210 | |
| Consolidated | **33,459** | **29,117** | **20,530** | **14,848** | **1,633** | **99,587** |
| % contribution | 33.60% | 29.24% | 20.61% | 14.91% | 1.64% | 100.00% |
| **Costs and expenses** | 22,585 | 23,178 | 17,651 | 14,097 | 1,857 | **79,368** |
| Intercompany/ Adjustment | -82 | 0 | 0 | 0 | -88 | |
| Consolidated | **22,503** | **23,178** | **17,651** | **14,097** | **1,769** | **79,198** |
| **Net profit** | 8,352 | 4,703 | 2,830 | 520 | 3,953 | **20,358** |
| Intercompany/ Adjustment | 14 | 0 | 0 | 0 | -4,123 | |
| Consolidated | **8,366** | **4,703** | **2,830** | **520** | **-170** | **16,249** |
| % contribution | 51.48% | 28.94% | 17.41% | 3.20% | -1.03% | 100.00% |
| **Net profit to owners** | **8,094** | **4,703** | **2,834** | **513** | **3,953** | **20,097** |
| Intercompany/ Adjustment | -2,655 | -870 | -1,578 | -261 | -4,123 | |
| Consolidated | **5,439** | **3,833** | **1,256** | **252** | **-170** | **10,610** |
| % contribution | 51.26% | 36.13% | 11.84% | 2.37% | -1.60% | 100.00% |
| **Year-on-year Change** | MEG | EMP | RWM | GADC | Others | TOTAL |
| Revenues | 5.06% | -5.23% | 1.51% | 11.08% | -9.20% | 1.98% |
| Costs and expenses | 3.26% | -6.45% | 0.41% | 8.88% | 13.82% | 1.02% |
| Net profit | 10.02% | 4.19% | 5.31% | 57.38% | 234.15% | 6.69% |
| Net profit to owners | 9.89% | 4.08% | 5.23% | 58.35% | 275.25% | 4.13% |

-At AGI consolidated level, revenues and costs and expenses may not tally the totals as separately reported by subsidiaries as there may be items reclassified from/to revenues to/from costs at AGI consolidated level. Percentages are taken based on full numbers, not from the presented rounded amounts.
-RWM revenues are presented gross of promotional allowance, which is then included under costs and expenses.

Profit and loss accounts:

| *In Million Pesos* | 2016 | 2015 | Growth |
|---|---|---|---|
| REVENUES | | | |
| Sale of goods | 53,436 | 54,634 | -2.19% |
| Consumer goods | 28,132 | 29,732 | -5.38% |
| Revenues from real estate (RE) sales | 25,304 | 24,902 | 1.61% |
| RE sales | 20,711 | 20,490 | 1.08% |
| Realized gross profit on RE sales | 3,202 | 3,042 | 5.25% |
| Interest income on RE sales | 1,391 | 1,371 | 1.49% |
| Rendering of services | 45,783 | 42,347 | 8.11% |
| Gaming | 18,016 | 17,947 | 0.38% |
| Sales by company-operated quick-service restaurant | 14,837 | 13,411 | 10.63% |
| Franchise revenues | 1,543 | 1,382 | 11.64% |
| Rental income | 7,807 | 6,788 | 15.01% |
| Other services | 3,581 | 2,819 | 27.03% |
| Hotel operations | 2,664 | 2,277 | 16.98% |
| Other services | 917 | 541 | 69.31% |
| Share in net profits of associates and joint ventures | 171 | 229 | -25.20% |
| Finance and other income | 2,174 | 2,377 | -8.55% |
| TOTAL | 101,564 | 99,587 | 1.98% |
| COSTS AND EXPENSES | | | |
| Cost of goods sold | 34,217 | 35,030 | -2.32% |
| Consumer goods sold | 18,664 | 20,101 | -7.15% |
| RE sales | 11,662 | 11,138 | 4.70% |
| Deferred gross profit on RE sales | 3,890 | 3,790 | 2.64% |
| Cost of services | 22,917 | 22,289 | 2.82% |
| Gaming-license fees, promo allowances | 8,179 | 8,702 | -6.01% |
| Services | 14,738 | 13,587 | 8.48% |
| Other operating expenses | 18,920 | 17,217 | 9.90% |
| Selling and marketing | 8,059 | 7,353 | 9.60% |
| General and administrative | 10,861 | 9,863 | 10.12% |
| Finance costs and other charges | 3,949 | 4,663 | -15.32% |
| TOTAL | 80,003 | 79,198 | 1.02% |
| TAX EXPENSE | 4,225 | 4,139 | 2.07% |

**The Group** net profited P17.34 billion for the first nine months of the year, up 6.7% year-on-year, of which P11.05 billion was attributable to owners, as the Group turned over P101.56 billion revenues, up 2.0% year-on-year.

All businesses showed positive profitable results and contributions in the interim periods

**Megaworld**, the country's biggest developer of integrated urban townships and the largest lessor of office spaces, ended the interim period with P9.27 billion net profit which was 11.0% higher year-on-year. Rental income, which comes from the expanded office and commercial retail portfolio, reached P7.41 billion, up 15.0% from P6.44 billion a year ago. During the past months, Megaworld has opened new malls and commercial centers in its various integrated urban townships, particularly Uptown Bonifacio, McKinley Hill, Forbes Town Center, Iloilo Business Park, The Mactan Newtown, and Twin Lakes; and new office towers in McKinley West, Uptown Bonifacio, The Mactan Newtown, and Iloilo Business Park. It also expanded its hotel portfolio with the introduction of another local hotel brand, Belmont Hotel, which launched its first hotel in Newport City late last year, in addition to the homegrown Richmonde Hotels in Eastwood City, Ortigas, and Iloilo. Hotel operations grew 66.0%

year-on-year. Earlier this year, Megaworld unveiled its 21st integrated urban township, the 140-hectare Maple Grove in General Trias, Cavite. Revenues, which include Global-Estate Resorts, Inc. (GERI), Empire East Land Holdings, Inc. (Empire East) and Suntrust Properties, Inc. (Suntrust), for the first nine months grew 5.2% to P35.26 billion from P33.53 billion a year ago. The Megaworld-GERI-Empire East-Suntrust brands shared 58-16-16-9 of real estate sales. About 23% of real estate sales were from Fort Bonifacio projects, 47% from other Metro Manila projects, 15% from Luzon outside Metro Manila and 15% from Visayas. These operating results brought in 33% and 53% to AGI's consolidated revenues and net profit, respectively.

**Emperador** marked the first nine months with a significant milestone as it takes over the largest and oldest brandy producer in Spain - the 286-year old Bodegas Fundador - at end-February, fortifying Emperador as the largest brandy company in the world. The acquisition bolstered EMP's brandy business and sherry wine business in Spain and United Kingdom, adding four iconic brands to the Group's portfolio – 'Fundador Brandy de Jerez', the first Spanish brandy to be marketed; 'Terry Centenario', the largest brandy in Spain; 'Tres Cepas', a market leader in Equatorial Guinea; and 'Harveys', the number 1 selling sherry wine in the world and the leader in UK where it holds the distinction of being the only sherry wine that can be served to the Queen in Buckingham Palace. EMP grew net profit 4.7% to P4.9 billion for the nine-month period and up 2.8% to P1.5 billion in the third quarter, on cost efficiencies and Bodegas Fundador's seven-month earnings. Revenues were reported at P27.9 billion this year as compared to P29.1 billion a year ago, a 4.2% slowdown which was attributed to the termination of distribution of an agency brand from the Scotch whisky business last year-end. Own Scotch whisky labels, led by Dalmore and Jura, were driving offshore growth particularly in USA, Latin America, Asia and Europe. The brandy business, which included Emperador and Fundador brands, on the other hand, turned over revenues higher by 9.9% year-on-year. Gross profit margins in the interim periods improved to 34.1% year-to-date and 32.6% for third quarter, better from a year ago. EBITDA, which is computed as profit before interest expense, tax, depreciation and amortization, amounted to P7.2 billion in 2016 and P6.8 billion in 2015 representing 25.7% and 23.5% margin in the respective periods. For the first nine months of the year, Emperador group accounted for 27% and 28% of AGI's consolidated revenues and net profit.

**Travellers,** the owner and operator of Resorts World Manila (RWM), for the first nine months of the year reported 5.3% higher net profit of P2.98 billion on gross revenues of P20.84 billion, with EBITDA of P4.85 billion. For the third quarter, net profit spiked 154% year-on-year to P1.18 billion from gross revenues before finance income of P7.07 billion which were up 12.5% year-on-year. EBITDA for the quarter was reported at P1.86 billion, 35% higher year-on-year. Gross gaming revenues for the third quarter amounted to P6.21 billion, a 14.2% improvement year-on-year, attributed to volume growth across all segments. Meanwhile non-gaming businesses, which include hotel, F&B, and other revenues, contributed P859 million in the third quarter and P2.76 billion year-to-date, respectively increasing 1.6% and 10.9% year-on-year. Total room count for the three hotels (Maxims Hotel, Remington Hotel, and Marriott Hotel Manila) remains at 1,226 with occupancy rate robust at 85%. Direct costs, which included promotional allowance, for the year contracted 5.1% with the 25.9% decrease in promotional allowance as Travellers preferred the traditional rolling-based commission. Other operating costs increased due to higher marketing and promotions and depreciation. The group contributed 20% and 17% to AGI's year-to-date consolidated revenues and net profit, respectively.

**GADC**'s net profit surged 57.4% to P819 million from P520 million a year ago as revenues climbed 11.1% to P16.49 billion while third quarter net profit escalated 63.8% with revenues expanding 7.8% from a year ago. This is achieved from the opening of 39 new restaurants (19 company-owned, 17 franchised, 3 joint venture), reimaging of 21 existing restaurants, expansion of business extensions (delivery service, drive-thru, dessert centers, midnight hours and breakfast daypart), the introduction of new products (Chicken Fillet ala King, Cheesy Eggdesal, Mushroom Soup); Limited Time Offers Products (Smoky Cheeseburger, Fries with Ditp, McGriddles, Shake Shake Fries, Dessert campaigns), and aggressive advertising and promotional campaigns to support Extra Value Meals (Chicken McDo, Coke glass), Everyday McSavers (float, sundae, fries, sides, Burger McDo), McSaver Meals, Desserts and Breakfast. The new and improved Burger McDo was introduced on May 27, 2016. Chicken McDo is the top selling product. The new restaurants contributed about 4% to total system sales while business extensions comprise 24% of the total. Drive-thru is the extension which has the biggest contribution of 12% of total revenues. There were 500 restaurants operating by the end of the interim period, as compared to 468 restaurants a year ago, out of which 265 were company owned and operated as compared to 249 a year ago. Systemwide same-store sales grew by 8% year-on-year. Price increases were also strategically implemented in order to mitigate the impact of increase in cost of raw materials and to maintain the level of product quality. Cost of sales and services went up by 8.1%, primarily due to cost of inventory which increased by 6.1% brought about by increase in sales volume, higher prices of imported raw materials and the shift in product mix. These operating results translated into 16% and 5% of the consolidated revenues and net profit of AGI and subsidiaries.

**Revenues** for the first nine months expanded 2.0% year-on-year, as a result of 8.1% growth in service revenues which mitigated the 2.2% contraction in sale of goods. The growth in service revenues (gaming, hotel, quick-service restaurants, rentals, cinemas) was attributed to the 10.6% hike in GADC's quick-service restaurant sales, and 15.0% and 66.0% jump in Megaworld's rental income and hotel revenues, respectively. The contraction in sale of goods (real estate, alcoholic beverages and snack products) was attributed to an agency brand which Emperador stopped distributing in 2016. Pik-Nik sales rose 6.2% from a year ago.

**Costs and expenses** increased by 1.0% year-on-year. Cost of goods sold, which is a function of sales, improved 2.3%, while cost of services went up 2.8% due to higher restaurant sales and brisk hotel and rental operations. Other operating expenses rose 9.9% primarily due to higher general marketing expenditures and depreciation at RWM, payroll and rentals of GADC, and salaries and benefits of MEG employees.

**Finance and other income** were reduced 8.6% this year because of lower interest income earnings. **Finance costs and other charges** were down 15.3% due to lower forex losses this year as compared to same period last year.

**Income tax** increased slightly by 2.1% this year as compared to a year ago, which is attributed to higher taxes for Megaworld and GADC this year.

**Earnings before interest, taxes, depreciation and amortizations (EBITDA)**, computed as net profit before share in net profits of associates and joint ventures, income taxes, interest expense, depreciation, amortizations and impairment provisions, amounted to P28 billion this year as compared to P27 billion a year ago.

The Group had executed well in the first nine months of the year.

*Financial Condition*

Consolidated total assets amounted to P466.67 billion at end of the interim period from P448.72 billion at beginning of year. The Group is strongly liquid with current assets exceeding current liabilities 3times. Current assets amounted to P214.81 billion while current liabilities amounted to P70.61 billion at end of the interim period.

Cash and cash equivalents dipped by P25.75 billion or 37.5% to end at P42.85 billion from P68.59 billion at the beginning of the year, primarily due to cash outlaid in the completion of Emperador's acquisition of assets of Bodegas Fundador; capital expenditures and business expansion of RWM, Megaworld and GADC; and dividend payments. Cash flows from operating, financing and investing activities during the period were presented in the interim consolidated statements of cash flows.

Financial assets at fair value through profit or loss went up 15.8% or P1.28 billion from additional investments made during the interim period.

Current trade and other receivables rose 4.87% or P2.38 billion due to additional sales during the period. Non-current trade and other receivables climbed 13.9% or P4.55 billion from real estate customers.

Inventories expanded 8.5% or P6.67 billion from the maturing inventories of Spanish brandy and Scotch whisky and the condominium units for sale.

Property development costs escalated 13.7% or P2.04 billion due to various ongoing development projects under Megaworld group.

Other current assets increased 37.4% or P2.46 billion mainly due to an increase in creditable withholding taxes and timing of prepayments and subsequent charging to profit or loss of such expenses.

Advances to landowners and joint ventures deescalated by 3.6% or P164 million due to development of projects.

Available-for-sale financial assets dwindled 73.3% or P1.60 billion from securities sold to get fresh funds.

Investment in and advances to associates and other related parties decreased 9.0% primarily due to a related party which became a subsidiary and consolidated in 2016 by Megaworld.

Property, plant and equipment swelled 19.0% or P12.57 billion primarily from the assets of the acquired Spanish business unit which include vineyards and buildings; massive constructions at RWM which will add three new hotels and new wing expansion; new hotel buildings of Megaworld; and construction of a meat plant for GADC. The Marriott West Wing in RWM is scheduled for turnover in November while the three hotels, Hilton Manila, Sheraton Manila Hotel, and Maxims II, will be completed by 2018. It will also include an additional gaming area, new retail spaces and six basement parking decks.

Investment property increased 19.0% or P9.14 billion as more property for lease gets completed by Megaworld.

Intangible assets ballooned 26.7% or P7.90 billion from the acquired Spanish trademarks and the goodwill resulting in the business unit acquisition.

Other non-current assets dropped 22.6% or P2.23 billion when the P2.85 billion deposit paid last year was applied to the purchase price at completion of Bodegas Fundador's acquisition in February 2016.

Interest bearing loans, both current and non-current combined, increased 4.97% or P2.87 billion from the loans obtained by Travellers and Megaworld during the year. Foreign short-term loans of Emperador were paid and up for refinancing on a five-year term in November and thus presented under non-current interest bearing loans.

Income tax payable shrank 14.4% or P91 million due to timing of payment as the annual local taxes were settled in April.

Bonds payable increased 9.4% or P5.14 billion due to higher forex translation this year and the free-up of Megaworld bonds held by the Group. Last yearend, such bonds were deducted from the bonds payable balance in consolidation. These bonds were sold or traded this year.

Advances from related parties escalated 16.8% or P251 million due to advances made by Megaworld during the interim period.

Retirement benefit obligation ballooned 91.6% or P1.71 billion primarily from additions booked by WMG.

Redeemable preferred shares increased by 3.2% or P63 million due to interest accretion only.

The changes in equity components are presented in detail in the consolidated statements of changes in equity. The equity attributable to owners of AGI increased 3.7% or P5.11 billion primarily from net profit share for the interim period and marked-to-market gains on available-for-sale financial assets, which were partly offset by actuarial and translation losses during the interim period. The equity to non-controlling interest increased by 3.4% from net profit share for the interim period.

*Liquidity and Capital Resources*

The consolidated balance sheet showed strong liquidity with current assets exceeding current liabilities 3times. Total-liabilities-to-equity ratio is at 1:1. Assets exceeded liabilities 2.1times, and equity 1.9times.

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, which may include debt or equity financings, depending on its financing requirement and market conditions.

| *Amounts in Million Pesos* | *30-Sep-16* | *31-Dec-15* |
|---|---|---|
| Cash and equivalents | 42,848 | 68,594 |
| FVTPL/AFS financial assets | 9,932 | 10,260 |
| Total Available | 52,780 | 78,854 |
| Interest-bearing debt –current | 10,830 | 28,705 |
| Interest-bearing debt- noncurrent | 109,674 | 83,791 |
| Equity-linked securities- non- current* | 5,263 | 5,259 |
| Total Debt | 125,767 | 117,755 |
| Net cash (debt) | (72,987) | (38,901) |
| Available Cash and financial assets to interest-bearing debt | 42% | 67% |
| Interest-bearing debt to total equity | 53% | 51% |

*Presented under Other Non-current liabilities

*Prospects for the future*

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

Emperador is looking into an exciting future with its much bigger product portfolio of high quality brandy and whisky that have greater global reach, paving the way for its premiumization strategy. The completion of the purchase of the largest brandy and sherry business in Spain in February 2016 marks the birth of the world's biggest brandy company, and a new era begins not only for Emperador and Fundador but for whole brandy and sherry industry in Spain.

Megaworld has a strong roster of townships nationwide that are backed by adequate landbanking and carefully-thought masterplans. Its aggressive thrust to grow its investment properties has resulted in increased recurring income stream which has insulated it from the vagaries of the property cycle. The government's thrust to expand in the countryside is parallel with Megaworld's direction in expanding developments outside Metro Manila.

Travellers sees a lot of potential for further growth in spite of intensifying competition in the gaming sector. With year-over-year growth in key tourism indicators and ongoing infrastructure developments, Travellers anticipates the local integrated resort industry to continue to grow. Its expanded amenities at RWM continues to make it a popular integrated resorts destination. With the Marriott Grand Ballroom fully operational, the MICE market becomes a key differentiator.

GADC opened its 500th store by end-September and its store expansion program enhances its cost management which boosts its bottomline. It is consistently bringing out innovations to delight customers.

In 2016, all the business segments are expected to sustain their growth trajectory in line with targets and will continue to strengthen their footprints in their respective fields.

*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*
November 11, 2016

# ALLIANCE GLOBAL GROUP, INC. AND SUBSIDIARIES
## SCHEDULE OF FINANCIAL SOUNDNESS INDICATORS
### September 30, 2016

| | 9/30/16 | 6/30/16 | 12/31/15 |
|---|---|---|---|
| Current ratio | 3.04 | 2.35 | 2.52 |
| Quick ratio | 1.47 | 1.18 | 1.40 |
| Liabilities-to-equity ratio | 0.95 | 0.92 | 0.94 |
| Interest-bearing debt to total capitalization ratio | 0.47 | 0.46 | 0.46 |
| Asset -to-equity ratio | 1.95 | 1.92 | 1.94 |
| | | | 9/30/15 |
| Interest rate coverage ratio | 740% | 734% | 697% |
| Net profit margin | 17.07% | 16.91% | 16.32% |
| Return on assets | 3.71% | 2.46% | 4.02% |
| Return on equity/investment | 7.24% | 4.73% | 7.15% |
| Return on equity/investment of owners | 7.77% | 5.06% | 8.03% |

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

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

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

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

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

**ALLIANCE GLOBAL GROUP, INC. AND SUBSIDIARIES**
**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**
**SEPTEMBER 30, 2016 AND DECEMBER 31, 2015**
***(Amounts in Philippine Pesos)***

| | | September 30, 2016 (UNAUDITED) | | December 31, 2015 (AUDITED) |
|---|---|---|---|---|
| **A S S E T S** | | | | |
| **CURRENT ASSETS** | | | | |
| Cash and cash equivalents | P | 42,847,576,847 | P | 68,593,959,027 |
| Trade and other receivables - net | | 51,359,618,936 | | 48,974,257,881 |
| Financial assets at fair value through profit or loss | | 9,349,150,233 | | 8,071,599,462 |
| Inventories - net | | 85,299,132,822 | | 78,630,596,803 |
| Property development costs | | 16,900,469,069 | | 14,858,143,294 |
| Other current assets | | 9,054,919,655 | | 6,591,193,029 |
| Total Current Assets | | 214,810,867,562 | | 225,719,749,496 |
| **NON-CURRENT ASSETS** | | | | |
| Trade and other receivables - net | | 37,365,444,119 | | 32,815,736,822 |
| Advances to landowners and joint ventures | | 4,429,000,168 | | 4,593,436,457 |
| Available-for-sale financial assets | | 583,291,610 | | 2,188,729,177 |
| Land for future development | | 17,752,464,656 | | 18,115,516,349 |
| Investments in and advances to associates and other related parties | | 9,712,959,119 | | 10,668,198,034 |
| Property, plant and equipment - net | | 78,840,521,558 | | 66,274,228,540 |
| Investment property - net | | 57,306,152,760 | | 48,170,946,188 |
| Intangible assets - net | | 37,465,104,819 | | 29,562,197,769 |
| Deferred tax assets | | 766,968,559 | | 751,558,125 |
| Other non-current assets | | 7,637,205,052 | | 9,864,457,430 |
| Total Non-current Assets | | 251,859,112,420 | | 223,005,004,891 |
| **TOTAL ASSETS** | P | 466,669,979,982 | P | 448,724,754,387 |

- 2 -

| | September 30, 2016 (UNAUDITED) | December 31, 2015 (AUDITED) |
|---|---|---|
| **LIABILITIES AND EQUITY** | | |
| **CURRENT LIABILITIES** | | |
| Trade and other payables | **P 38,271,526,042** | P 38,899,002,354 |
| Interest-bearing loans | **10,829,700,450** | 28,704,613,782 |
| Income tax payable | **539,212,418** | 629,965,773 |
| Other current liabilities | **20,974,511,209** | 21,499,813,670 |
| Total Current Liabilities | **70,614,950,119** | 89,733,395,579 |
| **NON-CURRENT LIABILITIES** | | |
| Interest-bearing loans | **49,815,604,296** | 29,071,029,819 |
| Bonds payable | **59,858,806,174** | 54,719,727,451 |
| Advances from related parties | **1,741,897,850** | 1,491,160,829 |
| Retirement benefit obligation | **3,574,683,700** | 1,866,100,741 |
| Redeemable preferred shares | **1,992,101,972** | 1,929,355,258 |
| Deferred tax liabilities - net | **11,679,049,860** | 11,587,737,168 |
| Other non-current liabilities | **27,927,089,429** | 27,138,053,551 |
| Total Non-current Liabilities | **156,589,233,281** | 127,803,164,817 |
| Total Liabilities | **227,204,183,400** | 217,536,560,396 |
| **EQUITY** | | |
| Equity attributable to owners of the parent company | **142,170,296,572** | 137,056,497,134 |
| Non-controlling interest | **97,295,500,010** | 94,131,696,857 |
| Total Equity | **239,465,796,582** | 231,188,193,991 |
| **TOTAL LIABILITIES AND EQUITY** | **P 466,669,979,982** | P 448,724,754,387 |

***See Notes to Interim Consolidated Financial Statements.***

**ALLIANCE GLOBAL GROUP, INC. AND SUBSIDIARIES**
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**
**FOR NINE MONTHS ENDED SEPTEMBER 30, 2016 AND 2015**
***(Amounts in Philippine Pesos)***
***(UNAUDITED)***

| | 2016 | | 2015 | |
|---|---|---|---|---|
| | **Year-to-Date** | **Quarter** | Year-to-Date | Quarter |
| **REVENUES** | | | | |
| Sale of goods | **P 53,435,838,885** | **P 18,525,524,497** | P 54,634,033,836 | P 19,614,164,435 |
| Rendering of services | **45,783,323,584** | **15,629,806,123** | 42,347,376,558 | 13,912,449,930 |
| Share in net profits of associates and joint ventures - net | **171,153,465** | **71,889,603** | 228,815,594 | 76,893,602 |
| Finance and other income | **2,173,589,172** | **262,599,499** | 2,376,918,271 | 563,080,594 |
| | **101,563,905,106** | **34,489,819,722** | 99,587,144,259 | 34,166,588,561 |
| **COSTS AND EXPENSES** | | | | |
| Cost of goods sold | **34,216,574,778** | **11,753,082,851** | 35,030,034,143 | 12,604,812,132 |
| Cost of services | **22,917,462,825** | **7,760,205,721** | 22,288,683,667 | 7,535,827,721 |
| Other operating expenses | **18,920,281,138** | **5,991,147,932** | 17,216,515,527 | 5,823,300,347 |
| Finance cost and other charges | **3,948,554,641** | **1,617,366,834** | 4,663,063,062 | 2,062,799,994 |
| | **80,002,873,382** | **27,121,803,338** | 79,198,296,399 | 28,026,740,194 |
| **PROFIT BEFORE TAX** | **21,561,031,724** | **7,368,016,384** | 20,388,847,860 | 6,139,848,367 |
| **TAX EXPENSE** | **4,224,880,464** | **1,375,998,615** | 4,139,384,064 | 1,370,802,782 |
| **NET PROFIT** | **17,336,151,260** | **5,992,017,769** | 16,249,463,796 | 4,769,045,585 |
| **OTHER COMPREHENSIVE INCOME** | | | | |
| **Item that will not be reclassified subsequently to profit or loss** | | | | |
| Actuarial gain (loss) on remeasurement of retirement benefit obligation - net of tax | **( 1,489,027,403 )** | **( 831,538,925 )** | 223,725,600 | ( 125,690,400 ) |
| **Items that will be reclassified subsequently to profit or loss** | | | | |
| Net unrealized fair value losses on available-for-sale financial assets | **( 10,846,753 )** | **( 13,068,106 )** | ( 2,500,094,783 ) | ( 1,013,260,061 ) |
| Translation adjustments | **( 3,482,838,831 )** | **( 2,107,824,703 )** | ( 475,534,250 ) | 120,890,734 |
| | **( 3,493,685,584 )** | **( 2,120,892,809 )** | ( 2,975,629,033 ) | ( 892,369,327 ) |
| **TOTAL COMPREHENSIVE INCOME** | **P 12,353,438,273** | **P 3,039,586,035** | P 13,497,560,363 | P 3,750,985,858 |
| **Net profit attributable to:** | | | | |
| Owners of the parent company | **P 11,048,274,861** | **P 3,763,108,842** | P 10,609,937,827 | P 3,103,178,195 |
| Non-controlling interest | **6,287,876,399** | **2,228,908,927** | 5,639,525,969 | 1,665,867,390 |
| | **P 17,336,151,260** | **P 5,992,017,769** | P 16,249,463,796 | P 4,769,045,585 |
| **Total comprehensive income attributable to:** | | | | |
| Owners of the parent company | **P 7,972,010,647** | **P 1,291,648,506** | P 8,712,043,258 | P 2,939,127,332 |
| Non-controlling interest | **4,381,427,626** | **1,747,937,529** | 4,785,517,105 | 811,858,526 |
| | **P 12,353,438,273** | **P 3,039,586,035** | P 13,497,560,363 | P 3,750,985,858 |
| **Earnings Per Share for the Net Income Attributable to Owners of the Parent Company:** | | | | |
| **Basic** | **P 1.0888** | **P 0.3709** | P 1.0456 | P 0.3058 |
| **Diluted** | **P 1.0776** | **P 0.3670** | P 1.0369 | P 0.3033 |

***See Notes to Interim Consolidated Financial Statements.***

**ALLIANCE GLOBAL GROUP, INC. AND SUBSIDIARIES**
**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**
**FOR NINE MONTHS ENDED SEPTEMBER 30, 2016 AND 2015**
***(Amounts in Philippine Pesos)***
***(UNAUDITED)***

| | Attributable to Owners of the Parent Company | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | | | Retained Earnings | | | | | |
| | Capital Stock | Additional Paid-in Capital | Treasury Shares – at cost | Net Actuarial Losses on Retirement Benefit Plan | Net Fair Value Gains (Losses) on Available-for-Sale Financial Assets | Accumulated Translation Adjustments | Dilution Gain | Share Options | Appropriated | Unappropriated | Total | Total | Non-controlling Interest | Total Equity |
| Balance at January 1, 2016 | P 10,269,827,979 | P 34,395,380,979 | (P 936,157,074) | (P 71,269,938) | (P 690,503,745) | (P 2,370,232,891) | P 19,980,402,684 | P 727,492,290 | P 1,990,590,660 | P 73,760,966,190 | P 75,751,556,850 | P 137,056,497,134 | P 94,131,696,857 | P 231,188,193,991 |
| Transactions with owners: | | | | | | | | | | | | | | |
| Reclassification adjustment | - | - | - | (11,091,008) | 1,100,000 | - | - | (71,077,821) | - | (113,265,968) | (113,265,968) | (194,334,797) | 194,334,797 | - |
| Share-based compensation | - | - | - | - | - | - | - | - | - | - | - | - | 21,849,754 | 21,849,754 |
| Change in percentage ownership | - | - | - | - | - | - | - | - | - | 481,651,360 | 481,651,360 | 481,651,360 | (53,217,176) | 428,434,184 |
| Dividend from investee | - | - | - | - | - | - | - | - | - | - | - | - | (1,380,591,848) | (1,380,591,848) |
| Cash dividends declared | - | - | - | - | - | - | - | - | - | (3,145,527,772) | (3,145,527,772) | (3,145,527,772) | - | (3,145,527,772) |
| | - | - | - | (11,091,008) | 1,100,000 | - | - | (71,077,821) | - | (2,777,142,380) | (2,777,142,380) | (2,858,211,209) | (1,217,624,473) | (4,075,835,682) |
| Total comprehensive income | - | - | - | (1,208,737,078) | 1,020,149,274 | (2,887,676,410) | - | - | - | 11,048,274,861 | 11,048,274,861 | 7,972,010,647 | 4,381,427,626 | 12,353,438,273 |
| **Balance at September 30, 2016** | **P 10,269,827,979** | **P 34,395,380,979** | **(P 936,157,074)** | **(P 1,291,098,024)** | **P 330,745,529** | **(P 5,257,909,301)** | **P 19,980,402,684** | **P 656,414,469** | **P 1,990,590,660** | **P 82,032,098,671** | **P 84,022,689,331** | **P 142,170,296,572** | **P 97,295,500,010** | **P 239,465,796,582** |
| Balance at January 1, 2015 | P 10,269,827,979 | P 34,395,380,979 | (P 936,157,074) | (P 523,047,616) | (P 507,112,055) | (P 1,692,314,380) | P 19,980,402,684 | P 577,813,280 | P 1,225,000,000 | P 63,707,319,305 | P 64,932,319,305 | P 126,497,113,102 | P 90,986,302,770 | P 217,483,415,872 |
| Transactions with owners: | | | | | | | | | | | | | | |
| Share-based compensation | - | - | - | - | - | - | - | 40,172,871 | - | - | - | 40,172,871 | - | 40,172,871 |
| Change in percentage ownership | - | - | - | - | - | - | - | - | - | - | - | - | 1,060,047,485 | 1,060,047,485 |
| Dividend from investee | - | - | - | - | - | - | - | - | - | - | - | - | (1,791,968,452) | (1,791,968,452) |
| Cash dividends declared | - | - | - | - | - | - | - | - | - | (3,136,217,991) | (3,136,217,991) | (3,136,217,991) | - | (3,136,217,991) |
| | - | - | - | - | - | - | - | 40,172,871 | - | (3,136,217,991) | (3,136,217,991) | (3,096,045,120) | (731,920,967) | (3,827,966,087) |
| Total comprehensive income | - | - | - | 182,246,874 | (1,664,881,361) | (415,260,082) | - | - | - | 10,609,937,827 | 10,609,937,827 | 8,712,043,258 | 4,785,517,105 | 13,497,560,363 |
| Balance at September 30, 2015 | P 10,269,827,979 | P 34,395,380,979 | (P 936,157,074) | (P 340,800,742) | (P 2,171,993,416) | (P 2,107,574,462) | P 19,980,402,684 | P 617,986,151 | P 1,225,000,000 | P 71,181,039,141 | P 72,406,039,141 | P 132,113,111,240 | P 95,039,898,908 | P 227,153,010,148 |

***See Notes to Interim Consolidated Financial Statements.***

**ALLIANCE GLOBAL GROUP, INC. AND SUBSIDIARIES**
**CONSOLIDATED STATEMENTS OF CASH FLOWS**
**FOR NINE MONTHS ENDED SEPTEMBER 30, 2016 AND 2015**
***(Amounts in Philippine Pesos)***
***(UNAUDITED)***

| | 2016 | 2015 |
|---|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | |
| Profit before tax | **P 21,561,031,724** | P 20,388,847,860 |
| Adjustments for: | | |
| Depreciation and amortization | **3,642,819,790** | 3,191,319,257 |
| Interest expense | **3,369,173,535** | 3,415,494,591 |
| Interest income | **( 1,297,329,531 )** | ( 1,527,682,159 ) |
| Unrealized foreign currency losses - net | **595,931,957** | 359,585,829 |
| Fair value losses (gains) - net | **( 197,936,270 )** | 15,032,037 |
| Share in net profits of associates and joint ventures | **( 171,153,465 )** | ( 228,815,594 ) |
| Impairment (reversal of) losses | **( 30,502,393 )** | 21,863,264 |
| Unrealized loss on interest rate swap | **24,442,085** | 26,735,229 |
| Net loss on disposal of property, plant and equipment and investment property | **24,157,570** | 15,726,014 |
| Stock option benefit expense | **21,849,754** | 40,172,871 |
| Gain on sale of investment in available-for-sale financial assets | **( 19,324,245 )** | ( 7,970,496 ) |
| Dividend income | **( 6,725,211 )** | ( 39,854,106 ) |
| Income from acquisition and deconsolidation of subsidiaries | **-** | ( 3,758,167 ) |
| Operating profit before working capital changes | **27,516,435,300** | 25,666,696,430 |
| Increase in trade and other receivables | **( 8,853,820,136 )** | ( 9,731,562,381 ) |
| Decrease (increase) in financial assets at fair value through profit or loss | **2,425,534,181** | ( 1,359,081,851 ) |
| Increase in inventories | **( 1,441,729,866 )** | ( 2,741,718,193 ) |
| Increase in property development costs | **( 2,205,794,121 )** | ( 3,376,684,748 ) |
| Increase in other current assets | **( 3,673,679,021 )** | ( 2,540,201,854 ) |
| Decrease in trade and other payables | **( 2,223,504,994 )** | ( 1,601,307,584 ) |
| Decrease in other current liabilities | **( 549,744,546 )** | ( 1,094,816,159 ) |
| Increase (decrease) in retirement benefit obligation | **165,140,131** | ( 1,062,056,916 ) |
| Increase in other non-current liabilities | **916,604,731** | 2,009,712,812 |
| Cash generated from operations | **12,075,441,659** | 4,168,979,556 |
| Cash paid for taxes | **( 3,035,767,352 )** | ( 3,490,144,444 ) |
| Net Cash From Operating Activities | **9,039,674,307** | 678,835,112 |
| *Balance carried forward* | **P 9,039,674,307** | P 678,835,112 |

*- 2 -*

| | 2016 | 2015 |
|---|---|---|
| *Balance brought forward* | **P 9,039,674,307** | P 678,835,112 |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | |
| Acquisitions of: | | |
| Property, plant and equipment and investment property | **( 19,656,411,556 )** | ( 16,123,835,489 ) |
| A business unit | **( 11,850,742,240 )** | - |
| Investment in and advances to associates | **( 1,150,803,341 )** | ( 2,795,075,912 ) |
| Other non-current assets | **( 637,424,309 )** | ( 1,496,713,730 ) |
| Land for future development | **( 39,691,618 )** | ( 513,982,959 ) |
| Available-for-sale financial assets | **( 3,419,250 )** | ( 1,065,981,935 ) |
| Proceeds from: | | |
| Disposal of available-for-sale financial assets | **1,801,318,050** | 126,069,192 |
| Collections of advances from other related parties | **1,122,725,445** | - |
| Disposal of property, plant and equipment | **70,284,758** | 121,914,352 |
| Interest received | **1,014,004,941** | 1,416,613,941 |
| Additional advances obtained from other related parties | **175,059,242** | - |
| Collection from (advances to) landowners and joint ventures | **164,436,289** | ( 465,079,613 ) |
| Cash dividends received | **100,407,689** | 39,854,106 |
| Net Cash Used in Investing Activities | **( 28,890,255,900 )** | ( 20,756,218,047 ) |
| **CASH FLOWS FROM FINANCING ACTIVITIES** | | |
| Proceeds from interest-bearing loans and bonds | **9,360,029,629** | 18,896,485,359 |
| Payment of interest-bearing loans and bonds | **( 6,461,296,426 )** | ( 32,261,668,034 ) |
| Dividends paid | **( 4,526,119,620 )** | ( 4,928,186,443 ) |
| Interest paid | **( 4,181,698,416 )** | ( 3,648,612,256 ) |
| Advances collected and received from related parties | **940,368,243** | 2,119,690,204 |
| Advances granted and paid to related parties | **( 860,455,184 )** | ( 440,119,256 ) |
| Payment of derivative liability | **( 166,628,813 )** | ( 157,640,625 ) |
| Net Cash Used in Financing Activities | **( 5,895,800,587 )** | ( 20,420,051,051 ) |
| **NET DECREASE IN CASH AND CASH EQUIVALENTS** | **( 25,746,382,180 )** | ( 40,497,433,986 ) |
| **CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD** | **68,593,959,027** | 82,058,836,647 |
| **CASH AND CASH EQUIVALENTS AT END OF PERIOD** | **P 42,847,576,847** | P 41,561,402,661 |

**Supplemental Information on Non-cash Investing and Financing Activities:**

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

***See Notes to Interim Consolidated Financial Statements.***

**ALLIANCE GLOBAL GROUP, INC. AND SUBSIDIARIES**
**NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS**
**SEPTEMBER 30, 2016**
***(With Comparative Figures as at December 31, 2015)***
***(Amounts in Philippine Pesos)***
***(Unaudited)***

## 1. GENERAL INFORMATION

### *1.1 Corporate Information*

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

| Subsidiaries/Associates/Joint Ventures | Short Name | Notes | Percentage of Effective Ownership of AGI<br>**September 2016** | <br>December 2015 |
|---|---|---|---|---|
| ***Subsidiaries*** | | | | |
| **Megaworld and subsidiaries** | | | | |
| Megaworld Corporation | Megaworld | (a) | **67%** | 67% |
| Megaworld Resort Estates, Inc. | | (b) | **83%** | 83% |
| Sonoma Premiere Land, Inc. | | (c) | **73%** | 73% |
| Megaworld Land, Inc. | | | **67%** | 67% |
| Prestige Hotels and Resorts, Inc. | | | **67%** | 67% |
| Mactan Oceanview Properties and Holdings, Inc. | | | **67%** | 67% |
| Megaworld Cayman Islands, Inc. | | (d) | **67%** | 67% |
| Richmonde Hotel Group International Ltd. | | (e) | **67%** | 67% |
| Eastwood Cyber One Corporation | | | **67%** | 67% |
| Megaworld Cebu Properties, Inc. | | | **67%** | 67% |
| Megaworld Newport Property Holdings, Inc. | | | **67%** | 67% |
| Oceantown Properties, Inc. | | | **67%** | 67% |
| Piedmont Property Ventures, Inc. | | | **67%** | 67% |
| Stonehaven Land, Inc. | | | **67%** | 67% |
| Streamwood Property, Inc. | | | **67%** | 67% |
| Suntrust Properties, Inc. | | | **67%** | 67% |
| Lucky Chinatown Cinemas, Inc. | | | **67%** | 67% |
| Luxury Global Hotels and Leisures, Inc. | | | **67%** | 67% |
| Suntrust Ecotown Developers, Inc. | | | **67%** | 67% |
| Arcovia Properties, Inc. | | | **67%** | 67% |
| Citywalk Building Administration, Inc. | | | **67%** | 67% |
| Forbestown Commercial Center Administration, Inc. | | | **67%** | 67% |
| Paseo Center Building Administration, Inc. | | | **67%** | 67% |
| Uptown Commercial Center Administration Inc. | | | **67%** | 67% |
| Global One Integrated Business Services, Inc. | | | **67%** | 67% |
| Luxury Global Malls, Inc. | | | **67%** | 67% |
| Davao Park District Holdings Inc. | | | **67%** | 67% |
| Governor's Hills Science School, Inc. | | | **67%** | 67% |
| Sunrays Properties Management, Inc. | | | **67%** | 67% |
| Suntrust One Shanata, Inc. | | | **67%** | 67% |
| Suntrust Two Shanata, Inc. | | | **67%** | 67% |
| Belmont Newport Luxury Hotels, Inc. | | | **67%** | 67% |
| Global One Hotel Group, Inc. | | | **67%** | 67% |
| Ilo-ilo Center Mall Administration, Inc. | | | **67%** | 67% |

| Subsidiaries/Associates/Joint Ventures | Short Name | Notes | Percentage of Effective Ownership of AGI September 2016 | December 2015 |
|---|---|---|---|---|
| ***Subsidiaries*** | | | | |
| **Megaworld and subsidiaries** | | | | |
| Newtown Commercial Center Administration, Inc. | | | **67%** | 67% |
| McKinley Cinemas, Inc. | | | **67%** | 67% |
| Uptown Cinemas, Inc. | | | **67%** | 67% |
| Valley Peaks Property Management, Inc. | | | **67%** | 67% |
| Landmak Seaside Properties, Inc. | LSPI | (f) | **67%** | - |
| Megaworld Bacolod Properties, Inc. | | | **62%** | 62% |
| Southwoods Mall Inc. | | | **61%** | 61% |
| Megaworld Global-Estate, Inc. | | (g) | **60%** | 60% |
| Manila Bayshore Property Holdings, Inc. | | (h) | **57%** | 57% |
| Twin Lakes Corp. | | | **56%** | 56% |
| Empire East Land Holdings, Inc. | EELHI | | **55%** | 55% |
| Valle Verde Properties, Inc. | | | **55%** | 55% |
| Empire East Communities, Inc. | | | **55%** | 55% |
| Sherman Oak Holdings, Inc. | | | **55%** | 55% |
| Eastwood Property Holdings, Inc. | | | **55%** | 55% |
| 20th Century Nylon Shirt, Inc. | | | **55%** | 55% |
| Global-Estate Resorts, Inc. | GERI | (i) | **55%** | 55% |
| 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 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-Power Concrete Blocks Corp. | | | **55%** | 55% |
| Fil-Estate Golf and Development, Inc. | | | **55%** | 55% |
| Golforce, Inc. | | | **55%** | 55% |
| Fil-Estate Urban Development Corp. | | | **55%** | 55% |
| Novo Sierra Holdings Corp. | | | **55%** | 55% |
| Global Homes and Communities, Inc. | | | **55%** | 55% |
| Southwoods Ecocentrum Corp. | | | **55%** | 55% |
| Philippine Aquatic Leisure Corp. | | | **55%** | 55% |
| Megaworld Central Properties, Inc. | | | **51%** | 51% |
| Townsquare Development, Inc. | | | **50%** | 50% |
| Golden Panda-ATI Realty Corporation | | | **50%** | 50% |
| La Fuerza, Inc. | | | **45%** | 45% |
| Fil-Estate Industrial Park, Inc. | | | **44%** | 44% |
| Megaworld-Daewoo Corporation | | | **40%** | 40% |
| Laguna Bel-Air School, Inc. | | | **40%** | 40% |
| Eastwood Cinema 2000, Inc. | | | **37%** | 37% |
| Gilmore Property Marketing Associates Inc. | | | **35%** | 35% |
| Megaworld Globus Asia, Inc. | | | **34%** | 34% |
| Philippine International Properties, Inc. | | | **34%** | 34% |
| Sherwood Hills Development Inc. | | | **30%** | 30% |
| Oceanfront Properties, Inc. | | | **28%** | 28% |
| **Emperador and subsidiaries** | | | | |
| Emperador Inc. | EMP or Emperador | | **82%** | 82% |
| Emperador Distillers, Inc. | EDI | | **82%** | 82% |
| Emperador International Ltd. | EIL | (e) | **82%** | 82% |
| The Bar Beverage, Inc. | | | **82%** | 82% |
| Bodega San Bruno, SL | BSB | (j) | **82%** | 82% |
| Bodegas Fundador, SLU | BFS | (j) | **82%** | 82% |
| Emperador Europe SARL | EES | (j) | **82%** | 82% |
| Emperador Asia Pte Ltd. | EA | (j) | **82%** | 82% |
| Grupo Emperador Spain, S.A. | GES | (j) | **82%** | 82% |
| Emperador Holdings (GB) Limited | EGB | (j) | **82%** | 82% |
| Emperador UK Limited | EUK | (j) | **82%** | 82% |
| Whyte and Mackay Group Limited | WMG | (j) | **82%** | 82% |

| Subsidiaries/Associates/Joint Ventures | Short Name | Notes | Percentage of Effective Ownership of AGI September 2016 | December 2015 |
|---|---|---|---|---|
| ***Subsidiaries*** | | | | |
| **Emperador and subsidiaries** | | | | |
| Whyte and Mackay Limited | WML | (j) | **82%** | 82% |
| Whyte and Mackay Warehousing Ltd. | WMWL | (j) | **82%** | 82% |
| Cocos Vodka Distillers Philippines, Inc. | | | **82%** | 82% |
| Tradewind Estates, Inc. | TEI | (k) | **82%** | 100% |
| Anglo Watsons Glass, Inc. | | | **64%** | 64% |
| **GADC and subsidiaries** | | | | |
| Golden Arches Development Corporation | GADC | | **49%** | 49% |
| Golden Arches Realty Corporation | | | **49%** | 49% |
| Clark Mac Enterprises, Inc. | | | **49%** | 49% |
| Advance Food Concepts Manufacturing, Inc. | | | **49%** | 49% |
| Onzal Development Corp. | | | **49%** | 49% |
| Golden Laoag Foods Corporation | | | **38%** | 38% |
| Davao City Food Industries, Inc. | | | **37%** | 37% |
| Red Asian Food Solutions | | | **37%** | 37% |
| First Golden Laoag Ventures | | | **34%** | 34% |
| Retiro Golden Foods, Inc. | | | **34%** | 34% |
| McDonald's Anonas City Center | | | **34%** | 34% |
| McDonald's Puregold Taguig | | | **29%** | 29% |
| Golden City Food Industries, Inc. | | | **29%** | 29% |
| McDonald's Bonifacio Global City | | | **27%** | 27% |
| Molino First Golden Foods, Inc. | | | **26%** | 26% |
| GY Alliance Concepts, Inc. | | | **19%** | 19% |
| **Travellers and subsidiaries** | | | | |
| Travellers International Hotel Group, Inc. | Travellers | (l) | **47%** | 47% |
| APEC Assets Limited | | | **47%** | 47% |
| Bright Leisure Management, Inc. | | | **47%** | 47% |
| Deluxe Hotels and Recreation, Inc. | | | **47%** | 47% |
| Entertainment City Integrated Resorts & Leisure, 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% |
| Majestic Sunrise Leisure & Recreation, Inc. | | | **47%** | 47% |
| Net Deals, Inc. | | | **47%** | 47% |
| Newport Star Lifestyle, Inc. | | | **47%** | 47% |
| Royal Bayshore Hotels & Amusement, Inc. | | | **47%** | 47% |
| FHTC Entertainment & Production, Inc. | FHTC | | **47%** | 47% |
| Bright Pelican Leisure and Production, Inc. | | | **47%** | 47% |
| Golden Peak Leisure and Recreation, Inc. | | | **47%** | 47% |
| Westside City Resorts World, Inc. | | (m) | **47%** | 47% |
| Purple Flamingos Amusement and Leisure Corporation | | | **47%** | 47% |
| Red Falcon Amusement and Leisure Corporation | | | **47%** | 47% |
| Agile Fox Amusement and Leisure Corporation | | | **47%** | 47% |
| Aquamarine Delphinium Leisure and Recreation, Inc. | | | **47%** | 47% |
| Brilliant Apex Hotels and Leisure Corporation | | | **47%** | 47% |
| Coral Primrose Leisure and Recreation Corporation | | | **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% |
| 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% |

| Subsidiaries/Associates/Joint Ventures | Short Name | Notes | Percentage of Effective Ownership of AGI **September 2016** | December 2015 |
|---|---|---|---|---|
| ***Subsidiaries*** | | | | |
| **Travellers and subsidiaries** | | | | |
| Valiant Leopard Amusement and Leisure Corporation | | | **47%** | 47% |
| Vermillion Triangulum Amusement and Leisure Corporation | | | **47%** | 47% |
| Westside Theatre Inc. | | | **47%** | 47% |
| **Corporate and Others** | | | | |
| New Town Land Partners, Inc. | NTLPI | | **100%** | 100% |
| Great American Foods, Inc. | | (n) | **100%** | 100% |
| McKester America, Inc. | | (n) | **100%** | 100% |
| Alliance Global Brands, Inc. | AGBI | | **100%** | 100% |
| McKester Pik-nik International Limited | MPIL | (e) | **100%** | 100% |
| Venezia Universal Ltd. | | (e) | **100%** | 100% |
| Travellers Group Ltd. | | (e) | **100%** | 100% |
| Alliance Global Group Cayman Islands, Inc. | | (d) | **100%** | 100% |
| Greenspring Investment Holdings Properties Ltd. | | (e) | **100%** | 100% |
| Shiok Success International, Ltd. | | (e) | **100%** | 100% |
| Dew Dreams International, Ltd. | | (e) | **100%** | 100% |
| First Centro, Inc. | FCI | | **100%** | 100% |
| Oceanic Realty Group International, Inc. | | | **100%** | 100% |
| ERA Real Estate Exchange, Inc. | | | **100%** | 100% |
| Global One Real Estate Spain, SAU | | (o) | **100%** | 100% |
| Adams Properties, Inc. | | | **60%** | 60% |
| ***Associates*** | | | | |
| Bonifacio West Development Corporation | | | **31%** | 31% |
| Suntrust Home Developers, Inc. | SHDI | | **29%** | 29% |
| First Oceanic Property Management, Inc. | | (p) | **29%** | 29% |
| Citylink Coach Services, Inc. | | (p) | **29%** | 29% |
| Palm Tree Holdings and Development Corporation | | | **27%** | 27% |
| Boracay Newcoast Hotel Group, Inc. | | | **25%** | 25% |
| Fil-Estate Network, Inc. | | | **11%** | 11% |
| Fil-Estate Sales, Inc. | | | **11%** | 11% |
| File-Estate Realty and Sales Associates, Inc. | | | **11%** | 11% |
| Fil-Estate Realty Corp. | | | **11%** | 11% |
| Pacific Coast Mega City, Inc. | | | **11%** | 11% |
| Nasugbu Properties, Inc. | | | **8%** | 8% |
| ***Joint Ventures*** | | | | |
| Front Row Theatre Management, Inc. | | (q) | **50%** | 50% |
| Bodegas Las Copas, SL | BLC | (r) | **41%** | 41% |

Explanatory notes:

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

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

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

(d) Foreign subsidiaries operating under the laws of the Cayman Islands

(e) Foreign subsidiaries operating under the Business Companies Act of the British Virgin Islands (BVI)

(f) In 2016, Megaworld acquired 100% ownership interest in LSPI, which is engaged in the same line of business as with the former.

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

(h) A subsidiary of AGI through 50/50 ownership of Travellers and Megaworld

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

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

(k) In March 2016, AGBI sold its 100% ownership over TEI to EMP; hence, the Company's effective ownership decreased to 82%.

(l) 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.
(m) 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)
(n) Foreign subsidiaries of MPIL operating under the laws of United States of America
(o) Foreign subsidiary operating under the laws of Spain
(p) Subsidiaries of SHDI, an associate of Megaworld
(q) A joint venture through FHTC
(r) A foreign joint venture under GES and operating under the laws of Spain

The Company, its subsidiaries and associates are incorporated and operating in the Philippines, except for such foreign subsidiaries and associates as identified in the preceding table (see explanatory notes d, e, j, n, o and r above and in the preceding page). The principal activities of the Group are further described in Note 4.

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

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.

### *1.2 Significant Acquisition*

Through BFS, a wholly-owned subsidiary of GES, EMP concluded on February 29, 2016 the purchase of the brandy and sherry business from Beam Spain, S.L. which include four iconic brands – 'Fundador Brandy de Jerez', the first Spanish brandy to be marketed; 'Terry Centenario', the largest brandy in Spain; 'Tres Cepas', a market leader in Equatorial Guinea; and 'Harveys', the no. 1 selling sherry wine in the world and the leader in UK where it holds the distinction of being the only sherry wine that can be served to the Queen in Buckingham Palace. This recent acquisition fortified EMP's brandy business and sherry wine business in Spain and UK, making it the largest brandy company in the world. Bodegas Fundador has the largest and oldest brandy facility in Spain. The purchase is valued at P14.7 billion, including taxes, and consists of (in million pesos):

| | | |
|---|---|---|
| Tangible assets acquired – | | |
| Property, plant and equipment | P | 4,137 |
| Inventories | | 2,457 |
| Intangible assets acquired – | | |
| Trademarks | | 6,663 |
| Goodwill | | 1,463 |
| Total cash paid | P | 14,720 |

### *1.3 Approval of Interim Financial Information*

The Board of Directors (BOD) approved on November 11, 2016, the release of the interim consolidated financial statements (ICFS) of the Group for the nine months ended September 30, 2016 (including the comparative financial statements as at December 31, 2015 and for the nine months ended September 30, 2015).

## 2. 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 audited consolidated financial statements (ACFS) as at and for the year ended December 31, 2015.

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

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 3. Certain accounts in the 2015 interim consolidated statement of comprehensive income were reclassified to conform with the 2015 ACFS presentation.

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

## 3. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies and methods of computation used in the preparation of these ICFS are consistent with those applied in the ACFS as at and for the year ended December 31, 2015, except for the application of standards that became effective on January 1, 2016.

*(a) Effective in 2016 that are Relevant to the Group*

In 2016, the Group adopted for the first time the following amendments and annual improvements to PFRS that are relevant to the Group and effective for financial statements with annual period beginning on or after January 1, 2016 which did not have a significant impact on the Group's ICFS [see Note 2.3(b) in 2015 ACFS]:

*Amendments*

| | | |
|---|---|---|
| PAS 1 (Amendment) | : | Presentation of Financial Statements – Disclosure Initiative |

| | | |
|---|---|---|
| PAS 16 and PAS 38 (Amendments) | : | Property, Plant and Equipment and Intangible Assets – Clarification of Acceptable Methods of Depreciation and Amortization |
| PAS 16 and PAS 41 (Amendments) | : | Property, Plant and Equipment and Agriculture – Bearer Plants |
| PAS 27 (Amendment) | : | Separate Financial Statements – Equity Method in Separate Financial Statements |
| PAS 28 (Amendment) | : | Investments in Associates and Joint Ventures – Investment Entities – Applying the Consolidation Exception |
| PFRS 11 (Amendment) | : | Joint Arrangements – Accounting for Acquisition of Interest in Joint Operations |

*Annual Improvements to PFRS (2012-2014) Cycle*

| | | |
|---|---|---|
| PFRS 7 (Amendment) | : | Financial Instruments – Disclosures |
| PAS 19 (Amendment) | : | Employee Benefits |
| PAS 34 (Amendment) | : | Interim Financial Reporting |

*(b) Effective in 2016 that are not Relevant to the Group*

PFRS 14, *Regulatory Deferral Accounts* and amendment to PFRS 5, *Non-current Assets Held for Sale and Discontinued Operations* are mandatory for accounting periods beginning on or after January 1, 2016 but are not relevant to the Group's ICFS.

*(c) Effective Subsequent to 2016 but are not Adopted Early*

PFRS 9 (2014), *Financial Instruments,* is mandatory for accounting periods beginning on or after January 1, 2018. Management is currently assessing the impact of this standard on the Group's consolidated financial statements and it will conduct a comprehensive study of the potential impact of this standard prior to its mandatory adoption date to assess the impact of all changes.

## 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 and in the succeeding page 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 *Travellers* segment relates to tourism-oriented business that integrates entertainment, hospitality and leisure, including gaming, as that of Resorts World Manila, which is operated by Travellers International Hotel Group, Inc. and subsidiaries.

*(c)* The *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.

*(d)* 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.

### *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 nine months ended September 30, 2016 and 2015.

| | For nine months ended September 30, 2016 (Unaudited) | | | | |
|---|---|---|---|---|---|
| | Megaworld | Travellers | GADC | Emperador | Total |
| **REVENUES** | | | | | |
| Sales to external customers | P 33,884,784,789 | P 20,776,389,040 | P 16,379,184,250 | P 27,258,235,613 | P 98,298,592,692 |
| Intersegment sales | 110,746,502 | - | - | 22,056,267 | 132,802,769 |
| Finance and other revenues | 1,268,725,139 | 63,826,118 | 113,903,964 | 336,637,677 | 1,783,092,898 |
| Segment revenues | 35,264,255,430 | 20,840,215,158 | 16,493,088,214 | 27,616,929,557 | 100,214,488,359 |
| Cost of sales and expenses excluding depreciation and amortization | ( 20,612,324,452 ) | ( 15,885,781,077 ) | ( 14,395,433,202 ) | ( 20,709,483,862 ) | ( 71,603,022,593 ) |
| | 14,651,930,978 | 4,954,434,081 | 2,097,655,012 | 6,907,445,695 | 28,611,465,766 |
| Depreciation and amortization | ( 955,159,324 ) | ( 1,263,819,120 ) | ( 813,808,658 ) | ( 599,677,939 ) | ( 3,632,465,041 ) |
| Finance cost and other charges | ( 1,668,221,210 ) | ( 572,757,370 ) | ( 139,461,783 ) | ( 373,249,208 ) | ( 2,753,689,571 ) |
| Profit before tax | 12,028,550,444 | 3,117,857,591 | 1,144,384,571 | 5,934,518,548 | 22,225,311,154 |
| Tax expense | ( 2,713,656,087 ) | ( 137,731,414 ) | ( 325,767,130 ) | ( 1,012,175,319 ) | ( 4,189,329,950 ) |
| **SEGMENT PROFIT** | **P 9,314,894,357** | **P 2,980,126,177** | **P 818,617,441** | **P 4,922,343,229** | **P 18,035,981,204** |
| **SEGMENT ASSETS AND LIABILITIES** | | | | | |
| Segment assets | P 267,180,561,305 | P 75,120,424,419 | P 14,601,179,738 | P 88,772,499,357 | P 445,674,664,819 |
| Segment liabilities | 114,806,393,283 | 29,513,471,186 | 8,914,423,516 | 37,807,888,958 | 191,042,176,943 |

| | For nine months ended September 30, 2015 (Unaudited) | | | | |
|---|---|---|---|---|---|
| | Megaworld | Travellers | GADC | Emperador | Total |
| **REVENUES** | | | | | |
| Sales to external customers | P 31,988,001,975 | P 20,435,471,546 | P 14,792,834,756 | P 28,898,595,100 | P 96,114,903,377 |
| Intersegment sales | 67,899,034 | - | - | - | 67,899,034 |
| Finance and other revenues | 1,471,143,417 | 94,184,117 | 55,446,205 | 218,792,263 | 1,839,566,002 |
| Segment revenues | 33,527,044,426 | 20,529,655,663 | 14,848,280,961 | 29,117,387,363 | 98,022,368,413 |
| Cost of sales and expenses excluding depreciation and amortization | ( 19,714,686,021 ) | ( 15,429,986,766 ) | ( 13,203,889,861 ) | ( 22,284,335,009 ) | ( 70,632,897,657 ) |
| | 13,812,358,405 | 5,099,668,897 | 1,644,391,100 | 6,833,052,354 | 27,389,470,756 |
| Depreciation and amortization | ( 838,468,954 ) | ( 1,076,808,096 ) | ( 758,943,722 ) | ( 480,522,278 ) | ( 3,154,743,050 ) |
| Finance cost and other charges | ( 1,949,702,396 ) | ( 1,143,969,264 ) | ( 134,323,361 ) | ( 413,510,677 ) | ( 3,641,505,698 ) |
| Profit before tax | 11,024,187,055 | 2,878,891,537 | 751,124,017 | 5,939,019,399 | 20,593,222,008 |
| Tax expense | ( 2,590,680,654 ) | ( 49,147,498 ) | ( 230,974,811 ) | ( 1,235,654,571 ) | ( 4,106,457,534 ) |
| **SEGMENT PROFIT** | P 8,433,506,401 | P 2,829,744,039 | P 520,149,206 | P 4,703,364,828 | P 16,486,764,474 |

The following presents the segment assets and liabilities of the Group as at December 31, 2015 (audited):

| | Megaworld | Travellers | GADC | Emperador | Total |
|---|---|---|---|---|---|
| **SEGMENT ASSETS AND LIABILITIES** | | | | | |
| Segment assets | P 252,105,958,522 | P 68,119,691,610 | P 13,829,633,657 | P 96,600,733,758 | P 430,656,017,547 |
| Segment liabilities | 104,018,432,250 | 25,103,384,020 | 8,939,177,060 | 41,249,488,480 | 179,310,481,810 |

### *4.5 Reconciliations*

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

| | **September 30, 2016 (Unaudited)** | September 30, 2015 (Unaudited) |
|---|---|---|
| **Revenues** | | |
| Total segment revenues | **P 100,214,488,359** | P 98,022,368,413 |
| Unallocated corporate revenue | **1,482,219,516** | 1,632,674,880 |
| Elimination of intersegment revenues | **( 132,802,769 )** | ( 67,899,034) |
| Revenues as reported in interim consolidated profit or loss | **P 101,563,905,106** | P 99,587,144,259 |
| **Profit or loss** | | |
| Segment operating profit | **P 18,035,981,204** | P 16,486,764,474 |
| Unallocated corporate loss | **( 567,027,175 )** | ( 169,401,644 ) |
| Elimination of intersegment revenues | **( 132,802,769 )** | ( 67,899,034) |
| Profit as reported in interim consolidated profit or loss | **P 17,336,151,260** | P 16,249,463,796 |

| | **September 30, 2016 (Unaudited)** | December 31, 2015 (Audited) |
|---|---|---|
| **Assets** | | |
| Segment assets | **P 445,674,664,819** | P 430,656,017,547 |
| Unallocated corporate assets | **20,995,315,163** | 18,068,736,840 |
| Total assets reported in the consolidated statements of financial position | **P 466,669,979,982** | P 448,724,754,387 |
| **Liabilities** | | |
| Segment liabilities | **P 191,042,176,943** | P 179,310,481,810 |
| Unallocated corporate liabilities | **36,162,006,457** | 38,226,078,586 |
| Total liabilities reported in the consolidated statements of financial position | **P 227,204,183,400** | P 217,536,560,396 |

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 AND EQUIPMENT

The gross carrying amounts and accumulated depreciation and amortization of property and equipment as at September 30, 2016 and December 31, 2015 are shown below.

| | **September 30, 2016 (Unaudited)** | December 31, 2015 (Audited) |
|---|---|---|
| Cost | **P 104,389,097,297** | P 88,951,168,007 |
| Accumulated depreciation | **( 25,548,575,739)** | ( 22,676,939,467) |
| Net carrying amount | **P 78,840,521,558** | P 66,274,228,540 |

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

| | September 30, 2016 (Unaudited) | December 31, 2015 (Audited) |
|---|---|---|
| Balance at beginning of period net of accumulated depreciation | **P 66,274,228,540** | P 54,218,737,647 |
| Additions | **11,392,248,373** | 14,382,580,862 |
| Property, plant and equipment of newly acquired business unit | **4,137,460,800** | - |
| Depreciation charges for the period | **( 2,909,086,806)** | ( 3,309,974,906) |
| Disposals – net | **( 94,442,328)** | ( 203,359,592) |
| Impairment loss – reversal | **37,450,534** | 1,877,430 |
| Reclassifications – net | **2,662,445** | 1,175,058,950 |
| Effect of foreign currency adjustment | **-** | 9,308,149 |
| Balance at end of period net of accumulated depreciation and impairment loss | **P 78,840,521,558** | P 66,274,228,540 |

## 6. INVESTMENT PROPERTY

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

| | September 30, 2016 (Unaudited) | December 31, 2015 (Audited) |
|---|---|---|
| Cost | **P 64,249,783,073** | P 54,361,605,907 |
| Accumulated depreciation | **( 6,943,630,313)** | ( 6,190,659,719) |
| Net carrying amount | **P 57,306,152,760** | P 48,170,946,188 |

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

| | September 30, 2016 (Unaudited) | December 31, 2015 (Audited) |
|---|---|---|
| Balance at beginning of period net of accumulated depreciation | **P 48,170,946,188** | P 37,742,292,122 |
| Additions | **9,890,839,611** | 12,896,131,534 |
| Depreciation charges for the period | **( 752,970,594)** | ( 1,258,572,318) |
| Reclassifications – net | **( 2,662,445)** | ( 1,175,058,950) |
| Disposals – net | **-** | ( 33,846,200) |
| Balance at end of period net of accumulated depreciation | **P 57,306,152,760** | P 48,170,946,188 |

## 7. DIVIDENDS

On August 19, 2016, the BOD of the Company approved the declaration of cash dividends of P0.31 per share. Total dividends of P3,183.6 million was payable to stockholders on record as of September 5, 2016. The said dividends were fully paid on September 19, 2016.

## 8. EARNINGS PER SHARE

Earnings per share is computed as follows:

| | | September 30, 2016 (Unaudited) | | September 30, 2015 (Unaudited) |
|---|---|---|---|---|
| Basic: | | | | |
| Net profit attributable to owners of the parent company | **P** | **11,048,274,861** | P | 10,609,937,827 |
| Divide by the weighted average number of outstanding common shares | | **10,146,863,779** | | 10,146,863,779 |
| | **P** | **1.0888** | P | 1.0456 |
| Diluted: | | | | |
| Net profit attributable to owners of the parent company | **P** | **11,048,274,861** | P | 10,609,937,827 |
| Divide by the weighted average number of outstanding common shares | | **10,252,463,779** | | 10,232,763,779 |
| | **P** | **1.0776** | P | 1.0369 |

As at September 30, 2016 and 2015, there are 105.6 million and 85.9 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 no material effect on the 2016 and 2015 diluted EPS.

## 9. RELATED PARTY TRANSACTIONS

The Group's related parties include its stockholders, associates, jointly controlled entities, the Group's key management personnel and retirement fund, and others as described below. The summary of the Group's transactions with its related parties for the periods ended September 30, 2016 and 2015, and the related outstanding balances as at September 30, 2016 and December 31, 2015 are as follows:

| Related Party Category | Notes | Amount of Transaction: September 30, 2016 (Unaudited) | Amount of Transaction: September 30, 2015 (Unaudited) | Outstanding Balance Receivable (Payable): September 30, 2016 (Unaudited) | Outstanding Balance Receivable (Payable): December 31, 2015 (Audited) |
|---|---|---|---|---|---|
| **Subsidiaries' stockholders:** | | | | | |
| Casino transactions | 9.2 | **P 313,594,217** | P 2,788,115,212 | **P 14,364,604** | P 31,319,430 |
| Incidental rebate charges | 9.2 | **-** | 155,569,368 | **-** | (142,750,108) |
| Junket sharing expenses | 9.2 | **74,456,840** | 582,396,096 | **(3,193,002)** | (15,090,075) |
| Management fees | 9.3 | **366,598,554** | 301,089,539 | **(33,055,613)** | (44,043,669) |
| Accounts payable | 9.5 | **2,500,000** | 9,000,000 | **(380,670,512)** | (378,170,512) |
| Redeemable preferred shares | 9.7 | **(62,746,714)** | - | **(734,114,072)** | (671,367,358) |
| Issuance of equity-linked securities | 9.8 | **-** | - | **(5,280,000,000)** | (5,280,000,000) |
| **Related party under common ownership:** | | | | | |
| Purchase of raw materials | 9.1 | **2,196,603,717** | 1,745,785,282 | **(1,016,197,714)** | (1,200,024,526) |
| Purchase of finished goods | 9.1 | **5,870,731** | 1,416,468 | **-** | (207,002) |
| Advances granted | 9.4 | **(1,090,904,949)** | (34,341,080) | **1,600,214,421** | 2,691,119,370 |
| **Associates –** | | | | | |
| Advances granted | 9.4 | **43,857,283** | 2,996,218 | **1,324,635,410** | 1,280,778,127 |
| **Others:** | | | | | |
| Accounts receivable | 9.5 | **78,437,838** | (1,484,861,561) | **351,567,843** | 273,130,005 |
| Accounts payable | 9.5 | **155,850,897** | (188,254,682) | **(208,010,197)** | (52,159,300) |
| Advances from joint venture partners and others | 9.6 | **250,737,021** | 461,331,026 | **(1,741,897,850)** | (1,491,160,829) |

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

### *9.1 Purchase of Goods*

Emperador imports raw materials such as alcohol, flavorings and other items through Andresons Global, Inc. (AGL). There are also finished goods purchased through AGL. Emperador also imports raw materials from Alcoholera dela Mancha Vinicola, S.L., a wholly owned subsidiary of BLC.

These transactions are payable in cash within 30 days. The outstanding liability related to these purchases is presented as part of Trade payables under the Trade and Other Payables account in the interim consolidated statements of financial position.

### *9.2 Joint Co-operation Agreement with Genting Hongkong, Ltd. (GHL)*

Travellers and GHL have a joint co-operation agreement whereby GHL handles the promotion of Travellers' casinos and will bring patrons to play in the casinos. As a consideration for such services, Travellers pays GHL an amount equivalent to a certain percentage of net turnover. However, in 2015, Travellers and GHL discontinued the joint co-operation agreement.

Incidental rebate charges arising from this transaction are presented as part of Advertising and promotions under the Other Operating Expenses account in the 2015 interim consolidated statement of comprehensive income. The outstanding balances of payables are presented as part of Trade payables under the Trade and Other Payables account in the interim consolidated statements of financial position.

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

Travellers also entered into revenue sharing agreements with a related party junket operator. The outstanding balance from this transaction is presented as part of Other Current Liabilities account in the interim consolidated statements of financial position.

### *9.3 Operations and Management Agreement with GHL*

Some of Travellers' administrative functions are being handled by certain key officers and employees under the management of GHL as agreed by both parties under the Operations and Management Agreement. Management fees are presented as part of Management fees under the Other Operating Expenses account in the interim consolidated statements of comprehensive income. The outstanding liability arising from this transaction is presented as part of Accrued expenses under the Trade and Other Payables account in the interim 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. These advances to associates and other related parties are unsecured, noninterest-bearing and repayable upon demand. 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 interim consolidated statements of financial position, and movements of the account, are presented as follows (these mainly represent advances granted by Megaworld):

| | **September 30, 2016 (Unaudited)** | December 31, 2015 (Audited) |
|---|---|---|
| Balance at beginning of period | **P 3,971,897,497** | P 2,415,056,035 |
| Cash advances granted | **75,677,779** | 1,557,034,759 |
| Collections | **( 1,122,725,445)** | ( 193,297) |
| Balance at end of period | **P 2,924,849,831** | P 3,971,897,497 |

As at September 30, 2016 and December 31, 2015, 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 billing, royalty fees, rentals, interest and certain expenses in behalf of the entities within Group or other related parties. The amounts due from and to related parties are unsecured, noninterest-bearing and due and demandable any time. Settlement is generally made in cash or through offsetting arrangements. As at September 30, 2016 and December 31, 2015, based on management's assessment, the outstanding balances of due from officers and employees and related parties are not impaired; hence, no impairment losses were recognized.

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

| | **September 30, 2016 (Unaudited)** | December 31, 2015 (Audited) |
|---|---|---|
| ***Due from Related Parties*** | | |
| Balance at beginning of period | **P 273,130,005** | P 1,833,035,771 |
| Additions | **113,718,378** | 200,760,828 |
| Collections | **( 35,280,540)** | ( 1,760,666,594) |
| Balance at end of period | **P 351,567,843** | P 273,130,005 |
| ***Due to Related Parties*** | | |
| Balance at beginning of period | **P 430,329,812** | P 594,494,823 |
| Additions | **905,087,703** | 55,545,720 |
| Repayments | **( 746,736,806)** | ( 219,710,731) |
| Balance at end of period | **P 588,680,709** | P 430,329,812 |

### *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. Due to Joint Venture (JV) partners pertain to the share of JV partners in the proceeds from the sale in accordance with various JV agreements entered into by GERI. Total outstanding balance of the accounts is presented as Advances from Related Parties account in the interim consolidated statements of financial position.

Details of Advances from Related Parties are presented as follows:

| | **September 30, 2016 (Unaudited)** | December 31, 2015 (Audited) |
|---|---|---|
| Advances from related parties | **P1,232,096,416** | P 981,359,395 |
| Advances from JV partners | **509,801,434** | 509,801,434 |
| | **P1,741,897,850** | P1,491,160,829 |

### *9.7 Redeemable Preferred Shares*

This pertains to preferred shares issued by GADC in March 2005 to McDonald's Restaurant Operations.

### *9.8 Equity-linked Debt Securities*

In 2014, EMP issued equity-linked debt securities (ELS) instrument to Arran Investment Private Limited amounting to P5.3 billion, with outstanding amount presented as Equity-linked debt securities under Other Non-current Liabilities account in the interim consolidated statements of financial position. The ELS may be converted into 480.0 million common shares of EMP with a par value of P1.0 per share. The ELS bears fixed annual interest rate of 5.0% and variable interest in an amount equal to the dividends that would be payable on the conversion shares if they were issued prior to the date that any dividend is declared by EMP.

### *9.9 Transactions with the Retirement Plans*

The Group has a formal retirement plan established separately for each significant subsidiary, particularly Megaworld, GERI, 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).

Unit investment trust fund and equity and debt securities, which are included as plan assets under the fund consist of investments in corporations listed in the PSE. The retirement fund neither provides any guarantee nor surety for any obligation of the Group. The retirement fund also does not have any investments in the Group's shares of stock.

## 10. COMMITMENTS AND CONTINGENCIES

### *10.1 Tax Contingencies of Travellers' Casino Operations*

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

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

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

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

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

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

On December 10, 2014, the Supreme Court (SC) en banc issued a Decision in the case of PAGCOR v. BIR, G.R. No. 215427, confirming that income from gaming operations is subject only to 5% franchise tax, in lieu of all other taxes, under P.D. No. 1869, as amended. The BIR's Motion for Reconsideration of the foregoing pronouncement was denied with finality in a resolution issued by the SC dated March 10, 2015.

On August 10, 2016, in a similar case filed by a PAGCOR licensee seeking to annul the said RMC 33-2013 before the SC, the SC ruled that "as the PAGCOR Charter states in unequivocal terms that exemptions granted for earnings derived from the operations conducted under the franchise specifically from the payment of any tax, income or otherwise, as well as any form of charges, fees, or levies, shall inure to the benefit of and extend to corporation(s), association(s), agency(ies), or individuals(s) with whom the PAGCOR or operator has any contractual relationships in connection with the operations of the casinos authorized to be conducted under this Franchise, so it must be that all contractees and licensees of PAGCOR, upon payment of the 5% franchise tax, shall likewise be exempted from all other taxes, including corporate income tax realized from the operation of casinos."

With this development, all four licensees at the Entertainment City wrote PAGCOR manifesting that they shall comply with the PAGCOR's directive set forth in the latter's letter dated August 15, 2016 that "effective immediately, the applicable license fee rate shall be that under Section 20 of the Provisional License, prior to reduction, which is 25% and 15% of Gross Gaming Revenues, on condition and legal expectation that PAGCOR shall also comply with its material obligations, specifically to pay the 5% Franchise Tax based on the Licensees' actual Gross Gaming Revenues, which is deemed included in the License Fees paid by the Licensees in lieu of all taxes. PAGCOR affirmed this in its reply to the four licensees on September 23, 2016.

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

### *10.2 Other Commitments and Contingencies*

There are other commitments, guarantees and contingent liabilities that arise in the normal course of operations of the Group which are not reflected in the accompanying ICFS. The management is of the opinion that losses, if any, from these items will not have any material impact on the ICFS (see Note 30 to 2015 ACFS).

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

## 11. RISK MANAGEMENT OBJECTIVES AND POLICIES

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

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

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

### *11.1 Market Risk*

*(a) Foreign Currency Sensitivity*

Most of the Group's transactions are carried out in 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.

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

| | **September 30, 2016 (Unaudited)** | | December 31, 2015 (Audited) | |
|---|---|---|---|---|
| | **U.S. Dollars** | **HK Dollars** | U.S. Dollars | HK Dollars |
| Financial assets | **P 9,341,841,250** | **P 2,321,226,014** | P 10,145,546,404 | P 1,813,558,543 |
| Financial liabilities | **( 37,096,334,562 )** | **( 809,252,634)** | ( 39,079,558,751) | ( 383,663,971) |
| | **( P 27,754,493,312 )** | **P 1,511,973,380** | (P 28,934,012,347) | P 1,429,894,572 |

The sensitivity of the consolidated profit before tax for the period with regard to the Group's financial assets and the US dollar – Philippine peso exchange rate assumes +/- 8.57% and +/- 6.95% changes in exchange rate for the nine months ended September 30, 2016 and for the year ended December 31, 2015, respectively. The HK dollar – Philippine peso exchange rate assumes +/- 10.41% and +/- 6.97% changes for the nine months ended September 30, 2016 and for the year ended December 31, 2015, 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 P2.4 billion for the nine-month period ended September 30, 2016 and P2.0 billion for the year ended December 31, 2015. If in 2016 and 2015, 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 and P0.1 billion, respectively.

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

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

*(b) Interest Rate Sensitivity*

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

The sensitivity of the consolidated income before tax for the period to a reasonably possible change in interest rates of +/- 0.26% for Philippine peso and +/- 1.06% for U.S. dollar in 2016, and +/- 0.81% for Philippine peso and +/- 0.53% for U.S. dollar in 2015 with effect from the beginning of the period. These percentages have been determined based on the average market volatility in interest rates, using standard deviation, in the previous 12 months estimated at 95% level of confidence. The sensitivity analysis is based on the Group's financial instruments held at September 30, 2016 and December 31, 2015, with effect estimated from the beginning of the period. All other variables held constant, the consolidated income before tax would have increased by P0.3 billion for the nine-month period ended September 30, 2016 and P0.9 billion for the year ended December 31, 2015. Conversely, if the interest rates decreased by the same percentage, consolidated income before tax would have been lower by the same amount.

### *11.2 Credit Risk*

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

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

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

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:

| | **September 30, 2016 (Unaudited)** | December 31, 2015 (Audited) |
|---|---|---|
| Not more than 30 days | **P 3,504,116,999** | P 2,366,208,718 |
| 31 to 60 days | **1,519,962,532** | 1,791,680,836 |
| Over 60 days | **4,069,601,085** | 2,040,211,996 |
| | **P 9,093,680,616** | P 6,198,101,550 |

### *11.3 Liquidity Risk*

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

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

As at September 30, 2016, 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 30,894,960,295 | P 5,447,505,552 | P - | P - |
| Interest-bearing loans | 7,696,944,971 | 3,154,756,273 | 49,702,009,899 | 384,615,385 |
| Bonds payable | 499,459,950 | 499,459,950 | 49,457,808,991 | 11,918,526,221 |
| ELS | - | - | 6,738,766,650 | - |
| Advances from related parties | - | - | 1,741,897,851 | - |
| Redeemable preferred shares | - | - | - | 2,832,147,248 |
| Security deposits | 59,872,612 | 12,740,891 | 67,964,715 | 173,180,922 |
| Derivative liabilities | - | - | 482,364,487 | - |
| Other liabilities | 158,020,248 | - | - | - |
| | **P 39,309,258,076** | **P 9,114,462,666** | **P 86,525,023,967** | **P 15,308,469,776** |

As at December 31, 2015, 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 31,409,266,533 | P 5,004,055,500 | P - | P - |
| Interest-bearing loans | 7,037,872,022 | 21,981,362,227 | 27,712,275,240 | 1,358,754,578 |
| Bonds payable | 488,168,100 | 488,168,100 | 47,720,324,913 | 7,941,219,038 |
| ELS | - | - | 6,738,766,650 | - |
| Advances from related parties | - | - | 1,998,248,486 | - |
| Redeemable preferred shares | - | - | - | 2,832,147,248 |
| Security deposits | 85,641,580 | - | 44,518,983 | 137,841,065 |
| Derivative liabilities | 10,782,959 | - | 614,964,522 | - |
| Other liabilities | 154,165,026 | - | - | - |
| | P 39,185,896,220 | P 27,473,585,827 | P 84,829,098,794 | P 12,269,961,929 |

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

### *11.4 Other Price Risk Sensitivity*

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

For equity securities listed in the Philippines, the observed volatility rates of the fair values of the Group's investments held at fair value and their impact on the equity as at September 30, 2016 and December 31, 2015 are summarized as follows:

| | Observed Volatility Rates | | Impact on Equity | |
|---|---|---|---|---|
| | Increase | Decrease | Increase | Decrease |
| 2016 – Investment in equity securities | **+34.66%** | **-34.66%** | **P 113,110,461** | **(P 113,110,461)** |
| 2015 – Investment in equity securities | +26.31% | -26.31% | P 34,500,401 | (P 34,500,401) |

The maximum additional estimated loss in 2016 and 2015 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 nine months in 2016 and 12 months in 2015 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 interim consolidated statements of financial position are shown below.

| | September 30, 2016 (Unaudited) | | December 31, 2015 (Audited) | |
|---|---|---|---|---|
| | **Carrying Values** | **Fair Values** | Carrying Values | Fair Values |
| ***Financial assets*** | | | | |
| Loans and receivables: | | | | |
| Cash and cash equivalents | **P 42,847,576,847** | **P 42,847,576,847** | P 68,593,959,027 | P 68,593,959,027 |
| Trade and other receivables | **81,941,356,239** | **81,941,356,239** | 70,856,800,739 | 70,856,800,739 |
| Other financial assets | **3,011,243,557** | **3,011,243,557** | 2,230,731,170 | 2,230,731,170 |
| | **P 127,800,176,643** | **P 127,800,176,643** | P141,681,490,936 | P141,681,490,936 |
| Financial assets at FVTPL – | | | | |
| Marketable debt and equity securities | **P 9,349,150,233** | **P 9,349,150,233** | P 8,071,599,462 | P 8,071,599,462 |
| AFS Financial Assets: | | | | |
| Debt securities | **P 256,969,236** | **P 256,969,236** | P 1,868,193,490 | P 1,868,193,490 |
| Equity securities | **326,322,374** | **326,322,374** | 320,535,687 | 320,535,687 |
| | **P 583,291,610** | **P 583,291,610** | P 2,188,729,177 | P 2,188,729,177 |
| ***Financial Liabilities –*** | | | | |
| Financial liabilities at FVTPL – | | | | |
| Derivative liabilities | **P 482,364,487** | **P 482,364,487** | P 625,747,481 | P 625,747,481 |
| Financial liabilities at amortized cost | | | | |
| Current | | | | |
| Trade and other payables | **P 36,342,465,839** | **P 36,342,465,839** | P 34,438,121,175 | P 34,438,121,175 |
| Interest-bearing loans and borrowings | **10,829,700,450** | **10,829,700,450** | 28,704,613,782 | 28,704,613,782 |
| Other current liabilities | **677,627,995** | **677,627,995** | 292,779,105 | 292,779,105 |
| | **P 47,849,794,284** | **P 47,849,794,284** | P 63,435,514,062 | P 63,435,514,062 |
| Non-current | | | | |
| Bonds payable | **P 59,858,806,174** | **P 59,858,806,174** | P 54,719,727,451 | P 54,719,727,451 |
| Interest-bearing loans and borrowings | **49,815,604,296** | **49,815,604,296** | 29,071,029,819 | 29,071,029,819 |
| ELS | **5,262,670,171** | **5,262,670,171** | 5,259,137,443 | 5,259,137,443 |
| Redeemable preference shares | **1,992,101,972** | **1,992,101,972** | 1,929,355,258 | 1,929,355,258 |
| Due to related parties | **1,741,897,850** | **1,741,897,850** | 1,491,160,829 | 1,491,160,829 |
| Security deposits | **247,399,971** | **247,399,971** | 377,907,641 | 377,907,641 |
| | **P 118,918,480,434** | **P 118,918,480,434** | P 92,848,318,441 | P 92,848,318,441 |

## 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 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 interim consolidated statements of financial position on a recurring basis as at September 30, 2016 and December 31, 2015.

| | **September 30, 2016 (Unaudited)** | | | |
|---|---|---|---|---|
| | **Level 1** | **Level 2** | **Level 3** | **Total** |
| ***Financial assets:*** | | | | |
| Financial assets at FVTPL – | | | | |
| Debt and equity securities | P 9,349,150,233 | P - | P - | P 9,349,150,233 |
| AFS financial assets: | | | | |
| Debt securities | 256,969,236 | - | - | 256,969,236 |
| Equity securities | 239,788,738 | 68,800,000 | 17,733,636 | 326,322,374 |
| | **P 9,845,908,207** | **P 68,800,000** | **P 17,733,636** | **P 9,932,441,843** |
| ***Financial liability:*** | | | | |
| Financial liabilities at FVTPL – | | | | |
| Derivative liabilities | **P 482,364,487** | **P -** | **P -** | **P 482,364,487** |

| | December 31, 2015 (Audited) | | | |
|---|---|---|---|---|
| | Level 1 | Level 2 | Level 3 | Total |
| ***Financial assets:*** | | | | |
| Financial assets at FVTPL – | | | | |
| Debt and equity securities | P 8,071,599,462 | P - | P - | P 8,071,599,462 |
| AFS financial assets: | | | | |
| Debt securities | 1,868,193,490 | - | - | 1,868,193,490 |
| Equity securities | 131,135,359 | 63,680,000 | 125,720,328 | 320,535,687 |
| | P 10,070,928,311 | P 63,680,000 | P 125,720,328 | P 10,260,328,639 |
| ***Financial liability:*** | | | | |
| Financial liabilities at FVTPL – | | | | |
| Derivative liabilities | P 625,747,481 | P - | P - | P 625,747,481 |

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

The table below shows the fair value hierarchy of the Group's classes of financial assets and financial liabilities measured at fair value in the interim consolidated statements of financial position on a recurring basis as at September 30, 2016 and December 31, 2015.

| | September 30, 2016 (Unaudited) | | | |
|---|---|---|---|---|
| | Level 1 | Level 2 | Level 3 | Total |
| ***Financial assets:*** | | | | |
| Cash and cash equivalents | P 42,847,576,847 | P - | P - | P 42,847,576,847 |
| Trade and other receivables | - | - | 81,941,356,239 | 81,941,356,239 |
| Other financial assets | - | - | 3,011,243,557 | 3,011,243,557 |
| | **P 42,847,576,847** | **P -** | **P 84,952,599,796** | **P 127,800,176,643** |
| ***Financial liabilities:*** | | | | |
| Current: | | | | |
| Trade and other payables | P - | P - | P 36,336,189,039 | P 36,336,189,039 |
| Interest-bearing loans | - | - | 10,829,700,450 | 10,829,700,450 |
| Other current liabilities | - | - | 677,627,995 | 677,627,995 |
| Non-current: | | | | |
| Interest-bearing loans | - | - | 49,815,604,296 | 49,815,604,296 |
| Bonds payable | 59,858,806,174 | - | - | 59,858,806,174 |
| ELS | - | - | 5,262,670,171 | 5,262,670,171 |
| Redeemable preferred shares | - | - | 1,992,101,972 | 1,992,101,972 |
| Due to related parties | - | - | 1,741,897,850 | 1,741,897,850 |
| Security deposits | - | - | 247,399,971 | 247,399,971 |
| | **P 59,858,806,174** | **P -** | **P106,903,191,744** | **P 166,761,997,918** |

| | December 31, 2015 (Audited) | | | |
|---|---|---|---|---|
| | Level 1 | Level 2 | Level 3 | Total |
| ***Financial assets:*** | | | | |
| Cash and cash equivalents | P 68,593,959,027 | P - | P - | P 68,593,959,027 |
| Trade and other receivables | - | - | 70,856,800,739 | 70,856,800,739 |
| Other financial assets | - | - | 2,230,731,170 | 2,230,731,170 |
| | P 68,593,959,027 | P - | P 73,087,531,909 | P 141,681,490,936 |
| ***Financial liabilities:*** | | | | |
| Current: | | | | |
| Interest-bearing loans | P - | P - | P 34,438,121,175 | P 34,438,121,175 |
| Trade and other payables | - | - | 28,704,613,782 | 28,704,613,782 |
| Other current liabilities | - | - | 292,779,105 | 292,779,105 |
| Non-current: | | | | |
| Interest-bearing loans | - | - | 29,071,029,819 | 29,071,029,819 |
| Bonds payable | 54,719,727,451 | - | - | 54,719,727,451 |
| ELS | - | - | 5,259,137,443 | 5,259,137,443 |
| Redeemable preferred shares | - | - | 1,929,355,258 | 1,929,355,258 |
| Due to related parties | - | - | 1,491,160,829 | 1,491,160,829 |
| Security deposits | - | - | 377,907,641 | 377,907,641 |
| | P 54,719,727,451 | P - | P101,564,105,052 | P 156,283,832,503 |

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

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

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

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

As at December 31, 2015, the fair value of the Group's investment property amounting to P207.1 billion is classified within Level 3 of the fair value hierarchy. The Level 3 fair value of the investment property was determined using the income approach which is performed with values derived using a discounted cash flow model. Also, there were no transfers into or out of Level 3 fair value hierarchy. There was no valuation update made for the current period.

## 14. CAPITAL MANAGEMENT OBJECTIVES, POLICIES AND PROCEDURES

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

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

| | **September 30, 2016 (Unaudited)** | December 31, 2015 (Audited) |
|---|---|---|
| Total liabilities | **P 227,204,183,400** | 217,536,560,396 |
| Equity attributable to owners of the parent company | **142,170,296,572** | 137,056,497,134 |
| Debt-to-equity ratio | **P 1.60 : 1** | P 1.59 : 1 |

## 15. SEASONAL FLUCTUATIONS

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

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

**ALLIANCE GLOBAL GROUP, INC. AND SUBSIDIARIES**
**AGING SCHEDULE OF CURRENT TRADE AND OTHER RECEIVABLES**
**SEPTEMBER 30, 2016**
***(Amounts in Philippine Pesos)***

| | | |
|---|---|---|
| Current | P | 41,914,370,477 |
| 1 to 30 days | | 3,504,116,999 |
| 31 to 60 days | | 1,519,962,532 |
| Over 60 days | | 4,069,601,085 |
| Total | | 51,008,051,093 |
| Due from other related parties | | 351,567,843 |
| **Balance as at September 30, 2016** | **P** | **51,359,618,936** |