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, 2011**

2. *SEC Identification Number* **AS093046**

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

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

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

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

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

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

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

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

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

Item 1. Financial Statements

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

The interim consolidated financial statements 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, 2010 (ACFS). The accounting policies and methods used in the interim financial statements are consistent with those applied in ACFS.

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

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

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

Subsidiaries are consolidated from the date the Company obtains control using the acquisition method of accounting (previously called "purchase method"). The excess of the cost of an acquisition over the fair value of the Group's share in the net identifiable assets of the acquired subsidiary at date of acquisition is carried as goodwill and included under Intangible Assets in the consolidated statements of financial position, while the excess of the Group's interest in the net fair value of the net identifiable assets acquired over the acquisition cost is charged directly to income. (It is in this regard that AGI recognized gain in the acquisition of a new subsidiary, which is referred to elsewhere in *Item 2*.)

In the normal course of business, there were intercompany transactions among the Company and its subsidiaries and these intercompany balances and transactions, including income, expenses, dividends and unrealized profits and losses from intercompany transactions that are recognized in assets are eliminated in full. 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 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). (In this regard, the gain reported separately by MEG was reclassified to APIC, as mentioned elsewhere in *Item 2*.)

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

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

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

Business Segments

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

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

- Real estate segment (RE) involves the investment in and development of real estate, lease of properties, hotel development and operations, and integrated tourism development. The segment is led by publicly-listed Megaworld Corporation (Megaworld or MEG) and includes Travellers International Hotel Group, Inc. (Travellers), AGI's first integrated tourism vehicle in Metro Manila (which is being reported under equity method). Travellers operates Resorts World Manila which currently houses Maxims Tower (the Philippines' first sixstar luxury hotel) and Marriott Hotel Manila. MEG operates two Richmonde hotels, one in Ortigas Center and the other in Eastwood City.

Three new subsidiaries were consolidated by the first half of 2011: Global-Estate Resorts, Inc. (GERI, formerly Fil-Estate Land, Inc.), Suntrust Properties, Inc. (SPI) and Empire East Landholdings, Inc. (ELI). GERI is a new member to the group, acquired in January, and is presently 61% owned; while SPI and ELI were associates of MEG until MEG increased its stake on them to majority which as at end-September was at 81% and 57%, respectively. GERI and ELI are listed in the Philippine Stock Exchange.

GERI is AGI's vehicle for tourism projects outside Metro Manila, because it has large tracts of property in prime locations such as in Tagaytay City, Batangas, Boracay and Iloilo. ELI specializes in multi-cluster condominium projects and multi-phase subdivision developments in key locations in Metro Manila and Laguna. SPI focuses in socialized or mass housing developments in Cavite and Laguna.

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

Please refer to the Note 1 to the ACFS for a comprehensive list of subsidiaries, associates and joint venture in each business segment

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Key Performance Indicators

Presented below are the top five (5) key performance indicators of the Company and subsidiaries as of and for the first nine months ended September 30:

	2011	2010
Revenue growth	52.1%	26.9%
Net profit growth	62.6%	55.7%
Attributable to owners of the parent company	83.8%	62.7%
Net profit rate	25.0%	23.4%
Attributable to owners of the parent company	20.2%	16.7%
Return on investment	5.8%	4.7%
	9/30/11	12/31/10
Current ratio [times]	3.7x	3.5x

- Revenue growth – measures the percentage change in 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

Comparative interim results per segment were as follows:

In Billion Pesos	RE	F&B	QSR	Corporate & Others	TOTAL
2011					
Revenues	23.35	12.25	8.64	4.95	49.19
EBIT	8.86	2.12	0.72	4.94	16.64
Interest expense	0.90		0.08	1.18	2.16
Tax	1.38	0.56	0.21	0.04	2.19
Net profit	6.58	1.56	0.43	3.72	12.29
Gain on acquisitions				3.17	3.17
Net profit before gain	6.58	1.56	0.43	0.55	9.12
Net profit to owners	4.43	1.56	0.20	3.72	9.91
Net profit to owners – before gain	4.43	1.56	0.20	0.55	6.74
2010					
Revenues	16.74	6.48	7.99	1.13	32.34
EBIT	6.71	1.47	0.86	1.08	10.12
Interest expense	0.39		0.08	0.26	0.73
Tax	1.23	0.31	0.26	0.03	1.83
Net profit	5.09	1.16	0.52	0.79	7.56
Net profit to owners	3.19	1.16	0.25	0.79	5.39
Year-on-Year change					
Revenues	39.5%	89.2%	8.0%	338.1%	52.1%
EBIT	32.0%	44.9%	-15.6%	355.7%	64.5%
Interest expense	127.6%		6.0%	357.5%	196.4%
Tax	12.2%	80.2%	-22.1%	52.8%	19.4%
Net profit	29.4%	35.4%	-15.5%	366.1%	62.6%
Net profit before gain				-30.4%	30.9%

AGI's net profit for the first nine months of the year hit record level of P12.3 billion which was 62.6% higher than the P7.6 billion reported a year ago and surpassing last year's annual profit of P9.5 billion. This was on the back of strong operating results of F&B and RE segments and consolidation income from acquisition of shares of a new subsidiary, GERI. Nonetheless, net profit jumped by 31% year-on-year without this P3.2 billion acquisition gain. Net profit attributable to owners of the parent company hit P9.9 billion, an 83.8% growth year-on-year.

The net profit for nine months by the major subsidiaries, as taken from their separate statements of income, were as follows:

In billion pesos	MEG	EDI	*GADC*	Travellers[b]
Revenues	[a]20.96	11.66	*8.64*	20.75
% to total revenues	42.6%	23.7%	*17.6%*	
Net profit, as adjusted for effect on AGI shares	[a] 4.70	1.48	*0.44*	4.24
% to total net profit	*38.2%*	*12.1%*	*3.6%*	

[a] Net of P2 billion income on sale of AGI shares was reclassified to Equity in consolidation.
[b] Travellers is not consolidated, is reported under equity method. Presented for reference only. Only the P2.1 billion share in net profits of Travellers appears in the consolidated financial statements.

GERI had just pulled round its financial concerns, it is not yet expected to provide material contributions this year.

Revenues increased by 52% to P49.2 billion from P32.3 billion a year ago, primarily due to 51% growth in consumer products sales (P6.7 billion), 25% in real estate sales (P2.7 billion), 71% in realized gross profit on prior years' RE sales (P772 million), 36% in service rendering (P966 million), 64% in share in net profits of associates and joint ventures (P859 million) and the income from acquisition of subsidiary (P3.2 billion).

The income from the acquisition of subsidiary represents primarily the excess of proportionate share in the consolidated net assets of GERI, the acquiree, over the acquisition cost paid for the shares of stock. The share in net profits includes P2.1 billion, which represents the Group's equity in Travellers' net income of P4.2 billion for the period.

All the business segments reported improved revenues.

RE revenues came from P13.3 billion (P10.6 billion in 2010) sales of lots, condomium and office units, and golf club and resort shares; P3.1 billion (P2.2 billion) rental/lease of office and commercial spaces and hotel operations; P1.8 billion (P1.1 billion) realized gross profit on prior years' sales; and P2.0 billion (P1.1 billion) finance and other income. The Group's revenues were derived from the following projects: Eight Forbes Town in Fort Bonifacio; Eastwood Le Grand in Eastwood City; McKinley Hill Tuscany, Stamford, Morgan Suites, and The Venice Luxury Residences and McKinley West in Taguig City; Manhattan Heights in Quezon City; Newport City, Newport Parkside Villas and Newport Palm Tree Villas in Pasay; City Place in Binondo, Manila; One Central and Greenbelt Madisons in Makati City; Eight Sto. Domingo Place in Quezon City; Magnificat Executive Village in Lipa, Batangas; Monte Cielo De Naga in Naga City; and Sta. Barbara Heights in Iloilo City; and commercial lots in Carmona, Cavite. The following were added from ELI: California Gardens Square, Little Baguio Terraces, Pioneer Woodlands, The Cambridge Village, San Lorenzo Place, Laguna Bel Air Projects, Suntrust Aurora Gardens, Xavierhills, Cybergreen, Governor's Hills, Sta. Rosa Heights and Suntrust Adriatico Gardens. Rental income from office and retail tenants grew due to high occupancy in both the BPO offices and retail spaces, and escalation of rental prices.

RE revenues also included P2.1 billion share in net profit of Travellers, as compared to P1.2 billion a year ago. Travellers reported net profit of P4.2 billion this year from P2.5 billion a year ago. Its earnings before interest, tax and depreciation and amortization amounted to P6.5 billion and P3.4 billion for the same respective periods. Comparatively, revenues grew to P20.8 billion from P11.0 billion while operating expenses increased to P5.2 billion from P2.9 billion due to new hires to support the expanding operations as well as marketing and advertising efforts to promote the integrated resort. Resorts World Manila opened in August 2009 and revenues were derived from the gaming, hotel, food and beverage, theatre, cinema operations and retail shopping mall and commercial office space rentals.

F&B revenues scaled up by 89.2% from a year ago due to invigorating demand for the distilled spirits products. Emperador Brandy and The Bar flavored alcoholic drinks continued to enjoy *spirited* sales in the first nine months of the year. New The Bar variants - the pricey Citrus Tequila, the popular Strawberry Vodka and the pure Silver, which were launched in the market in April this year, May and November last year, respectively - provided incremental growth that pushed up sales further. Sales of distilled spirits for the first nine months have surpassed 2010 annual sales. Pik-Nik sales, on the other hand, rose by 12% from a year ago, with its USA sales gaining 8% while international sales outside of USA expanded by 16%.

QSR revenues grew by 8.0%. Product sales generated from company-operated restaurants, in particular, went up by 10.2% and revenue from franchised restaurants by 10.1%. The growth came from the increase and improved performance of its store chain and business extensions (24-hour delivery service, drive-thru, dessert centers, midnight hours and breakfast daypart) and aggressive advertising/promotional campaigns to support McSaver Meals and P25 McSavers (sundae, floats, fries and Burger McDo). Twenty-two new restaurants were opened from a year ago, bringing the total number of stores nationwide to 322 stores by end-September. These new stores contributed 4.1% to total system sales.

Finance and other income, which represented 8.5% of total revenues, grew by 61.5% due to higher interest earnings.

Costs and expenses went up by 51.2% to P34.7 billion from P23.0 billion due to 56.4%, 18.9%, 99.8% and 72.4% rise in cost of goods sold, cost of real estate sales, deferred gross profit on real estate sales, and selling expenses, respectively, reflecting robust sales and service rendition. The higher sales translated into higher commissions, advertising and promotions, freight, royalty and fuel expenses.

The top three cost components in the manufacture of alcoholic drinks were raw materials, depreciation and amortization, and factory supplies representing 90% of cost. In the QSR, these were food and paper, rental and utilities and personnel costs, representing about 84% of cost.

General and administrative expenses rose by 48.9% because depreciation, salaries and employee benefits increased, particularly in RE business. GERI expended P218 million during the first nine months of this year.

Finance costs and other charges, which represented 6.2% of total costs and expenses, went up by 196.4% to P2.2 billion from P731 million a year ago, due to interest on interest-bearing notes and bonds which comparably increased this year. P1.1 billion was recorded this year for the AGI Cayman bonds.

Tax expense totaled P2.2 billion from P1.8 billion a year ago as a result of increased sales and profits.

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 P15.5 billion, or P12.3 billion when the one-time gain on acquisitions is taken out. EBITDA was P9.7 billion a year ago.

Financial Condition

Consolidated total assets amounted to P213.4 billion at end-September 2011 from P164.2 billion at beginning of year, a 29.9% increase, primarily due to increased activity in RE segment which included the acquired assets from newly consolidated subsidiaries.

Cash and cash equivalents increased by P4.4 billion or 9.3% - from P47.3 billion at the beginning to P51.7 billion at the end of the interim period. The increase came significantly from operations, sale of treasury shares and issuance of MEG bonds. Cash flows from operating, financing and investing activities during the period were presented in the interim consolidated statements of cash flows.

Financial assets at FVTPL decreased by P1.7 billion or 12.3% this period, primarily due to reduction in investments in bonds and marketable securities. The fair value gain on the appreciation of market prices, which amounted to P89.9 million, was included under Finance and Other Income in consolidated statements of comprehensive income. Financial assets classified in this category are held for selling in the short term and are measured at fair value. The Group does not actively engage in the trading of financial assets for speculative purposes.

Current trade and other receivables went up by P10.4 billion or 59.5% and noncurrent portion went up by P5.7 billion or 36.6% due to increased real estate sales, plus the receivables added to the end-September balances from GERI and ELI.

Inventories increased by P6.0 billion or 74.4% because of real estate and resort and golf shares added from GERI.

Property development costs soared by P14.6 billion or 385.7% due to increased development activity on ongoing RE projects, plus those in ELI.

Land for future development increased by P6.7 billion or 452.1% due to addition to the Group's land bank of property that belong to GERI, SPI and ELI. Likewise, advances to landowners and joint ventures went up by P1.2 billion or 46.0% largely from those made by ELI.

Property and equipment went up by P1.2 billion or 23.8% from the property of GERI and ELI, and capital expenditures for new McDonald's stores, kiosks and ongoing renovations. Investment property increased by P2.3 million or 23.2% primarily due to the property added from the newly consolidated subsidiaries.

Investments in and advances to associates and other related parties decreased by P3.8 billion or 16.1% primarily due to transfer of investment in ELI which become a subsidiary this year. The reduction was partly offset by GERI's P2.2 billion account balance as of end-September.

Deferred tax assets increased by P398.5 million or 128.5% as a result of P421.9 million from GERI.

Available-for-sale financial assets decreased by P301.7 million or 18.7% due to financial assets disposed during the period by MEG. These financial assets include non-derivative financial assets that are either designated to this category or do not qualify for inclusion in any of the other categories of financial assets. These financial assets are reported at fair values by reference to published prices in an active market.

Other current assets swelled by P1.7 billion or 170.6% due to GERI's assets which totaled P425 million at end-September and MEG's accounts which increased by P1.2 billion. Other non-current assets, on the other hand, grew by P159 million or 19.6% which was attributable to increases in MEG's accounts.

The increases in customers' deposits, reserve for property development, deferred tax liabilities, deferred income on real estate sales, trade and other payables, and other current and non-current liabilities, all of which are related to RE segment, were attributed to pumping up of RE development and lease activities as well as vigorous marketing and pre-selling campaigns. The reserve pertains to cost to complete the development of various projects while the deferred income represents unearned revenue.

Interest-bearing loans and borrowings dropped by P1.9 billion due to net payments made during the period. Bonds payable climbed up by P4.9 billion due to MEG's $200 million bonds.

Advances from related parties went down by P236 million or 69.8% partly due to reduction of MEG's liabilities, including those brought about by the consolidation of associates.

Redeemable preferred shares went up by P34 million due to interest accretion.

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

Treasury shares are AGI shares reacquired by the Company or its subsidiaries but not cancelled and are carried at cost in the consolidated statements of changes in equity. The shares are reported at cost so that fair value gains (losses) on the shares held by subsidiaries were eliminated in full and were not recognized in the consolidated financial statements. Any gain on subsequent reissuance/sale of these shares is considered as additional paid-in capital (APIC). AGI, the parent company, does not hold any of its own shares as of end-September.

The P1.8 billion reduction in treasury shares referred to the cost of the shares sold during the period, less cost of shares brought from ELI. The P6.4 billion gain realized on these sales was classified as APIC, and this included the P2.0 billion gain realized by MEG which was reclassified from profit or loss (in MEG) to APIC (in AGI).

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

Revaluation reserves represent cumulative changes in unrealized gain or loss in fair value of available-for-sale financial assets.

The consolidated balance sheets showed strong liquidity. Current assets as of beginning and end of the period totaled P91.4 billion and P126.9 billion, respectively, while current liabilities for the same periods remained low at P26.4 billion and P34.7 billion, respectively. Current ratios were at 3.5:1 and 3.7:1 as of the start and end of the current period, respectively. Liabilities-to-equity ratios remained low at 0.79:1 and 0.75:1 at beginning and end of the period, respectively, while interest-bearing-debt-to-controlling equity ratios were 0.69:1 and 0.59:1 at the beginning and end of the period.

The Group's net cash position will provide the financial muscle to pursue its strategic activities.

(In Billions)	September 30, 2011	December 31, 2010
Cash and equivalents	51.66	47.26
Interest-bearing debt [bonds included]	43.13	40.15
Net cash	8.53	7.11
Cash and cash equivalents to interest-bearing debt	120%	118%
Interest-bearing debt to controlling equity	59%	69%

Prospects for the future

AGI remains focused on its business programs. AGI is committed to face challenges head-on and, with its track record, proves to be resilient. Management will continue to adopt prudent measures to ensure financial sustainability and look for new opportunities that will enhance the overall profitability of the group while maintaining established markets.

The healthy cash position will buoy us up.

Others

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

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

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

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

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

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

SIGNATURE

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

Alliance Global Group, Inc.
Issuer
By:

DINA D.R. INTING
First Vice President for Finance
& Corporate Information Officer
& Duly Authorized Officer
November 14, 2011

ALLIANCE GLOBAL GROUP, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
SEPTEMBER 30, 2011 AND DECEMBER 31, 2010
(Amounts in Philippine Pesos)

	SEPTEMBER 30, 2011 (UNAUDITED)	DECEMBER 31, 2010 (AUDITED)
A S S E T S		
CURRENT ASSETS		
Cash and cash equivalents	**P 51,664,069,195**	P 47,264,487,187
Trade and other receivables - net	**27,962,563,425**	17,533,261,797
Financial assets at fair value through profit or loss	**12,015,542,340**	13,705,592,182
Inventories - net	**14,168,861,061**	8,124,448,257
Property development costs	**18,447,167,540**	3,798,108,537
Other current assets	**2,669,877,912**	986,661,326
Total Current Assets	**126,928,081,473**	91,412,559,286
NON-CURRENT ASSETS		
Trade and other receivables	**21,435,042,909**	15,687,307,294
Available-for-sale financial assets	**1,307,300,796**	1,609,030,965
Advances to landowners and joint ventures	**3,952,820,860**	2,708,026,497
Land for future development	**8,185,274,150**	1,482,561,015
Investments in and advances to associates and other related parties	**19,978,431,822**	23,821,886,376
Property, plant and equipment - net	**6,350,760,197**	5,128,522,733
Investment property - net	**12,290,452,355**	9,976,978,748
Intangible assets - net	**11,283,664,058**	11,290,486,753
Deferred tax assets	**708,660,200**	310,119,631
Other non-current assets - net	**972,698,319**	813,465,175
Total Non-current Assets	**86,465,105,666**	72,828,385,187
TOTAL ASSETS	**P 213,393,187,139**	P 164,240,944,473

	SEPTEMBER 30, 2011 (UNAUDITED)	DECEMBER 31, 2010 (AUDITED)
LIABILITIES AND EQUITY		
CURRENT LIABILITIES		
Interest-bearing loans and borrowings	**P 1,314,205,723**	P 1,586,752,515
Bonds payable	-	3,416,062,159
Trade and other payables	**17,585,976,357**	12,372,689,846
Customers' deposits	**3,476,631,356**	1,020,277,628
Income tax payable	**288,062,676**	364,251,263
Reserve for property development	**5,110,672,808**	3,640,068,354
Deferred income on real estate sales	**4,272,290,354**	2,220,540,650
Other current liabilities	**2,623,667,937**	1,827,830,542
Total Current Liabilities	**34,671,507,211**	26,448,472,957
NON-CURRENT LIABILITIES		
Interest-bearing loans and borrowings	**6,907,474,664**	8,580,458,712
Bonds payable	**34,913,488,773**	26,571,051,933
Customers' deposits	**1,187,457,399**	1,201,422,709
Advances from related parties	**102,310,307**	338,605,308
Retirement benefit obligation	**467,618,143**	383,657,948
Reserve for property development	**3,044,181,962**	2,487,557,735
Deferred tax liabilities	**5,531,170,797**	3,314,202,355
Redeemable preferred shares	**405,826,946**	371,866,226
Deferred income on real estate sales	**1,921,052,034**	1,588,240,851
Other non-current liabilities	**2,017,075,065**	1,241,505,132
Total Non-current Liabilities	**56,497,656,090**	46,078,568,909
Total Liabilities	**91,169,163,301**	72,527,041,866
EQUITY		
Equity attributable to owners of the parent company:		
Capital stock	**10,269,827,979**	10,269,827,979
Additional paid-in capital	**33,545,641,563**	27,175,173,772
Treasury shares	**(1,366,151,410)**	(3,194,861,260)
Revaluation reserves	**(1,484,552)**	(61,488,392)
Accumulated translation adjustments	**(544,317,239)**	(530,783,788)
Dilution gain	**1,196,566,827**	1,196,566,827
Retained earnings	**29,650,941,861**	23,393,036,949
	72,751,025,029	58,247,472,087
Non-controlling interest	**49,472,998,809**	33,466,430,520
Total Equity	**122,224,023,838**	91,713,902,607
TOTAL LIABILITIES AND EQUITY	**P 213,393,187,139**	P 164,240,944,473

ALLIANCE GLOBAL GROUP, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2011 AND 2010
(Amounts in Philippine Pesos)
(UNAUDITED)

	2011		2010	
	Year-to-Date	**Quarter**	Year-to-Date	Quarter
			20.79%	
REVENUES				
Sale of goods	**P 19,863,721,096**	**P 7,093,078,963**	P 13,187,287,964	P 4,354,353,239
Real estate sales	**13,311,746,623**	**4,671,270,782**	10,654,841,278	4,554,100,441
Income from acquisition of subsidiary	**3,168,738,859**	**(176,502,192)**		-
Finance and other income	**4,198,737,864**	**918,130,866**	2,598,914,862	(114,483,771)
Rendering of services	**3,669,854,949**	**1,417,475,549**	2,703,808,686	911,453,623
Realized gross profit on prior years' real estate sales	**1,857,043,648**	**334,871,189**	1,085,424,149	370,569,877
Share in net profits of associates and joint ventures - net	**2,193,379,165**	**985,296,053**	1,334,274,866	678,259,242
Interest income on real estate sales	**925,913,934**	**352,906,912**	773,594,887	323,596,368
	49,189,136,138	**15,596,528,122**	32,338,146,692	11,077,849,019
COSTS AND EXPENSES				
Cost of goods sold	**15,015,234,782**	**5,438,523,149**	9,601,363,063	3,141,112,454
Cost of real estate sales	**8,340,971,789**	**2,970,461,274**	7,015,564,957	2,999,189,993
Deferred gross profit on real estate sales	**3,004,713,053**	**1,088,228,319**	1,503,488,163	589,397,429
General and administrative expenses	**3,137,202,946**	**1,030,267,496**	2,107,032,888	729,688,913
Selling expenses	**2,474,098,871**	**674,106,287**	1,434,692,793	417,973,659
Finance costs and other charges	**2,165,495,603**	**818,356,587**	730,694,264	(353,680,739)
Cost of services	**570,466,502**	**186,740,779**	557,560,577	175,072,122
	34,708,183,546	**12,206,683,891**	22,950,396,705	7,698,753,831
PROFIT BEFORE TAX AND PREACQUISITION INCOME	**14,480,952,592**	**3,389,844,231**	9,387,749,987	3,379,095,188
TAX EXPENSE	**2,187,991,241**	**751,043,418**	1,833,230,226	649,077,793
NET PROFIT BEFORE PREACQUISITION INCOME	**12,292,961,351**	**2,638,800,813**	7,554,519,761	2,730,017,395
PREACQUISITION INCOME	**6,133,073**	**-**	-	-
NET PROFIT	**12,286,828,278**	**2,638,800,813**	7,554,519,761	2,730,017,395
OTHER COMPREHENSIVE INCOME				
Net unrealized fair value gains on available-for-sale financial assets	**60,003,839**	**(166,755,747)**	509,233,317	461,386,076
Translation adjustments	**(13,533,451)**	**31,043,354**	(451,374,800)	(412,696,989)
	46,470,388	**(135,712,393)**	57,858,517	48,689,087
TOTAL COMPREHENSIVE INCOME	**P 12,339,431,739**	**P 2,503,088,420**	P 7,612,378,278	P 2,778,706,482

	2011		2010	
	Year-to-Date	**Quarter**	Year-to-Date	Quarter
			20.79%	
Net profit attributable to:				
Owners of the parent company	**P 9,909,695,872**	**P 1,847,876,788**	P 5,390,982,923	P 1,704,023,135
Non-controlling interest	**2,377,132,406**	**790,924,025**	2,163,536,838	1,025,994,260.00
	12,286,828,278	**P 2,638,800,813**	P 7,554,519,761	P 2,730,017,395
	-	-		
Total comprehensive income attributable to:	**P 9,962,299,333**	**P 1,712,164,395**	P 5,448,841,440	P 1,752,712,222
Owners of the parent company	**2,377,132,406**	**790,924,025**	2,163,536,838	1,025,994,260.00
Non-controlling interest				
	P 12,339,431,739	**P 2,503,088,420**	P 7,612,378,278	P 2,778,706,482
	-	-		
Earnings Per Share for the Net Profit Attributable to Owners of the Parent Company - Basic and Diluted	**P 0.98**	**P 0.18**	P 0.56	P 0.18

ALLIANCE GLOBAL GROUP, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2011 AND 2010
(Amounts in Philippine Pesos)
(UNAUDITED)

	2011	2010
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT COMPANY		
Capital Stock	P 10,269,827,979	P 10,269,827,979
Additional Paid-in Capital		
Balance at beginning of period	27,175,173,772	27,157,647,455
Sale of treasury shares	6,370,467,791	-
Balance at end of period	33,545,641,563	27,157,647,455
Treasury Shares - at cost		
Balance at beginning of period	(3,194,861,260)	(4,334,613,117)
Net sale (purchase) of treasury shares	1,828,709,850	201,502,729
Balance at end of period	(1,366,151,410)	(4,133,110,388)
Revaluation Reserves		
Balance at beginning of period	(61,488,391)	29,487,721
Net unrealized fair value gains on available-for-sale financial assets	60,003,839	509,233,317
Balance at end of period	(1,484,552)	538,721,038
Accumulated Translation Adjustments		
Balance at beginning of period	(530,783,788)	(73,570,226)
Currency translation adjustments during the period	(13,533,451)	(451,374,800)
Balance at end of period	(544,317,239)	(524,945,026)
Balance carried forward	P 41,903,516,341	P 33,308,141,058

	2011	2010
Balance brought forward	**P 41,903,516,341**	P 33,308,141,058
Dilution Gain	**1,196,566,827**	1,196,566,827
Retained Earnings		
Appropriated for capital expenditures	**446,297,286**	446,297,286
Unappropriated		
Balance at beginning of period	**22,946,739,663**	16,613,195,605
Net profit for the period	**9,909,695,872**	5,390,982,923
Cash dividends declared during the period	**(3,651,790,960)**	(583,183,679)
Balance at end of period	**29,204,644,575**	21,420,994,849
Total Retained Earnings	**29,650,941,861**	21,867,292,135
Total	**72,751,025,029**	56,372,000,020
NON-CONTROLLING INTEREST		
Balance at beginning of period	**33,466,430,520**	30,796,066,359
Non-controlling interest in additional investments	**14,142,770,360**	-
Share in consolidated net profits	**2,377,132,406**	2,163,536,838
Dividend from investee	**(513,334,477)**	(472,393,155)
Balance at end of period	**49,472,998,809**	32,487,210,042
TOTAL EQUITY	**P 122,224,023,838**	P 88,859,210,062

ALLIANCE GLOBAL GROUP, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2011 AND 2010
(Amounts in Philippine Pesos)
(UNAUDITED)

	2011	2010
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax and preacquisition income	P 14,480,952,592	P 9,387,749,987
Adjustments for:		
Income from acquisition of subsidiary	(3,168,738,859)	-
Interest income	(2,598,070,092)	(921,594,251)
Interest expense	2,165,495,603	730,694,264
Share in net profits of associates and a joint venture	(2,193,379,165)	(1,334,274,866)
Depreciation and amortization	951,307,473	803,884,895
Unrealized foreign currency losses - net	(374,810,788)	(23,535,398)
Fair value losses (gains) - net	(89,953,309)	(278,633,343)
Amortization of trademarks	75,942,958	75,942,958
Dividend income	(17,184,173)	(73,031,219)
Impairment losses	3,618,672	10,426,836
Operating income before working capital changes	9,235,180,912	8,377,629,863
Increase in trade and other receivables	(6,557,212,641)	(3,846,659,613)
Decrease (increase) in financial assets at fair value through profit or loss	2,157,709,119	(7,830,884,758)
Decrease in inventories	621,443,548	590,952,716
Decrease in property development costs	(237,924,790)	(499,966,957)
Increase in other current assets	(641,248,344)	(287,185,075)
Increase in trade and other payables	2,334,583,242	1,155,759,139
Increase in reserve for property development	594,057,503	446,468,049
Increase in deferred income on real estate sales	959,101,785	418,064,015
Increase (decrease) in customers' deposits	(486,521,403)	532,428,466
Increase (decrease) in retirement benefit obligations	(27,117,116)	58,955,350
Increase (decrease) in other liabilities	(242,413,660)	(4,052,788)
Cash generated from operations	7,709,638,155	(888,491,593)
Cash paid for taxes	(1,454,571,554)	(1,037,471,998)
Net Cash From Operating Activities	6,255,066,601	(1,925,963,591)
Balance carried forward	P 6,255,066,601	(P 1,925,963,591)

	2011	2010
Balance brought forward	P 6,255,066,601	(P 1,925,963,591)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	2,255,904,811	890,786,337
Reductions (additions) to:		
Investments in and advances to associates and other related parties	(4,861,857,633)	(607,210,582)
Property, plant and equipment and investment property	(3,494,002,635)	(1,339,731,314)
Land for future development	(1,173,655,627)	
Advances to landowners and joint ventures	404,193,702	(1,500,000,000)
Available-for-sale financial assets	367,220,999	143,927,601
Other non-current assets	(3,239,293)	(33,003,627)
Cash dividends received	17,184,173	73,031,219
Net Cash Used in Investing Activities	(6,488,251,503)	(2,372,200,366)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net sale of treasury shares	8,199,177,641	201,502,729
Net increase in interest-bearing loans and borrowings	2,209,086,195	21,477,477,783
Net increase (decrease) in advances from related parties	(1,216,524,597)	73,942,743
Dividends paid	(3,651,790,960)	(583,183,679)
Interest paid	(3,132,286,200)	(1,187,391,457)
Net Cash From Financing Activities	2,407,662,079	19,982,348,119
NET INCREASE IN CASH AND CASH EQUIVALENTS	2,174,477,177	15,684,184,162
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	47,264,487,187	31,145,329,040
BEGINNING BALANCE OF CASH AND CASH EQUIVALENTS OF ACQUIRED SUBSIDIARIES	2,225,104,831	-
CASH AND CASH EQUIVALENTS AT END OF PERIOD	P 51,664,069,195	P 46,829,513,202

ALLIANCE GLOBAL GROUP, INC. AND SUBSIDIARIES
NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2011 AND 2010
(With Comparative Figures for December 31, 2010)
(Amounts in Philippine Pesos)
(UNAUDITED)

1. CORPORATE INFORMATION

Alliance Global Group, Inc. (the Company or AGI) was incorporated in the Philippines on October 12, 1993, and is authorized to carry out a general mercantile and commercial business of holding, importing and exporting, manufacturing, buying and distributing products of all classes and descriptions, either as principal or distributor, selling and disposing of real and personal properties, including debt and equity securities of any corporation.

Currently, the Company operates primarily as a holding company with ownership interests in the following subsidiaries, associates and jointly controlled entities (collectively, together with the Company, hereinafter referred to as the Group):

Subsidiaries/Associates/Jointly Controlled Entity		Percentage of Effective Ownership September 30, 2011	December 31, 2010
Subsidiaries			
Real Estate			
Megaworld Corporation (Megaworld)		**57%**	57%
New Town Land Partners, Inc.	d	**100%**	100%
First Centro, Inc. (FCI)		**100%**	100%
Global-Estate Resort (GERI)		**61%**	-
Adams Properties, Inc. (Adams)		**60%**	60%
Megaworld Resort Estates, Inc.	a	**78%**	78%
Megaworld Land, Inc.	a	**57%**	57%
Prestige Hotels and Resorts, Inc.	a	**57%**	57%
Mactan Oceanview Properties and Holdings, Inc.	a	**57%**	57%
Megaworld Cayman Islands, Inc. (MCII)	a	**57%**	57%
Richmonde Hotel Group International (RHGI)	a	**57%**	57%
Eastwood Cyber One Corporation	a	**57%**	57%
Forbes Town Properties and Holdings, Inc.	a	**57%**	57%
Megaworld Newport Property Holdings, Inc.	a	**57%**	57%
Oceantown Properties, Inc.	a	**57%**	57%
Piedmont Property Ventures, Inc.	a, i	**57%**	57%
Stonehaven Land, Inc.	a, i	**57%**	57%
Streamwood Property Inc.	a, i	**57%**	57%
Megaworld-Daewoo Corporation	a	**34%**	34%
Megaworld Central Properties, Inc.	a	**29%**	29%
Megaworld Globus Asia, Inc.	a	**28%**	28%
Townsquare Development, Inc.	a	**18%**	17%
Philippine International Properties, Inc.	a, i	**28%**	28%
Empire East Land Holdings, Inc. (EELHI)	a	**33%**	27%
Suntrust Properties Inc. (SPI)	a	46%	-
Sonoma Premiere Land, Inc.	k	**57%**	56%
Gilmore Property Marketing Associates Inc.	a	**23%**	23%

Subsidiaries/Associates/Jointly Controlled Entity		Percentage of Effective Ownership September 30, 2011	December 31, 2010
Subsidiaries			
Real Estate			
Oceanic Realty Group International, Inc.	b	**100%**	100%
ERA Real Estate Exchange, Inc.	b	**100%**	100%
First Oceanic Property Management, Inc.	b	**100%**	100%
Citylink Coach Services, Inc.	b	**100%**	100%
Fil-Estate Properties Inc.	c	**61%**	-
Aklan Holdings Corporation	c	**61%**	-
Blue Sky Airways, Inc.	c, j	**61%**	-
Fil-Estate Industrial Park, Inc.	c, i	**48%**	-
Fil-Estate Subic Development Corporation	c, i	**61%**	-
Fil-Power Concrete Blocks Corporation	c, i	**61%**	-
Fil-Power Construction Equipment	c	**61%**	-
Leasing Corporation	c	**61%**	-
Golden Sun Airways, Inc.	c, j	**61%**	-
La Compaña De Sta. Barbara, Inc.	c	**61%**	-
MCX Corporation	c	**61%**	-
Pioneer L-5 Realty Corporation	c	**61%**	-
Prime Airways, Inc.	c, j	**61%**	-
Sherwood Hills Development, Inc.	c	**33%**	-
Sto. Domingo Place Development Corporation	c	**61%**	-
Fil-Estate Golf and Development, Inc.	c	**61%**	-
Golforce, Inc.	c	**61%**	-
Fil-Estate Ecocentrum Corporation	c	**34%**	-
Philippine Aquatic Leisure Corporation	c, j	**61%**	-
Novo Sierra Holdings	c	**61%**	-
Fil-Estate Urban Development Corporation	c	**61%**	-
Twin Lakes Corporation	c	**60%**	-
Megaworld Global-Estate Inc.	c	**37%**	-
Food and Beverage			
Emperador Distillers, Inc. (EDI)		**100%**	100%
Anglo Watsons Glass, Inc. (AWGI)		**100%**	100%
Tradewind Estates, Inc. (TEI)	d	**100%**	100%
Great American Foods, Inc. (GAFI)	e	**100%**	100%
McKester America, Inc. (MAI)	e	**100%**	100%
The Bar Beverage, Inc. (TBBI)	f, i	**100%**	100%
Quick Service Restaurant			
Golden Arches Development Corporation (GADC)		**49%**	49%
Golden Arches Realty Corporation (GARC)		**49%**	49%
Clark Mac Enterprises, Inc.	g	**49%**	49%
Advance Foods Concepts Manufacturing, Inc.	g	**37%**	37%
Davao City Food Industries, Inc.	g	**37%**	37%
Golden Laoag Foods Corporation	g	**38%**	38%
First Golden Laoag Ventures	g	**34%**	34%
Retiro Golden Foods, Inc.	g	**34%**	34%
Corporate and Others			
Alliance Global Brands, Inc.	j	**100%**	100%
Mckester Pik-nik International Limited (MPIL)	d	**100%**	100%
Emperador International Ltd. (EIL)	f	**100%**	100%
Venezia Universal Ltd. (Venezia)		**100%**	100%
Travellers Group, Ltd. (TGL)		**100%**	100%
Alliance Global Group Cayman Islands, Inc (AG Cayman)		**100%**	100%

Associates			
Alliance Global Properties, Inc. (AGPL)	a	**30%**	30%
Suntrust Home Developers, Inc. (SHDI)	a	**24%**	24%
Palm Tree Holdings and Development Corporation	a	**23%**	23%
Jointly Controlled Entities			
Travellers International Hotel Group, Inc. (Travellers)	h	**46%**	46%
Golden City Food Industries, Inc.	g	**24%**	24%

Notes:
a *Subsidiary/assoiciate of Megaworld.. EELHI and SPI were first consolidated in Megaworld in 2011.*
b *Subsidiary/associate of FCI.*
c *Subsidiary of GERI.*
d *Subsidiary of AGBI.*
e *Subsidiary of MPIL.*
f *Subsidiary of EDI.*
g *Subsidiary/jointly-controlled entity of GADC.*
h *AGI, Megaworld, Adams and FCI hold 20%, 10%, 25% and 5%, respectively.*
i *Has not yet started commercial operations as of September 30, 2011.*
j *No operations.*
k *Owned 60% and 40% by EELHI and FCI, respectively, as of end-September 2011.*

Except for MPIL, GAFI, MAI, EIL, Venezia, RHGI, MCII, TGL, AG Cayman and AGPL, the foregoing companies were incorporated in the Philippines and operate within the country. MPIL, EIL, RHGI and Venezia were incorporated and operate in the British Virgin Islands; MCII, AG Cayman and AGPL in the Cayman Islands; and GAFI and MAI in the United States of America (USA).

The Company's shares and those of Megaworld, GERI and EELHI are listed in the Philippine Stock Exchange (PSE).

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

2. BASIS OF PREPARATION OF INTERIM CONSOLIDATED FINANCIAL STATEMENTS

These interim consolidated financial statements have been prepared in accordance with Philippine Accounting Standard (PAS) 34, *Interim Financial Reporting.* They do not include all of the information required for full annual financial statements in accordance with Philippine Financial Reporting Standards (PFRS), and should thus be read in conjunction with the audited consolidated financial statements of the Group for the year ended December 31, 2010.

The preparation of the interim consolidated financial statements in accordance with PFRS requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. Although these estimates are based on management's best knowledge of current events and actions, actual results may ultimately differ from those estimates.

The interim consolidated financial statements are presented in Philippine pesos, the Company's functional and presentation currency. Except for MPIL, GAFI, MAI, EIL, Venezia, RHGI, MCII, TGL, AG Cayman and AGPL, whose functional currency is the U.S. dollar, all entities in the Group have Philippine peso as their functional currency.

3. ACCOUNTING POLICIES

The significant accounting policies used in these interim consolidated financial statements are consistent with those applied in the Group's annual consolidated statements as of and for the year ended December 31, 2010.

In 2011, the Group adopted the following amendments, interpretations and improvements to existing standards that are relevant to the Group and effective for the period beginning on or after January 1, 2011:

(i) PAS 24 (Revised), *Related Party Disclosures*. The revised standard clarifies and simplifies the definition of a related party and removes the requirement for government-related entities to disclose details of all transactions with the government and other government-related entities. Management has determined that this amendment did not materially affect the Group's interim financial statements.

(ii) Philippine Interpretation IFRIC 14 (Amendment), *Prepayments of a Minimum Funding Requirement*. This interpretation addresses unintended consequences that can arise from the previous requirements when an entity prepays future contributions into a defined benefit pension plan. It sets out guidance on when an entity recognizes an asset in relation to a PAS 19, *Employee Benefits*, surplus for defined benefit plans that are subject to a minimum funding requirement. The amendment did not have a material effect on the Group's interim financial statements because it does not usually make substantial advance contributions to its retirement fund.

(iii) Philippine Interpretation IFRIC 19, *Extinguishing Financial Liabilities with Equity Instruments*. It addresses accounting by an entity when the terms of a financial liability are renegotiated and result in the entity issuing equity instruments to a creditor to extinguish all or part of the financial liability. These transactions are sometimes referred to as "debt for equity" exchanges or swaps, and have happened with increased regularity during the financial crisis. The interpretation requires the debtor to account for a financial liability which is extinguished by equity instruments as follows:

- the issue of equity instruments to a creditor to extinguish all or part of a financial liability is consideration paid in accordance with PAS 39;
- the entity measures the equity instruments issued at fair value, unless this cannot be reliably measured;
- if the fair value of the equity instruments cannot be reliably measured, then the fair value of the financial liability extinguished is used; and,
- the difference between the carrying amount of the financial liability extinguished and the consideration paid is recognized in profit or loss.

Management has determined that this interpretation did not have a material effect on the Group's interim financial statements as management does not intend to extinguish in the subsequent periods financial liabilities through equity swap.

(iv) 2010 Annual Improvements to PFRS. The FRSC has adopted the *Improvements to PFRS 2010* (the 2010 Improvements). Most of these amendments became effective for annual periods beginning on or after July 1, 2010, or January 1, 2011. The 2010 Improvements amend certain provisions of PFRS 3 (Revised 2008), clarify presentation of the reconciliation of each of the components of other comprehensive income and clarify certain disclosure requirements for financial instruments. The 2010 Improvements did not have a material impact on the Group's interim consolidated financial statements.

The Group has decided not to early adopt any PFRS including PFRS 9, *Financial Instruments* (effective from January 1, 2013), for its 2011 annual financial reporting and therefore, the interim consolidated financial statements do not reflect the impact of the said standard. It shall conduct in early 2012 another impact evaluation using the outstanding balances as of December 31, 2011, and disclose in its interim financial statements as of March 31, 2012 whether or not it would make an early adoption for its 2012 financial reporting; if the company decides an early adoption, then the first quarter report would already reflect the application of the requirements under the said standard and contain a qualitative and quantitative discussion of the result of the impact evaluation. Meantime, the Group does not expect to implement the amendments until 2013 when all chapters of the PAS 39 replacement have been published at which time the Group expects it can comprehensively assess the impact of the revised standard

The policies have been consistently applied to all periods presented, unless otherwise stated.

4. SEGMENT INFORMATION

4.1 Business Segments

The Group is organized into three major business segments, namely food and beverage, real estate, and quick service restaurant. Entities not classified under the three main business segments are retained as part of corporate and investments. Presented below is the basis of the Group in reporting its primary segment information.

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

(b) The *Real Estate* segment is engaged in the development of real estate, leasing of properties, hotel operations and tourism-oriented businesses.

(c) The *Quick Service Restaurant* includes operations of McDonald's restaurants in the Philippines in accordance with the franchise agreement with McDonald's Corporation, USA.

4.2 Segment Assets and Liabilities

Segment assets include all operating assets used by a segment and consist principally of operating cash and cash equivalents, trade and other receivables, inventories, property, plant and equipment, intangible assets and investment property. Segment liabilities include all operating liabilities and consist principally of trade and other payables, interest-bearing loans and borrowings, customers' deposits 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.

The following tables present revenue and profit information regarding business segments for the periods ended September 30, 2011 and 2010 and total assets and liabilities information regarding segments as at September 30, 2011 and December 31, 2010 (amounts in millions).

2011

	Quick Service Restaurant	Food and Beverage	Real Estate	Corporate and Others	Eliminations	Consolidated
TOTAL REVENUES						
Sales to external customers	P 8,457	P 11,974	P 19,197	P -	P -	P 39,628
Intersegment sales	-	713	-	6	(719)	-
Finance and other income						
Interest income	28	58	1,246	1,267	-	2,599
Foreign currency gains	(1)	174		469	-	642
Other income (loss)	151	44	720	3,212	-	4,127
Share in net profits of associates and joint venture	2	-	2,191	-	-	2,193
Total revenues	P 8,637	P 12,963	P 23,354	P 4,954	(P 719)	P 49,189
Total revenues after intersegment	P 8,637	P 12,250	P 23,354	P 4,948		P 49,189
RESULTS						
Segment results	P 723	P 2,121	P 8,870	P 4,932		P 16,646
Finance costs and other charges	(80)	-	(902)	(1,183)		(2,165)
Preacquisition income	-	-	(6)	-		(6)
Profit before tax	643	2,121	7,962	3,749		14,475
Tax expense	(205)	(556)	(1,383)	(44)		(2,188)
Net profit	P 438	P 1,565	P 6,579	P 3,705		P 12,287
SEGMENT ASSETS AND LIABILITIES						
Total assets	P 8,155	P 8,615	P 151,801	P 44,822		P 213,393
Total liabilities	P 4,394	P 1,725	P 59,642	P 25,408		P 91,169
OTHER SEGMENT INFORMATION						
Capital expenditures	P 1,063	P 57	P 2,377	P -		P 3,497
Depreciation and amortization	390	142	419	-		951

2010

	Quick Service Resraurant	Food and Beverage	Real Estate	Corporate and Others	Eliminations	Consolidated
TOTAL REVENUES						
Sales to external customers	P 7,674	P 6,029	P 14,702	P -	P -	P 28,405
Intersegment sales	-	454	2	6	(462)	-
Finance and other income						
Foreign currency gains (losses)	27	138	-1	696		860
Interest income	27	29	552	405	-	1,013
Other income (losses)	265	279	154	28	-	726
Share in net profits of associates and joint venture	1	-	1,333	-	-	1,334
Total revenues	P 7,994	P 6,929	P 16,742	P 1,135	(P 462)	P 32,338
Total revenues after intersegment	P 7,994	P 6,475	P 16,740	P 1,129		P 32,338
RESULTS						
Segment results	P 857	P 1,463	P 6,715	P 1,083		P 10,118
Finance costs	(76)	-	(396	(259)		(731)
Profit before tax	781	1,463	6,319	824		9,387
Tax expense	(263)	(308)	(1,233)	(29)		(1,833)
Net profit	P 518	P 1,155	P 5,086	P 795		P 7,554
SEGMENT ASSETS AND LIABILITIES – Dec 31, 2010						
Total assets	P 8,001	P 6,561	P 109,056	P 40,623		P 164,241
Total liabilities	P 4,173	P 2,005	P 38,425	P 27,925		P 72,527
OTHER SEGMENT INFORMATION						
Depreciation and amortization	314	169	321	-		804

5. EARNINGS PER SHARE

Basic and diluted EPS as of September 30, 2011 and 2010 were computed as follows:

	2011	2010
Net profit attributable to owners of the parent company	**P 9,909,695,873**	P 5,390,982,923
Divided by the weighted average number of subscribed and outstanding common shares	**10,072,356,184**	9,719,727,979
	P P 0.984	P 0.555

There were no dilutive potential common shares as of September 30, 2011 and 2010, hence, diluted EPS is equal to the basic EPS.

6. 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 interim consolidated financial statements. The management of the Group is of the opinion that losses, if any, from these items will not have any material effect on their consolidated interim financial statements.

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

7. RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group has various financial instruments such as cash and cash equivalents, financial assets at FVTPL, AFS financial assets, interest-bearing loans and borrowings, 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.

7.1 Market Risk

(a) Foreign Currency Sensitivity

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

	September 30, 2011		December 31, 2010	
	U.S. Dollars	**Pesos**	U.S. Dollars	Pesos
Financial assets	**$ 927,639,033**	**P40,308,230,899**	**$ 898,537,017**	**P 39,424,291,079**
Financial liabilities	**(733,607,786)**	**(31,878,997,304)**	**(574,083,347)**	**(25,193,647,690)**
	$ 194,031,247	**P 8,429,233,595**	**$ 324,453,670**	**P 14,230,643,389**

The sensitivity of the consolidated income before tax in regards to the Group's financial assets and the US dollar – Philippine peso exchange rate assumes +/-14% and +/-14% changes of the Philippine peso/U.S. dollar exchange rate for the nine months ended September 30, 2011 and for the year ended December 31, 2010, respectively. These percentages have been determined based on the average market volatility in exchange rates in the previous nine months and year, respectively, estimated at 95% level of confidence. The sensitivity analysis is based on the Group's foreign currency financial instruments held at each reporting periods.

If the Philippine peso had strengthened against the U.S. dollar, with all other variables held constant, consolidated income before tax would have decreased by P1.1 billion and P2.0 billion for the nine months ended September 30, 2011 and for the year ended December 31, 2010, respectively. Conversely, if the Philippine peso had weakened against the U.S. dollar by the same percentage, then consolidated income before tax would have increased by the same amount.

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

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

(b) Interest Rate Sensitivity

The Group interest risk management policy is to minimize interest rate cash flow risk exposures to changes in interest rates. At present, the Group is exposed to changes in market interest rates through certain 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 floating interest rates. The long-term borrowings are usually at fixed rates. All other financial assets and liabilities are subject to variable interest rates.

The sensitivity of the consolidated income before tax for the period to a reasonably possible change in interest rates of +/-1.76% and +/-0.19% for Philippine peso and US dollar, respectively, for the nine months ended September 30, 2011 and +/-1.49% and +/-0.70% for Philippine peso and US dollar, respectively, for the year ended December 31, 2010 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 periods estimated at 95% level of confidence.

All other variables held constant, the consolidated income before tax would have increased by P0.1 billion and P0.6 billion for the period ended September 30, 2011 and for the year ended December 31, 2010, respectively. Conversely, if the interest rates decreased by the same percentage, consolidated income before tax would have been lower by the same amount.

7.2 Credit Risk

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

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

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

Trade and other receivables past due but not impaired can be shown as follows:

	September 30, 2011	December 31, 2010
Not more than 30 days	**P 5,180,759,957**	P 3,926,830,184
31 to 60 days	**3,131,607,795**	1,736,931,713
Over 60 days	**1,698,124,139**	1,102,622,632
	P 10,010,491,891	P 6,766,384,529

7.3 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, preferred shares and finance leases.

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, 2011, 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 9,232,033,526	P 8,119,805,115	P 234,137,715	P -
Interest-bearing loans and borrowings	739,192,265	1,724,904,159	5,311,231,781	1,010,512,000
Bonds payable	537,144,653	705,737,500	13,326,375,000	30,249,650,346
Redeemable preferred shares	-	-	-	1,574,159,348
Security deposits	30,500,017	5,121,895	43,820,221	29,010,003
Payable to MRO stock option	3,163,683		-	-
Advances from related parties	-		102,310,307	-
	P 10,542,034,144	P 10,555,568,669	P 19,017,875,024	P 32,863,331,697

As at December 31, 2010, 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 9,991,786,855	P 2,190,224,738	P -	P -
Obligation under finance lease	-	317,500	-	-
Interest-bearing loans and borrowings	696,795,389	4,495,102,540	13,618,728,298	2,051,712,000
Bonds payable	713,212,500	4,129,274,659	12,132,125,000	23,371,425,000
Derivative liabilities	-	85,792,964	-	-
Redeemable preferred shares	-	-	-	1,574,159,348
Security deposits	-	34,811,012	38,914,886	22,258,486
Payable to MRO stock option	-	6,302,395	3,132,850	-
Advances from related parties	91,898,094	48,737,051	289,868,257	-
	P 11,493,692,838	P 10,990,562,859	P 26,082,769,291	P 27,019,554,834

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.

8. SEASONAL FLUCTUATIONS

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 TRADE AND OTHER RECEIVABLES
UNDER CURRENT ASSETS
SEPTEMBER 30, 2011
(Amounts in Philippine Pesos)

Trade Receivables		
Current	P	18,333,617,101
1 to 30 days		5,180,759,957
31 to 60 days		3,131,607,795
Over 60 days		1,698,124,139
Total		28,344,108,992
Less: Allowance for Impairment		381,545,567
Balance at end of period	**P**	**27,962,563,425**