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S.E.C. Registration Number

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

(Company's Full Name)

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E A S T W O O D C I T Y C Y B E R P A R K
B A G U M B A Y A N Q U E Z O N C I T Y

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

DINA D.R. INTING

Contact Person

8709-2038 to 41

Company Telephone Number

1 2 3 1

Month Day
Fiscal Year

1 7 - Q

FORM TYPE

(QUARTERLY REPORT FOR JUNE 30, 2022)

0 6

Month Day

3rd Thurs.

Certificate of Permit to Offer
Securities for Sale

Secondary License Type, If Applicable

S E C

Dept. Requiring this Doc.

N/A

Amended Articles Number/Section

Total No. of Stockholders

Total Amount of Borrowings

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I.D.

Cashier

STAMPS

Remarks = pls. use black ink for scanning purposes

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q

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

1. *For the quarterly period ended* **June 30, 2022**
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. **7thFloor, 1880 Eastwood Avenue, Eastwood City CyberPark
188 E. Rodriguez Jr. Ave., Bagumbayan, 1110 Quezon City**
Address of principal office
8. **(632) 870920-38 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*

<i>Title of Each Class</i>	<i>Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding</i>
Common	9,461,020,079 (net of 808,807,900 buyback shares held by AGI)
10. *Are any or all of these securities listed on a Stock Exchange?* **Yes, on the Philippine Stock Exchange.**
11. (a) *AGI has filed all reports required to be filed by Section 17 of the SRC and SRC Rule 17 thereunder or Section 11 of the RSA and RSA Rule 11(a)-1 thereunder, and Sections 26 and 141 of The Corporation Code of the Philippines during the preceding twelve (12) months.*

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

PART I – FINANCIAL INFORMATION

1. FINANCIAL STATEMENTS

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

The interim consolidated financial statements (“ICFS”) have been prepared in accordance with the Philippine Financial Reporting Standards (“PFRS”) and Philippine Accounting Standard 34, *Interim Financial Reporting*. As such, they do not include all of the information and disclosures required for full annual consolidated financial statements, and thus should be read in conjunction with the audited consolidated financial statements of the Group as at and for the year ended December 31, 2021 (“ACFS”). The accounting policies and methods used in the ICFS are consistent with those applied in ACFS. The amendments to existing standards adopted by the Group effective January 1, 2022 do not have material impact on the Group’s ICFS. Accounting estimates, assumptions and judgments are used in preparing these statements; and while these are believed to be reasonable under the circumstances, actual results may ultimately differ from such estimates (see Note 3 to both the ACFS and ICFS).

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

Business Segments

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

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

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

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

Key Performance Indicators – Top Five

In Million Pesos	H1 2022	H1 2021	YoY	%	Q2 2022	Q2 2021	YoY %	QoQ %	Q1 2022	Q1 2021	YoY%
REVENUES AND OTHER INCOME	82,564	71,150	11,414	16.0%	45,066	39,348	14.5%	20.2%	37,498	31,807	17.9%
NET PROFIT ["NP"]	11,965	12,760	(795)	(6.2%)	6,615	9,556	(30.8%)	23.7%	5,350	3,204	66.9%
NET PROFIT TO OWNERS ["NPO"]	8,236	8,509	(273)	(3.2%)	4,349	5,945	(26.9%)	11.9%	3,887	2,564	51.6%
Revenues and Other Income Normalized*	82,564	65,746	16,818	25.6%	45,066	33,944	32.8%	20.2%	37,498	31,807	17.9%
NP Normalized*	11,965	7,357	4,609	62.6%	6,615	4,152	59.3%	23.7%	5,350	3,204	66.9%
NPO Normalized*	8,236	5,839	2,397	41.0%	4,349	3,276	32.8%	11.9%	3,887	2,564	51.6%
NP rate ["NPR"]	14.49%	17.93%			14.68%	24.28%			14.27%	10.07%	
NPO rate ["NPOR"]	9.97%	11.96%			9.65%	15.11%			10.37%	8.06%	
NPR Normalized*	14.49%	11.19%			14.68%	12.23%			14.27%	10.07%	
NPOR Normalized*	9.97%	8.88%			9.65%	9.65%			10.37%	8.06%	
EBITDA Margin	30.05%	35.55%			29.47%	41.40%			30.73%	28.32%	
Return on investment/assets [NP/TA]	1.68% half year	1.91% half year							0.76%	0.46%	
	Jun-22	Dec-21	YoY	%	Mar-22						
TOTAL ASSETS	712,500	703,960	8,540	1.2%	708,350						
CURRENT ASSETS	350,948	351,418	(469)	(0.1%)	351,350						
CURRENT LIABILITIES	162,869	172,459	(9,590)	(5.6%)	172,701						
Current ratio	2.15x	2.04x			2.03x						
Quick ratio	0.99x	0.98x			0.95x						
	2022	2021	YoY	%	2022	2021	%	QoQ %	2022	2021	YoY%
Profit before tax and interest	19,410	19,890	(480)	(2.4%)	10,563	13,622	(22.5%)	19.4%	8,847	6,268	41.1%
Interest expense	4,067	3,435	632	18.4%	2,337	1,684	38.8%	35.1%	1,730	1,751	(1.2%)
Interest coverage rate	4.77	5.79			4.52	8.09			5.11	3.58	

Notes: Numbers may not add up due to rounding off. "YoY" refers to year-on-year comparative. "QoQ" refers to quarter-on-quarter comparisons. * "Normalized" refers to results before a one-time other income of P5.4B in Q2 2021, P2.7B of which was attributable to owners of AGI.

- Revenue growth – measures the percentage change in sales/revenues over a designated period. Performance is measured in terms of both 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
- Interest coverage ratio - computed as profit before tax and interest expense divided by interest expense -measures the business' ability to meet its interest payments.

Results of Operations – First Half 2022 vs 2021

The **Philippine economy**¹ grew 7.4% in the second quarter ("Q2") and 8.2% in the first quarter ("Q1") of 2022, for an average of 7.8% in the first half ("H1") of the year, surpassing pre-pandemic 2019 levels. Domestic economic activity has gained stronger traction from the

¹ Source of GDP year-on-year growths: Philippine Statistics Authority ref. 2022-334 released on Aug 9, 2022.

easement of alert levels and removal of tourism restrictions, in spite of setback from the Omicron-driven² surge in Covid-19 cases in January and a weak surge in June this year. For Metro Manila and other key areas, operating capacity for business and activities were reduced to 10% indoor and 30% outdoor under Alert Level 3, easing to 50% indoor and 70% outdoor under Alert Level 2, and to full capacity for establishments and public transport under most lenient Alert Level 1 (subject to presentation of COVID-19 vaccination card). As of April 1, 2022, about 79% of economy was already under Alert Level 1, and more key provinces and urbanized cities, independent and other component cities and municipalities have been added to the list henceforth. By June, while the rest of the country was under Alert Level 2, about 85% of economy was put under Alert Level 1 already.

The Group continued its quarterly growth momentum in Q2, anchored on the strength of its diversified revenue streams, strong brand equity, creative offerings and market positioning, and optimized cost management.

Its Q2 revenues and other income grew 20% (+P7.6 billion) quarter-on-quarter (“QoQ”) to P45.1 billion resulting in quarterly net profit (“NP”) and net profit to owners (“NPO”) of P6.6 billion and P4.3 billion, respectively, up 24% (+P1.3 billion) and 12% (+P0.5 billion) QoQ. These performance expanded revenues and other income to P82.6 billion, NP to P12.0 billion, and NPO to P8.2 billion at the end of the first half.

A one-time P5.4 billion income booked by the Group’s leisure-and-entertainment segment in Q2 last year has affected other income, NP and NPO in Q2 and H1 of this year’s YoY comparisons.

Taking out such one-time income (may be interchangeably referred to as “*Normalized*” hereon), Q2 revenues and other income grew 33% (+P11.1 billion) YoY with Q2 NP growing 59% (+P2.5 billion) and NPO 33% (+P1.1 billion) which resulted in H1 growths for normalized revenues and other income, NP and NPO of 26% (+P16.8 billion), 63% (+P4.6 billion), and 41% (+P2.4 billion), respectively.

Amounts in Million Pesos	H1 2022	H1 2021	YoY	%	Q2 2022	Q2 2021	YoY	QoQ
REVENUES AND OTHER INCOME	82,564	71,150	11,414	16.0%	45,066	39,348	14.5%	20.2%
REVENUES AND OTHER INCOME Normalized	82,564	65,746	16,818	25.6%	45,066	33,944	32.8%	20.2%
NP	11,965	12,760	(795)	(6.2%)	6,615	9,556	(30.8%)	23.7%
NP Normalized	11,965	7,357	4,609	62.6%	6,615	4,152	59.3%	23.7%
NPO	8,236	8,509	(273)	(3.2%)	4,349	5,945	(26.9%)	11.9%
NPO Normalized	8,236	5,839	2,397	41.0%	4,349	3,276	32.8%	11.9%
NPR	14.49%	17.93%			14.68%	24.28%		
NPR Normalized	14.49%	11.19%			14.68%	12.23%		
NPOR	9.97%	11.96%			9.65%	15.11%		
NPOR Normalized	9.97%	8.88%			9.65%	9.65%		

With the one-time income tucked in 2021, NP for the first half showed 6% contraction YoY

² The COVID-19 pandemic, which broke out in 2020, is continuing to spread globally with new, yet less fatal, variants and resurgences, causing reimposition of mobility and lockdown restrictions by affected governments. In January 2022, the Omicron variant (“Omicron”), first named by WHO in November 2021, less severe more transmissible than Delta, spread fast worldwide causing record peaks in most countries (including UK, Spain, Mexico, USA and Philippines) and declined quickly. The governments were forced to tighten mobility restrictions as Omicron infection surged. As the situation improved globally, public health restrictions had eased in most places while there were still tightening in other places. In the Philippines, right after the New Year holidays, Metro Manila and other places were put under stricter Alert Level 3 for a month (from Alert Level 2 since mid-November 2021), then restrictions were gradually eased to Alert Level 2 in February and Alert Level 1 in March (up to this report date); while other areas were under the stricter levels. Omicron sub-variants have been detected in May 2022 that caused “minor” surges in June, as well in other countries.

(-P0.8 billion) with NPO depleting 3% YoY (-P0.3 billion), as revenues and other income grew 16% YoY (+P11.4 billion). NP rate (“NPR”) registered at 14% and NPO rate (“NPOR”) at 10% this year as compared to 18% and 12%, respectively, of a year ago.

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

In Million Pesos	Contribution	2022 Pre Conso	H1 2022 Conso	2021 Pre Conso	H1 2021 Conso	YoY	%	Q2 2022 Conso	YoY %	QoQ %
Revenues and other income	100%	82,978	82,564	74,132	71,150	11,414	16.0%	45,066	14.5%	20.2%
Megaworld	33%	27,455	27,320	22,171	21,983	5,337	24.3%	14,443	21.1%	12.2%
Emperador	34%	27,693	27,687	25,286	25,280	2,407	9.5%	15,384	16.0%	25.0%
Travellers	14%	11,904	11,902	11,761	11,754	148	1.3%	7,017	(12.2%)	43.6%
Golden Arches	19%	15,417	15,390	11,828	11,828	3,562	30.1%	8,211	33.5%	14.4%
Others	0.3%	509	264	3,086	304	(40)	(13.2%)	11	(8.0%)	(95.4%)
Cost and expenses	100%	67,482	67,221	54,914	54,695	12,526	22.9%	36,840	34.4%	21.3%
Megaworld	28%	19,211	19,185	15,470	15,470	3,715	24.0%	10,656	25.7%	24.9%
Emperador	32%	21,583	21,461	18,482	18,416	3,045	16.5%	11,720	31.9%	20.3%
Travellers	16%	11,147	11,136	8,843	8,752	2,384	27.2%	6,359	63.5%	33.1%
Golden Arches	21%	14,341	14,253	11,115	11,058	3,195	28.9%	7,561	30.4%	13.0%
Others	2%	1,199	1,186	1,004	999	187	18.7%	544	54.8%	(15.1%)
Tax expense	100%	3,378	3,378	3,695	3,695	(317)	(8.6%)	1,611	(32.4%)	(8.8%)
Megaworld	45%	1,510	1,510	1,345	1,345	165	12.3%	624	(13.3%)	(29.6%)
Emperador	24%	806	806	1,673	1,673	(867)	(51.8%)	457	(65.1%)	30.9%
Travellers	22%	741	741	6	6	735	12147.7%	413	8342.7%	25.8%
Golden Arches	9%	315	315	668	668	(354)	(52.9%)	113	(67.1%)	(43.6%)
Others	0.1%	5	5	2	2	3	133.8%	3	(46.5%)	(90.1%)
Net profit	100%	12,118	11,965	15,524	12,760	(795)	(6.2%)	6,615	(30.8%)	23.7%
Megaworld	55%	6,733	6,625	5,356	5,168	1,457	28.2%	3,164	15.7%	(8.6%)
Emperador	45%	5,303	5,420	5,130	5,191	229	4.4%	3,206	4.6%	44.8%
Travellers	0.2%	16	25	2,912	2,996	(2,972)	(99.2%)	245	(94.0%)	(211.1%)
Golden Arches	7%	761	822	45	102	720	706.0%	537	11970.0%	87.8%
Others	-8%	(695)	(927)	2,080	(697)	(230)	(33.0%)	(536)	(57.0%)	(37.3%)
Net profit to owners	100%	11,213	8,236	14,865	8,509	(273)	(3.2%)	4,349	(26.9%)	11.9%
Megaworld	50%	5,884	4,093	5,008	3,353	741	22.1%	1,743	0.0%	(25.9%)
Emperador	56%	5,238	4,612	5,084	4,382	229	5.2%	2,727	5.1%	44.8%
Travellers	0.2%	18	19	2,644	1,390	(1,371)	(98.6%)	134	(93.1%)	(216.9%)
Golden Arches	5.3%	768	438	49	81	357	441.7%	281	1589.3%	78.2%
Others	-11%	(695)	(927)	2,080	(697)	(230)	(33.0%)	(536)	(57.1%)	(37.3%)

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

"Pre-conso" refers to numbers at subsidiary level; revenues and other income here presented may slightly differ due to reclassifications for alignment made at consolidation level.

"Conso" represents numbers from external customers, i.e. after elimination/ consolidation adjustments.

Megaworld, the county’s pioneer township developer, continued its strong performance as it reported a P14.3 billion pre-conso Q2 revenues and other income, P3.2 billion NP and P2.8 billion NP to its owners, progressing 17%, 13% and 6% YoY, respectively. It ended H1 with revenues and other income of P27.4 billion, NP of P6.7 billion and NPO of P5.9 billion rising 23%, 26% and 18% YoY, respectively, attributed to double-digit growths in all of its revenue segments for the first time since the pandemic. With a slightly slower growth in costs and expenses, NPR and NPOR for H1 remained stable comparatively at 24% and 21%, respectively.

Real estate sales, which comprised 62% of Megaworld’s main revenue streams in H1, climbed 26% YoY to P17.0 billion as construction activities picked up during the period, resulting in higher project completion. Reservation sales totalled P51.1 billion for H1, improving 38% YoY. The current brand mix for Megaworld-GERI-Empire East-Suntrust/SLI was 64%-14%-12%-10%. About 66% of sales were Metro Manila projects, 16% Cavite-Laguna-Batangas-Rizal and 7% Iloilo.

Rental income, which comprised 27% of Megaworld's main revenue pie in H1, increased 19% YoY to P7.5 billion as a result of higher rental rate from new leases and rent escalations, increase in occupancy rates and increase in foot traffic. *Megaworld Premier Offices* registered a 15% YoY increase to P6.0 billion as the growing BPO sector enabled MEG to reach 91% occupancy rate which is higher than that of the industry average level. *Megaworld Lifestyle Malls*, which operates 20 lifestyle malls, showed improved performance of 41% year-on-year to P1.5 billion rentals as more retail partners resumed operations and foot traffic improved. *Megaworld Hotels & Resorts*, which operates 11 hotel properties, reported hotel revenues of P1.1 billion, a 49% leap YoY reflective of the consistent performance of its in-city hotels and increase in leisure-related activities.

While Megaworld's revenues and other income grew 23% YoY, its costs and expenses grew 22% YoY.

These operating results brought in 33%, 55% and 50% to AGI's consolidated revenues and other income, NP and NPO, respectively.

Emperador, the world's largest brandy company and owner of the world's 5th largest Scotch whisky producer in the world by capacity, continued its record streak in H1 of the current year, on the back of its diversified portfolio and international operations, amidst global challenges of rising costs, supply chain pressures, rapid inflation and COVID-19 waves.

Revenues and other income in Q2 climbed 27% QoQ and 19% YoY while both NP and NPO jumped 49% QoQ and 5% YoY. Emperador ended the first half with P28.1 billion revenues and other income, up 11% YoY while NP and NP attributable to its owners hit P5.3 billion and P5.2 billion, respectively, up 3% YoY. The logistic concerns, rising costs and inflationary pressures pinched on margins, causing GPR to swing at 32% level this year as compared to 39% a year ago and NPR at 19% compared to 20% a year ago. Emperador continued to maintain caution and optimization in its spending.

The Brandy segment grew its H1 revenues and other income from external customers by 10% YoY to P17.9 billion, attributable to a strong Q2 which grew 25% YoY and 34% QoQ to P10.3 billion. The easement of pandemic restrictions and resumption of travel in the second quarter helped improve results. GP margins were affected by the rising costs and inflationary pressures, mitigated by the increase in Emperador sales prices in January. From 26% in Q1, GPR inched to 27% in Q2 and 26% for H1 of the year.

The Scotch Whisky segment grew its H1 revenues and other income 13% YoY to P10.2 billion as Q2 grew 8% YoY and 16% QoQ to P5.5 billion, driven by the single malt products. Scotch Whisky sold strongly in Asia Pacific, Americas and Europe as restrictions eased in most regions and global travel opens up. Supply chain challenges continued to affect this segment's markets in Q2, yet demand remains high with orders on hand. GP expanded 9% YoY to P3.9 billion, with GPR consistent at 41% across comparable periods.

Operating expenses rose 20% YoY due to increased business activities in global markets. Both segments increased strategic and promotional marketing spends to support their brands to boost sales.

For the first half of the year, Emperador group contributed 34% to AGI's consolidated revenues and other income, 45% to consolidated NP, and 56% to consolidated NPO.

Travellers, the owner and operator of Newport World Resorts (“NWR”) (formerly, Resorts World Manila), an integrated tourism resort in Pasay City, performed strongly YoY and QoQ in Q2 as it benefitted from the easing of mobility restrictions under Alert Level 1. Its Q2 core revenues notably grew 120% YoY and 45% QoQ to P7.0 billion which raised H1 core revenues 71% YoY to P11.9 billion. The P5.4 billion one-time income reported in Q2 last year caused a 94% decline YoY in NP and NPO to P0.2 billion. Normalized NP and NPO in H1 amounted to P0.02 billion, a full reversal from a year ago.

<i>In Million Pesos At Travellers Level</i>	H1	H1	YoY	Q2	YoY
	2022	2021	%	2022	%
Revenues	11,904	11,758	1%	7,050	-12%
NP	16	2,912	-99%	224	-94%
NPO	18	2,644	-99%	225	-94%
Revenues Normalized	11,904	6,355	87%	7,050	173%
NP Normalized	16	(2,491)	101%	224	116%
NPO Normalized	18	(2,760)	101%	225	114%

Gross gaming revenues in H1 soared 86% YoY to P14.7 billion as those in Q2 shot up 143% YoY and 25% QoQ to P8.2 billion, due to improvement in overall drops across all gaming segments as foot traffic picked up in Q2 from 100% capacity operations. With the increased activity, promotional allowance in H1 expanded to P5.1 billion, up 83% YoY. Net gaming revenues increased 87% YoY to P9.6 billion in H1 and 186% YoY to P5.6 billion in Q2, up 44% QoQ.

Non-gaming core revenues (from hotels, food, beverage and others) improved 25% YoY to P2.3 billion in H1 and 14% YoY to P1.4 billion in Q2, which was up 50% QoQ, due to loosening of mobility and travel restrictions resulting in increased foot traffic, foreign tourist arrivals and MICE activities. Reopening of tourism to international tourists started on February 10 this year. Hotel occupancy rates of the 5 hotels in NWR ranged 50% to 84% (40% to 72% a year ago). The hotel in Iloilo registered an occupancy rate of 24% (5% a year ago).

Travellers group accounted for 14%, 0.2% and 0.2% of AGI’s consolidated revenues and other income, consolidated NP and consolidated NPO of AGI, respectively.

GADC, the master franchise holder of McDonald’s in the Philippines and a strategic partnership with the George Yang group, continued with its recovery momentum in Q2, as its P8.2 billion core revenues for Q2 grew 14% QoQ and 34% YoY, thereby expanding H1 core revenues 31% YoY to P15.4 billion. Despite supply chain challenges that affected fries, flour and bone-in chicken, GPR was maintained at 24%, the same level as a year ago. Its NP and NPO made a huge leap of 16 times and 15times YoY, respectively, both closing at P0.8 billion by the end of H1.

As lockdown restrictions were easing during the period, consumer mobility improved and operating hours and store capacity increased. Systemwide store sales for H1 expanded 33% YoY, boosted by dine-in consumption and return of in-store birthday parties and large group gatherings. Same-store sales grew 25% YoY. Sustained efforts on consumers’ priorities – safety and trust, affordability, accessibility – plus menu excitement through limited time offers continued to help drive sales momentum. Total store count stood at 677 as the group opened 12 stores and closed 6 stores during the first half (6 opened, 8 closed in first half last year). Stores were concentrated 82% in Luzon.

These operating results translated into 19% contribution to consolidated revenues and other income, 7% to consolidated net profit and 5% to net profit to owners of AGI.

By profit and loss accounts:

The preceding discussions are reflected in the consolidated profit and loss accounts, as shown below:

First Six Months- In Million Pesos	H1 2022	H1 2021	YoY H1'22	%
REVENUES AND OTHER INCOME				
Sale of goods	43,635	38,586	5,049	13.1%
Consumer goods	26,642	25,053	1,589	6.3%
Revenue from real estate (RE) sales	16,994	13,533	3,461	25.6%
Rendering of services	36,066	25,385	10,681	42.1%
Gaming	14,699	7,912	6,786	85.8%
Less: Promotional allowance	(5,128)	(2,805)	(2,323)	82.8%
Net Gaming	9,571	5,108	4,464	87.4%
Sales by company-operated quick-service restaurants	13,969	10,731	3,239	30.2%
Franchise revenues	1,412	1,040	372	35.8%
Rental Income	7,945	6,483	1,462	22.6%
Others	3,168	2,024	1,145	56.6%
Hotel operations	2,904	1,712	1,193	69.7%
Other services	264	312	(48)	(15.4%)
Finance and other income	2,863	7,179	(4,316)	(60.1%)
TOTAL	82,564	71,150	11,414	16.0%
COST AND EXPENSES				
Cost of goods sold	26,850	22,664	4,186	18.5%
Consumer goods sold	18,111	15,377	2,735	17.8%
RE sales	8,739	7,287	1,452	19.9%
Cost of services	18,266	14,036	4,230	30.1%
Gaming	3,619	2,941	678	23.0%
Services	14,646	11,095	3,552	32.0%
Other operating expenses	16,567	13,926	2,642	19.0%
Selling and marketing	6,275	5,071	1,204	23.8%
General and administrative	10,292	8,855	1,437	16.2%
Share in net losses of associates and joint ventures	91	181	(90)	(49.7%)
Finance cost and other charges	5,447	3,889	1,559	40.1%
TOTAL	67,221	54,695	12,526	22.9%
TAX EXPENSE	3,378	3,695	(317)	(8.6%)
NET PROFIT	11,965	12,760	(795)	(6.2%)
NET PROFIT TO OWNERS	8,236	8,509	(273)	(3.2%)
NET PROFIT- NORMALIZED	11,965	7,357	4,609	62.6%
NET PROFIT TO OWNERS- NORMALIZED	8,236	5,839	2,397	41.0%

Note: Numbers may not add up due to rounding off. Percentages are taken based on full numbers, not from the presented rounded amounts.

Revenues and income, as a result of the foregoing discussions, increased 16% YoY (+P11.4 billion) to P82.6 billion in H1, backed by a 14% growth YoY and 20% QoQ to P45.1 billion in Q2. **Sale of goods** (real estate, alcoholic beverages and snack products) in H1 rose 13% YoY (+P5.0 billion) to P43.6 billion as real estate sales jumped 26% YoY (+P3.5 billion) from increased construction activity and sales of consumer goods climbed 6% YoY (+P1.6 billion) to P26.6 billion. **Service revenues** (gaming, hotels, quick-service restaurants, cinemas and theaters, leasing, hotels and other related services) climbed 42% YoY (+P10.7 billion) to P36.1 billion as net gaming revenues, sales of quick-service restaurants, franchise revenues, rental revenues and hotel operations improved by 87% (+P4.5 billion), 30% (+P3.2 billion), 36% (+P0.4 billion), 22% (+P1.5 billion) and 70% (+P1.2 billion), respectively. **Finance and other income** shrank 60% YoY (-P4.3 billion) to P2.9 billion mainly due to the P5.4 billion one-time income from services rendered by a foreign subsidiary of Travellers in Q2 2021.

Costs and expenses increased 23% YoY (+P12.5 billion) to P67.2 billion. **Cost of goods sold** and **cost of services** increased 18% YoY (+P4.2 billion) and 30% YoY (+P4.2 billion), respectively, due to increases in revenues and rising costs. **Other operating expenses** went up

19% YoY (+P2.6 billion) to P16.6 billion due to resumption of business activities. **Share in net losses of associates and joint ventures** was mainly due to incurred losses of an associate of Megaworld. **Finance and other charges** swelled 40% YoY (+P1.6 billion) to P5.4 billion due mainly to unrealized foreign currency losses recorded during the current period by Megaworld.

Tax expense went down 8% YoY (-P0.3 billion) to P3.4 billion primarily due to deferred tax adjustment last year of Emperador, more particularly on intangibles, due to prospective increase in UK corporation tax rates from 19% to 25%³.

Earnings before interest, taxes, depreciation and amortizations (EBITDA) (computed as net profit before income taxes, interest expense, depreciation and amortizations) declined 2% YoY (-P0.5 billion) to P24.8 billion from P25.3 billion a year ago, exhibiting 30% and 36% EBITDA rate, respectively.

Net profit decelerated 6% YoY (-P0.8 billion) to P12.0 billion. Taking out a one-time income in H1 2021, net profit jumped 63% (+P4.6 billion) to P12.0 billion as compared to P7.4 billion normalized net profit last year.

Net profit attributable to AGI owners amounted to P8.2 billion from P8.5 billion a year ago, shrinking 3% YoY but hiked 41% YoY (+P2.4 billion) when compared to the P5.8 billion normalized NPO in 2021.

Financial Condition

Consolidated total assets amounted to P712.5 billion at end of the interim period from P704.0 billion at beginning of year, a modest 1% growth (+P8.5 billion) in the first half of the year. The Group is liquid with **current assets** exceeding **current liabilities** 2.2 times at the end and beginning of the interim period. Current assets amounted to P350.9 billion while current liabilities amounted to P162.9 billion at end of the interim period.

Cash and cash equivalents were reduced by 10% (-P8.1 billion) during the interim, ending at P74.2 billion from P82.3 billion at the beginning of the year, primarily due to uses in financing activities (payments of loans, interest, dividends, lease) and investing activities (capital expenditures, advances) outpacing cash provided by operating activities. Net cash provided by operations and used in financing and investing activities during the period were presented in the interim consolidated statements of cash flows.

In summary, the **accounts with at least +/- 5% changes** from year-end were as follows.

Contract assets, which represent the reclassified portion of trade and other receivables relating to rights to payment which are conditioned upon the completion of units sold and represent excess of progress of work over the right to an amount of consideration, depleted 14% (-P1.7 billion) for **currently** maturing assets while the **non-currently** maturing assets stood flat (+P0.1 billion).

Inventories increased 6% (+P8.6 billion) to P161.4 billion mainly from real estate related accounts as construction activities pumped up completion, and from continuous laying of Scotch whisky liquids for ageing and advanced production to ensure continuity of dispatch.

Non-current trade and other receivables hiked 15% (+P2.2 billion) to P16.2 billion mainly from real estate accounts during the period.

³ The new rate shall take effect on April 1, 2023.

Investments in associates and joint ventures decreased 7% (-P0.5 billion) to P6.3 billion due to dividend received and translation adjustment recorded during the period.

Other non-current assets shrank 9% (-P0.6 billion) to P6.7 billion due to decrease in deferred commission accounts relating to real estate, and extinguishment of property mortgage receivable.

Current trade and other payables increased 10% (+P6.7 billion) to P71.3 billion mainly due to timing of purchases for production, accrued expenses, output vat payable, payables to contractors, liability for unredeemed gaming points and unredeemed gaming chips.

Current interest-bearing loans went down 34% (-P27.0 billion) while **non-current interest-bearing loans** went up 20% (+P18.8 billion), for a net decline of P8.2 billion, due to principal repayments, refinancing, additional loans and drawdowns during the period.

Current bonds payable swelled P13.7 billion while **non-current bonds payable** shrank P11.2 billion, for a net increase of 6% (+P 2.6B) primarily due to change in dollar rates.

Contract liabilities represent MEG's excess of collection over the progress of work with **current** portion increasing 43% (+P1.0 billion) and **non-current portion** increasing 12% (+P0.6 billion) during the interim period.

Income tax payable dropped 19% (-P0.4 billion) to P1.7 billion due mainly to reductions in Emperador, as annual obligations at beginning of the year were paid during the interim period.

Advances from related parties and joint operator partners fell 16% (-P0.4 billion) to P2.1 billion from Megaworld accounts.

Other current liabilities decreased 18% (-P3.3 billion) to P15.7 billion primarily due to payments made during the interim period.

Retirement benefit obligations fell 5% (-P0.1 billion) to P1.0 billion from changes in retirement plans of Travellers, GADC, Megaworld and Emperador.

Redeemable preferred shares went up 6% (+P0.1 billion) to P1.4 billion from accretion of interest expense on GADC's preferred shares.

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

Liquidity and Capital Resources

The consolidated statements of financial position showed strong liquidity with current assets exceeding current liabilities 2times at end of interim period. The interim period opened and closed with total-liabilities-to-equity ratio of 1.1 : 1.0 and interest-bearing-debt-to-equity ratio of 0.6 : 1.0. Assets exceeded liabilities nearly 1.9times, and equity 2.1times at the beginning and end of the interim period.

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

Amounts in Million Pesos	June 2022	March 2022	December 2021
Cash and cash equivalents	74,226	79,683	82,278
FVTPL/ FVOCI financial assets	13,296	14,502	13,934
Total Available	87,522	94,185	96,212
Interest-bearing debt- current	53,298	79,269	80,304
Interest-bearing debt noncurrent	111,893	91,057	93,109
Bonds payable- current	13,747	-	-
Bonds payable- noncurrent	30,792	42,315	41,982
Total Debt	209,729	212,641	215,395
Net cash (debt)	(122,208)	(118,456)	(119,183)
Available cash and financial assets to debt	41.73%	44.29%	44.67%
Total debt to total equity	60.79%	62.46%	64.25%
Net debt to total equity	35.42%	34.79%	35.55%

Prospects for the future

The Group remains optimistic in its prospects ahead as it anchors its growth on the Group's strong brand equity, firm market positioning, focused strategies and overall financial strength. It is mindful of the current challenges in global and domestic economies.

The Group, with its diversified businesses, has a proven record of creating value over time and is confident in its ability to deliver sustainable profitable growth and value for its stakeholders, backed by its overall resilience and adaptability.

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/
(As Principal Financial/Accounting Officer)*
August 12, 2022

Alliance Global Group, Inc. and Subsidiaries
7th Floor, 1880 Eastwood Avenue, Eastwood City CyberPark
188 E. Rodriguez, Jr. Avenue, Bagumbayan, Quezon City

Schedule of Financial Soundness Indicators
Annex 68-E
As of June 30, 2022

Ratio	Formula	6/30/2022	12/31/2021
Current ratio	Current assets / Current liabilities	2.15	2.04
Acid test ratio	Quick assets / Current liabilities (Quick assets include cash and cash equivalents, trade and other receivables and financial assets at fair value through profit or loss)	0.99	0.98
Solvency ratio	EBITDA / Total debt (Total debt includes interest bearing loans and borrowings and bonds payable)	0.12	0.21
Debt-to-equity ratio	Total debt / Total stockholders' equity (Total debt includes interest bearing loans and borrowings, bonds payable and equity-linked debt securities)	0.61	0.64
Asset-to-equity ratio	Total assets / Total stockholders' equity	2.07	2.10
		6/30/2022	6/30/2021
Interest rate coverage ratio	EBIT / Total Interest (Non-recurring gain or loss is excluded from EBIT)	4.77	4.22
Return on investment	Net profit / Total stockholders' equity	0.03	0.04
Return on investment of equity owners	Net profit attributable to owners of the Parent Company/ equity attributable to the owners of the Parent Company	0.04	0.04
Return on assets	Net profit/ total assets	0.02	0.02
Net profit margin	Net profit / Total revenues	0.14	0.18

ALLIANCE GLOBAL GROUP, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2022 AND DECEMBER 31, 2021
(Amounts in Philippine Pesos)

	<u>June 30, 2022</u> <u>(UNAUDITED)</u>	<u>December 31, 2021</u> <u>(AUDITED)</u>
<u>A S S E T S</u>		
CURRENT ASSETS		
Cash and cash equivalents	P 74,225,977,688	P 82,278,122,850
Trade and other receivables - net	73,529,159,794	72,659,307,764
Contract assets	10,291,514,406	11,970,852,843
Financial assets at fair value through profit or loss	12,868,528,883	13,512,733,032
Inventories - net	161,407,957,938	152,847,415,170
Other current assets	<u>18,625,327,876</u>	<u>18,149,365,608</u>
Total Current Assets	<u>350,948,466,585</u>	<u>351,417,797,267</u>
NON-CURRENT ASSETS		
Trade and other receivables - net	16,209,333,433	14,049,075,860
Contract assets	8,013,577,556	7,951,394,519
Advances to landowners and joint operators	7,423,305,674	7,158,576,223
Financial assets at fair value through other comprehensive income	427,050,105	420,870,489
Investments in associates and joint ventures	6,331,211,156	6,793,930,448
Property, plant and equipment - net	145,102,837,144	141,904,029,538
Investment properties - net	125,132,520,179	120,539,734,330
Intangible assets - net	40,329,579,686	40,483,366,565
Deferred tax assets - net	4,951,024,774	4,970,539,083
Other non-current assets	<u>6,685,708,068</u>	<u>7,308,890,602</u>
Total Non-current Assets	<u>360,606,147,775</u>	<u>351,580,407,657</u>
NON-CURRENT ASSETS HELD FOR SALE	<u>945,158,812</u>	<u>961,740,550</u>
TOTAL ASSETS	<u>P 712,499,773,172</u>	<u>P 703,959,945,474</u>

	<u>June 30, 2022</u> <u>(UNAUDITED)</u>	<u>December 31, 2021</u> <u>(AUDITED)</u>
<u>LIABILITIES AND EQUITY</u>		
CURRENT LIABILITIES		
Trade and other payables	P 71,293,398,775	P 64,572,635,732
Interest-bearing loans	53,297,946,770	80,303,949,739
Bonds payable	13,746,613,227	-
Lease liabilities	1,328,264,462	1,309,447,535
Contract liabilities	3,500,571,953	2,447,089,883
Income tax payable	1,709,644,978	2,099,665,745
Redeemable preferred shares	251,597,580	251,597,580
Advances from related parties and joint operator partners	2,062,383,468	2,469,533,312
Other current liabilities	15,678,293,127	19,005,123,221
	<u>162,868,714,340</u>	<u>172,459,042,747</u>
Total Current Liabilities		
NON-CURRENT LIABILITIES		
Interest-bearing loans	111,892,550,273	93,108,742,222
Bonds payable	30,792,301,080	41,982,042,246
Lease liabilities	15,445,984,396	15,336,726,680
Contract liabilities	5,533,227,926	4,956,605,925
Retirement benefit obligation	1,034,104,370	982,052,130
Redeemable preferred shares	1,449,299,358	1,365,641,108
Deferred tax liabilities - net	18,850,849,689	18,167,163,730
Other non-current liabilities	19,623,836,548	20,379,289,896
	<u>204,622,153,640</u>	<u>196,278,263,937</u>
Total Non-current Liabilities		
Total Liabilities	<u>367,490,867,980</u>	<u>368,737,306,684</u>
EQUITY		
Equity attributable to owners of the parent company	217,720,992,412	209,903,697,035
Non-controlling interest	127,287,912,780	125,318,941,755
	<u>345,008,905,192</u>	<u>335,222,638,790</u>
Total Equity		
TOTAL LIABILITIES AND EQUITY	<u>P 712,499,773,172</u>	<u>P 703,959,945,474</u>

See Notes to Interim Consolidated Financial Statements.

ALLIANCE GLOBAL GROUP, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED JUNE 30, 2022 AND 2021
(Amounts in Philippine Pesos)
(UNAUDITED)

	2022		2021	
	Year-to-Date	Quarter	Year-to-Date	Quarter
REVENUES AND INCOME				
Sale of goods	P 43,635,419,806	P 23,585,584,451	P 38,586,057,843	P 20,591,623,157
Rendering of services	36,065,670,829	19,725,803,278	25,384,533,421	12,518,117,019
Share in net profits of associates and joint ventures - net	-	-	-	-
Finance and other income	2,862,862,932	1,754,661,100	7,179,078,725	6,238,064,689
	<u>82,563,953,567</u>	<u>45,066,048,829</u>	<u>71,149,669,989</u>	<u>39,347,804,865</u>
COSTS AND EXPENSES				
Cost of goods sold	26,849,962,847	14,579,910,293	22,663,518,369	11,437,526,855
Cost of services	18,265,729,210	9,782,582,473	14,035,910,213	6,967,196,008
Other operating expenses	16,567,274,669	8,868,360,846	13,925,566,060	6,928,313,807
Share in net losses of associates and joint ventures - net	91,180,328	49,399,338	181,419,181	186,311,132
Finance costs and other charges	5,447,070,839	3,559,668,032	3,888,565,116	1,890,677,200
	<u>67,221,217,893</u>	<u>36,839,920,982</u>	<u>54,694,978,939</u>	<u>27,410,025,002</u>
PROFIT BEFORE TAX	15,342,735,674	8,226,127,847	16,454,691,050	11,937,779,863
TAX EXPENSE	3,377,546,262	1,610,659,893	3,694,727,572	2,382,219,624
NET PROFIT	11,965,189,412	6,615,467,954	12,759,963,478	9,555,560,239
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified subsequently to profit or loss				
Actuarial gains (losses) on remeasurement of retirement benefit obligation	7,236,000	(74,908,000)	207,007,552	25,441,552
Net unrealized fair value gain (loss) on financial assets at fair value through other comprehensive income	(55,942,341)	(154,884,579)	19,974,177	(3,876,967)
Deferred tax income (expense) relating to components of other comprehensive income (loss)	(1,809,000)	18,727,000	(55,601,922)	(10,210,422)
	<u>(50,515,341)</u>	<u>(211,065,579)</u>	<u>171,379,807</u>	<u>11,354,163</u>
Items that will be reclassified subsequently to profit or loss				
Translation adjustments	(1,018,458,926)	(802,836,426)	933,516,053	399,132,866
Net unrealized fair value gain (loss) on cash flow hedge	71,959,379	33,519,247	103,281,130	(8,199,480)
Deferred tax income (expense) relating to components of other comprehensive income (loss)	(18,016,377)	(11,636,584)	(6,595,501)	(447,072)
	<u>(964,515,924)</u>	<u>(780,953,763)</u>	<u>1,030,201,682</u>	<u>390,486,314</u>
TOTAL COMPREHENSIVE INCOME	P 10,950,158,147	P 5,623,448,612	P 13,961,544,967	P 9,957,400,716
Net profit attributable to:				
Owners of the parent company	P 8,235,677,090	P 4,348,621,607	P 8,508,876,987	P 5,945,350,118
Non-controlling interest	3,729,512,322	2,266,846,347	4,251,086,491	3,610,210,121
	<u>P 11,965,189,412</u>	<u>P 6,615,467,954</u>	<u>P 12,759,963,478</u>	<u>P 9,555,560,239</u>
Total comprehensive income attributable to:				
Owners of the parent company	P 7,375,668,242	P 3,567,935,668	P 9,232,183,820	P 6,259,555,053
Non-controlling interest	3,574,489,905	2,055,512,944	4,729,361,147	3,697,845,663
	<u>P 10,950,158,147</u>	<u>P 5,623,448,612</u>	<u>P 13,961,544,967</u>	<u>P 9,957,400,716</u>
Earnings Per Share for the Net Profit Attributable to Owners of the Parent Company:				
Basic	<u>P 0.8853</u>	<u>P 0.4675</u>	<u>P 0.8964</u>	<u>P 0.3053</u>
Diluted	<u>P 0.8853</u>	<u>P 0.4675</u>	<u>P 0.8964</u>	<u>P 0.3053</u>

See Notes to Interim Consolidated Financial Statements.

ALLIANCE GLOBAL GROUP, INC. AND SUBSIDIARIES
 CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
 FOR THE SIX MONTHS ENDED JUNE 30, 2022 AND 2021
 (Amounts in Philippine Pesos)
 (UNAUDITED)

	Attributable to Owners of the Parent Company															
	Capital Stock	Additional Paid-in Capital	Treasury Shares – at Cost	Net Actuarial Losses on Retirement Benefit Plan	Net Fair Value Gains on Financial Assets at FVOCI	Accumulated Translation Adjustments	Revaluation Reserves on Cash Flow Hedge	Share Options	Other Reserves	Retained Earnings		Total	Total	Noncontrolling Interest	Total Equity	
										Appropriated	Unappropriated					
Balance at January 1, 2022	P 10,269,827,979	P 34,518,916,029	(P 10,516,348,052)	P 85,011,950	P 72,946,670	(P 4,036,461,315)	(P 34,608,267)	P 620,625,162	P 19,778,512,767	P 4,454,180,000	P 154,691,094,112	P 159,145,274,112	P 209,903,607,035	P 125,318,941,755	P 335,222,638,790	
Transactions with owners:																
Change in percentage of ownership	-	-	-	-	-	-	-	-	571,388,420	-	-	-	571,388,420	(947,494,679)	(376,106,259)	
Acquisition of treasury shares	-	-	(113,412,926)	-	-	-	-	-	-	-	-	(113,412,926)	-	(113,412,926)		
Dividend paid by investee	-	-	-	-	-	-	-	-	-	-	-	-	(665,401,071)	(665,401,071)		
Share-based compensation	-	-	(113,412,926)	-	-	-	-	-	571,388,420	-	-	-	457,975,494	(1,605,518,880)	(1,147,543,386)	
Changes in legal reserves during the period	-	-	-	-	-	-	-	(16,348,359)	-	-	-	(16,348,359)	-	(16,348,359)		
Appropriation of retained earnings	-	-	-	-	-	-	-	-	-	3,168,340,000	(3,168,340,000)	-	-	-		
Reversal of appropriation	-	-	-	-	-	-	-	-	-	(3,168,340,000)	3,168,340,000	-	-	-		
Total comprehensive income (loss)	-	-	-	(14,116,574)	197,233,521	(1,093,195,131)	80,089,336	-	-	-	8,255,677,090	8,255,677,090	7,375,668,242	3,574,489,905	10,950,158,147	
Balance at June 30, 2022	P 10,269,827,979	P 34,518,916,029	(P 10,629,760,978)	P 70,895,376	P 270,180,191	(P 5,129,656,446)	P 15,461,069	P 620,625,162	P 20,333,552,828	P 4,454,180,000	P 162,926,771,202	P 167,380,951,202	P 217,720,992,412	P 127,287,912,780	P 345,008,985,192	
Balance at January 1, 2021	P 10,269,827,979	P 34,518,916,029	(P 7,596,939,422)	(P 783,537,269)	P 504,426,943	(P 6,047,569,788)	(P 172,210,870)	P 620,625,162	P 9,436,023,550	P 3,993,550,000	P 138,533,653,159	P 142,527,203,159	P 183,276,765,473	P 112,542,694,728	P 295,819,460,201	
Transactions with owners:																
Change in percentage of ownership	-	-	-	-	-	-	-	-	(463,941,523)	-	-	(463,941,523)	(655,130,731)	(1,119,072,254)		
Acquisition of treasury shares	-	-	(829,428,279)	-	-	-	-	-	-	-	-	(829,428,279)	-	(829,428,279)		
Dividend paid by investee	-	-	-	-	-	-	-	-	-	-	-	-	(536,620,091)	(536,620,091)		
Gain on redemption of perpetual securities	-	-	-	-	-	-	-	-	-	-	332,345,878	332,345,878	332,345,878	151,911,558		
Share-based compensation	-	-	(829,428,279)	-	-	-	-	-	(463,941,523)	-	-	332,345,878	332,345,878	6,118,614		
Changes in legal reserves during the period	-	-	-	-	-	-	-	25,674,708	-	-	-	-	25,674,708	-		
Total comprehensive income (loss)	-	-	-	128,401,057	(59,480,561)	583,504,497	70,881,840	-	-	-	8,508,876,987	8,508,876,987	9,232,183,820	4,729,361,147	13,961,544,967	
Balance at June 30, 2021	P 10,269,827,979	P 34,518,916,029	(P 8,426,367,701)	(P 655,136,212)	P 444,946,382	(P 5,464,065,291)	(P 101,329,030)	P 620,625,162	P 8,997,756,735	P 3,993,550,000	P 147,374,876,024	P 151,368,426,024	P 191,573,600,077	P 116,238,335,225	P 307,811,935,302	

See Notes to Interim Consolidated Financial Statements.

ALLIANCE GLOBAL GROUP, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE SIX MONTHS ENDED JUNE 30, 2022 AND 2021
(Amounts in Philippine Pesos)
(UNAUDITED)

	2022		2021
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax	P 15,342,735,674	P	16,454,691,050
Adjustments for:			
Depreciation and amortization	5,397,366,148		5,407,475,819
Interest expense	4,066,978,798		3,435,040,550
Interest income	(1,202,513,453 )	(	1,070,397,850)
Unrealized foreign currency losses (gains) - net	1,002,687,289	(	21,890,419)
Share in net losses (profits) of associates and joint ventures	91,180,328		181,419,181
Reversal of impairment losses - net	(72,671,841 )	(	15,924,773)
Net loss on disposal of assets	40,996,280		37,753,602
Stock option benefit expense	7,376,870		6,118,614
Fair value loss on financial assets at fair value through profit or loss	-		-
Dividend income	(2,510,316 )	(	21,416,852)
Gain from lease modification	-	(	4,813,804)
Operating profit before working capital changes	24,671,625,777		24,388,055,118
Decrease (increase) in trade and other receivables	765,029,691	(	2,507,407,637)
Increase in inventories	(7,538,082,788 )	(	4,460,071,238)
Decrease (increase) in contract assets	1,617,155,400	(	186,452,132)
Decrease (increase) in financial assets at fair value through profit or loss	1,475,369,304	(	489,675,738)
Decrease (increase) in other current assets	(1,076,323,261 )	(	302,356,283)
Increase (decrease) in trade and other payables	5,894,113,653	(	5,797,801,071)
Increase in contract liabilities	1,630,104,071		1,041,048,272
Decrease in retirement benefit obligation	(4,236,820 )	(	167,494,531)
Decrease in other current liabilities	(3,326,830,094 )	(	2,925,890,196)
Increase (decrease) in other non-current liabilities	(539,954,940)		664,823,175
Cash generated from operations	23,567,969,993		9,861,490,305
Cash paid for taxes	(2,638,515,945 )	(	2,021,474,816)
 Net Cash From Operating Activities	 20,929,454,048		 7,840,015,489
 <i>Balance carried forward</i>	 P 20,929,454,048	 P	 7,840,015,489

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	<u>2022</u>		<u>2021</u>
<i>Balance brought forward</i>	P 20,929,454,048	P	7,840,015,489
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisitions of:			
Property, plant and equipment	(7,629,216,790 )	(	4,093,980,659)
Investment properties	(5,292,585,428 )	(	2,039,741,623)
Intangible assets	(1,115,100 )	(	3,275,775)
Proceeds from:			
Disposal of property, plant and equipment	237,065,371		44,973,277
Collections of advances from associates and other related parties	71,296,564		-
Decrease in other non-current assets	120,746,094		1,287,511,173
Cash dividends received	287,510,341		28,434,812
Additional advances granted to associates and other related parties	(270,215,814 )	(	10,425,690)
Advances to landowners, joint ventures and other related parties - net	(264,729,451 )	(	97,673,258)
Interest received	264,842,921		633,550,058
Decrease in non-current assets held for sale	-		4,029,879,970
	<u>12,476,401,292 )</u>	(	<u>220,747,715)</u>
Net Cash Used in Investing Activities			
CASH FLOWS FROM FINANCING ACTIVITIES			
Payment of interest-bearing loans and bonds	(14,927,461,358 )	(	24,641,933,520)
Interest paid	(4,134,364,604 )	(	3,618,734,763)
Proceeds from interest-bearing loans and bonds	5,257,170,072		18,852,929,741
Payment of lease liabilities	(659,398,674 )	(	574,146,642)
Advances granted and paid to related parties	(876,235,532 )	(	371,150,765)
Buyback of shares from non-controlling interest	(758,632,968 )	(	902,100,078)
Dividends paid	(665,401,071 )	(	543,638,051)
Advances collected and received from related parties	372,539,143	(	97,214,256)
Acquisition of treasury shares	(113,412,926 )	(	829,428,279)
	<u>16,505,197,918 )</u>	(	<u>12,725,416,613)</u>
Net Cash Used in Financing Activities			
NET DECREASE IN CASH AND CASH EQUIVALENTS	(8,052,145,162 )	(	5,106,148,839)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	<u>82,278,122,850</u>		<u>69,697,688,432</u>
CASH AND CASH EQUIVALENTS AT END OF PERIOD	P <u>74,225,977,688</u>	P	<u>64,591,539,593</u>

Supplemental Information on Non-cash Investing and Financing Activities –

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

See Notes to Interim Consolidated Financial Statements.

ALLIANCE GLOBAL GROUP, INC. AND SUBSIDIARIES
NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2022 AND 2021
(With Comparative Figures as of December 31, 2021)
(Amounts in Philippine Pesos)
(Unaudited)

1. CORPORATE INFORMATION

Alliance Global Group, Inc. (the “Company”, “Parent Company”, or “AGI”) was registered with the Philippine Securities and Exchange Commission (“SEC”) on October 12, 1993 and listed its shares in the Philippine Stock Exchange (“PSE”) on April 19, 1999.

Currently, AGI is one of the leading conglomerates in the Philippines, with interests in real estate property development, food and beverage, tourism-entertainment and gaming, and quick-service restaurant. Its fifth leg, the infrastructure, has not yet started operations. The Company and its subsidiaries, associates and joint ventures (collectively referred to as the “Group”) operate a diversified range of businesses that focus on developing products and services that generally cater to their target markets, under the following entities (see Note 4):

Subsidiaries/Associates/Joint Ventures	Short Name	Notes	Percentage of Effective Ownership of AGI	
			June 2022	December 2021
Subsidiaries				
Megaworld and subsidiaries				
Megaworld Corporation	“Megaworld”	(a)	70%	69%
Megaworld Resort Estates, Inc.		(b)	84%	84%
Townsquare Development, Inc.			51%	50%
Golden Panda-ATI Realty Corporation			51%	50%
Arcovia Properties, Inc.			70%	69%
Belmont Newport Luxury Hotels, Inc.			70%	69%
Davao Park District Holdings Inc.			70%	69%
Eastwood Cyber One Corporation			70%	69%
Global One Hotel Group, Inc.			70%	69%
Global One Integrated Business Services, Inc.			70%	69%
Hotel Lucky Chinatown, Inc.			70%	69%
Landmark Seaside Properties, Inc.			70%	69%
Luxury Global Hotels and Leisures, Inc.			70%	69%
Luxury Global Malls, Inc.			70%	69%
Mactan Oceanview Properties and Holdings, Inc.			70%	69%
Megaworld Cayman Islands, Inc.		(c)	70%	69%
Megaworld Cebu Properties, Inc.			70%	69%
Megaworld Land, Inc.			70%	69%
Citywalk Building Administration, Inc.			70%	69%
Forbestown Commercial Center Administration, Inc.			70%	69%
Iloilo Center Mall Administration, Inc.			70%	69%
Newtown Commercial Center Administration, Inc.			70%	69%
Paseo Center Building Administration, Inc.			70%	69%
San Lorenzo Place Commercial Center Administration, Inc.			70%	69%
Southwoods Lifestyle Mall Management, Inc.			70%	69%
Uptown Commercial Center Administration, Inc.			70%	69%
Valley Peaks Property Management, Inc.			70%	69%
Megaworld Newport Property Holdings, Inc			70%	69%

Subsidiaries/Associates/Joint Ventures	Short Name	Notes	Percentage of Effective Ownership of AGI	
			June 2022	December 2021
Subsidiaries				
Megaworld and subsidiaries				
Oceantown Properties, Inc.			70%	69%
Piedmont Property Ventures, Inc.			70%	69%
Prestige Hotels and Resorts, Inc.			70%	69%
Richmonde Hotel Group International Ltd.		(d)	70%	69%
San Vicente Coast, Inc.			70%	69%
Savoy Hotel Manila, Inc.			70%	69%
Savoy Hotel Mactan, Inc.			70%	69%
Kingsford Hotel Manila, Inc.			70%	69%
Agile Digital Ventures, Inc.			70%	69%
MREIT Fund Managers, Inc.	“MFMI”	(o)	70%	69%
MREIT Property Managers, Inc.	“MPMI”	(o)	70%	69%
MREIT, Inc.	“MREIT”	(o)	43%	43%
Stonehaven Land, Inc.			70%	69%
Streamwood Property, Inc.			70%	69%
Megaworld Bacolod Properties, Inc.			64%	63%
Manila Bayshore Property Holdings, Inc.			66%	63%
Megaworld Capital Town, Inc.			53%	53%
Megaworld Central Properties, Inc.			53%	53%
Soho Cafe and Restaurant Group, Inc.			52%	52%
La Fuerza, Inc.			46%	46%
Megaworld-Daewoo Corporation			42%	41%
Northwin Properties, Inc.			42%	41%
Gilmore Property Marketing Associates Inc.			36%	36%
Integrated Town Management Corporation			35%	34%
Maple Grove Land, Inc.			35%	34%
Megaworld Globus Asia, Inc.			35%	34%
Suntrust Properties, Inc.				
Governor’s Hills Science School, Inc.			70%	69%
Sunrays Properties Management, Inc.			70%	69%
Suntrust Ecotown Developers, Inc.			70%	69%
Suntrust One Shanata, Inc.			70%	69%
Suntrust Two Shanata, Inc.			70%	69%
Stateland, Inc.			68%	68%
Global-Estate Resorts, Inc.				
Southwoods Mall Inc.	“GERI”	(e)	57%	57%
Twin Lakes Corp.			63%	63%
Twin Lakes Hotel, Inc.			63%	63%
Megaworld Global-Estate, Inc.			62%	62%
Fil-Estate Golf and Development, Inc			57%	57%
Golforce, Inc.			57%	57%
Southwoods Ecocentrum Corp.			34%	34%
Philippine Aquatic Leisure Corp.			34%	34%
Fil-Estate Properties, Inc.			57%	57%
Aklan Holdings Inc.			57%	57%
Blu Sky Airways, Inc.			57%	57%
Fil-Estate Subic Development Corp.			57%	57%
Fil-Power Concrete Blocks Corp.			57%	57%
Fil-Power Construction Equipmen Leasing Corp.			57%	57%
Golden Sun Airways, Inc.			57%	57%
La Compañía De Sta. Barbara, Inc.			57%	57%
MCX Corporation			57%	57%
Pioneer L-5 Realty Corp.			57%	57%
Prime Airways, Inc.			57%	57%
Sto. Domingo Place Development Corp.			57%	57%
Fil-Estate Industrial Park, Inc.			45%	45%
Sherwood Hills Development Inc.			32%	31%
Fil-Estate Urban Development Corp.			57%	57%
Global Homes and Communities, Inc.			57%	57%
Savoy Hotel Boracay, Inc.			57%	57%
Belmont Hotel Boracay, Inc.			57%	57%
Novo Sierra Holdings Corp.			57%	57%
Elite Communities Property Services, Inc.			57%	57%
Oceanfront Properties, Inc.			29%	28%

Subsidiaries/Associates/Joint Ventures	Short Name	Notes	Percentage of Effective Ownership of AGI	
			June 2022	December 2021
Subsidiaries				
Megaworld and subsidiaries				
Empire East Land Holdings, Inc.	“EELHI”		57%	57%
Sonoma Premiere Land, Inc.		(f)	74%	74%
Pacific Coast Mega City, Inc.		(g)	75%	75%
Valle Verde Properties, Inc.			57%	56%
Laguna BelAir School, Inc.			42%	41%
20th Century Nylon Shirt, Inc.			57%	56%
Eastwood Property Holdings, Inc.			57%	56%
Empire East Communities, Inc.			57%	56%
Sherman Oak Holdings, Inc.			57%	56%
Emperador and subsidiaries				
Emperador Inc.	“EMP” or “EMP” or “Emperador”		86%	86%
Emperador Distillers, Inc.	“EDI”		86%	86%
Alcazar de Bana Holdings Company, Inc.			86%	86%
ProGreen AgriCorp, Inc.			86%	86%
South Point Science Park, Inc.			86%	86%
Anglo Watsons Glass, Inc.			86%	86%
Cocos Vodka Distillers Philippines, Inc.			86%	86%
The Bar Beverage, Inc.			86%	86%
Tradewind Estates, Inc.			86%	86%
BoozyLife, Inc.			53%	53%
Zabana Rum Company, Inc.			86%	86%
The World’s Finest Liquor	“TWFL”	(p)	86%	-
Emperador International Ltd.	“EIL”	(d)	86%	86%
Emperador Asia Pte Ltd.	“EA”	(i)	86%	86%
Grupo Emperador Spain, S.A.U.	“GES”	(i)	86%	86%
Bodega San Bruno, S.L.	“BSB”	(i)	86%	86%
Bodegas Fundador S.L.U.	“BFS”	(i)	86%	86%
Grupo Emperador Gestion S.L.	“GEG”	(i)	86%	86%
Domecq Bodega Las Copas, S.L.	“DBLC”	(h), (i)	43%	43%
Stillman Spirits, S.L.	“Stillman”	(i)	86%	86%
Emperador Europe SARL	“EES”	(i)	86%	86%
Emperador Holdings (GB) Limited.	“EGB”	(i)	86%	86%
Emperador UK Limited	“EUK”	(i)	86%	86%
Complejo Bodeguero San Patricio, SLU			86%	86%
Whyte and Mackay Group Limited	“WMG”	(i)	86%	86%
Whyte and Mackay Global Limited	“WMGL”	(i)	86%	86%
Whyte and Mackay Limited	“WML”	(i)	86%	86%
Whyte and Mackay Warehousing Ltd.	“WMWL”	(i)	86%	86%
GADC and subsidiaries				
Golden Arches Development Corporation	“GADC”		49%	49%
Advance Food Concepts Manufacturing, Inc.			49%	49%
Red Asian Food Solutions, Inc.			37%	37%
Clark Mac Enterprises, Inc.			49%	49%
Golden Laoag Foods Corporation			38%	38%
Davao City Food Industries, Inc.			37%	37%
First Golden Laoag Ventures, 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%
Golden Arches Realty Corporation			49%	49%

Subsidiaries/Associates/Joint Ventures	Short Name	Notes	Percentage of Effective Ownership of AGI	
			June 2022	December 2021
Travellers and subsidiaries				
Travellers International Hotel Group, Inc.				
Agile Fox Amusement and Leisure Corporation	“Travellers”	(j)	60%	50%
APEC Assets Limited			60%	50%
Aquamarine Delphinium Leisure and Recreation, Inc.			60%	50%
Bright Pelican Leisure and Recreation, Inc.			60%	50%
Brightleisure Management, Inc.			60%	50%
Brilliant Apex Hotels and Leisure Corporation			60%	50%
Captain View Group Limited			60%	50%
Coral Primrose Leisure and Recreation Corporation			60%	50%
Deluxe Hotels and Recreation, Inc.			60%	50%
Entertainment City Integrated Resorts & Leisure, Inc.			60%	50%
FHTC Entertainment & Productions, Inc.	“FHTC”		60%	50%
Golden Peak Leisure and Recreation, Inc.			60%	50%
Grand Integrated Hotels and Recreation, Inc.			60%	50%
Grandservices, Inc.			60%	50%
Grandventure Management Services, Inc.			60%	50%
Lucky Star Hotels and Recreation, Inc.			60%	50%
Lucky Panther Amusement and Leisure Corporation			60%	50%
Luminescent Vertex Hotels and Leisure Corporation			60%	50%
Magenta Centaurus Amusement and Leisure Corporation			60%	50%
Majestic Sunrise Leisure & Recreation, Inc.			60%	50%
Netdeals, Inc.			60%	50%
Newport Star Lifestyle, Inc.			60%	50%
Royal Bayshore Hotels & Amusement, Inc.			60%	50%
Sapphire Carnation Leisure and Recreation Corporation			60%	50%
Scarlet Milky Way Amusement and Leisure Corporation			60%	50%
Sparkling Summit Hotels and Leisure Corporation			60%	50%
Valiant Leopard Amusement and Leisure Corporation			60%	50%
Vermillion Triangulum Amusement and Leisure Corporation			60%	50%
Westside City Resorts World, Inc.	“WCRWT”	(k)	59%	49%
Purple Flamingos Amusement and Leisure Corporation			59%	49%
Red Falcon Amusement and Leisure Corporation			59%	49%
Westside Theatre Inc.			60%	50%
Corporate and Others				
Alliance Global Brands, Inc.			100%	100%
McKester Pik-nik International Limited	“MPIL”	(d)	100%	100%
Great American Foods, Inc.		(l)	100%	100%
New Town Land Partners, Inc.	“NTLPI”		100%	100%
Alliance Global Group Cayman Islands, Inc.		(c)	100%	100%
Boracay Newcoast Resorts, Inc.			100%	100%
Dew Dreams International, Inc.			100%	100%
First Centro, Inc.	“FCI”		100%	100%
ERA Real Estate Exchange, Inc.			100%	100%
Oceanic Realty Group International, Inc.			100%	100%
Greenspring Investment Holdings Properties Ltd.		(d)	100%	100%
Infracorp Development, Inc.			100%	100%
Shiok Success International, Inc.			100%	100%
Travellers Group Ltd.		(d)	100%	100%

Subsidiaries/Associates/Joint Ventures	Short Name	Notes	Percentage of Effective Ownership of AGI	
			June 2022	December 2021
Corporate and Others				
Venezia Universal Ltd.		(d)	100%	100%
Dew Dreams International, Ltd.		(d)	100%	100%
Shiok Success International, Ltd.		(d)	100%	100%
Adams Properties, Inc.	“Adams”		60%	60%
Associates				
First Premiere Arches Restaurant Inc.			49%	49%
Bonifacio West Development Corporation			32%	32%
Suntrust Home Developers, Inc.	“SHDI”		24%	23%
Palm Tree Holdings and Development Corporation			28%	28%
SWC Project Management Limited			24%	23%
WC Project Management Limited			24%	23%
Fil-Estate Network, Inc.			11%	11%
Fil-Estate Sales, Inc.			11%	11%
Fil-Estate Realty and Sales Associates, Inc.			11%	11%
Fil-Estate Realty Corp.			11%	11%
Nasugbu Properties, Inc.			8%	8%
Joint Ventures				
Bodegas Las Copas, S.L.	“BLC”	(m)	43%	43%
Front Row Theatre Management, Inc.		(n)	30%	25%

Explanatory notes:

- (a) AGI's effective ownership interest is derived from its 46% direct ownership, 3% direct holdings of FCI, 18% direct holdings of NTLPI and 2% direct holdings of MPIL.
- (b) AGI and Megaworld directly owns 49% and 51%, respectively.
- (c) Foreign subsidiaries operating under the laws of the Cayman Islands.
- (d) Foreign subsidiaries operating under the Business Companies Act of the British Virgin Islands (“BVI”).
- (e) AGI's effective ownership interest represents its indirect holdings through Megaworld, which owns 82% of GERI both as of June 30, 2022 and December 31, 2021.
- (f) A subsidiary through 60% and 40% direct ownership of EELHI and FCI, respectively.
- (g) In 2021, AGI sold certain number of shares to Megaworld which decreased the effective ownership of AGI over PCMI to 75%.
- (h) DBLC, a subsidiary of GES, is operating under the laws of Spain and its subsidiary PDSC is operating under the laws of Mexico.
- (i) Subsidiaries under EIL. EA is operating under the laws of Singapore while GES and its subsidiaries BSB, BFS, GEG, DBLC and Stillman, are operating under the laws of Spain. EES is operating under the laws of Luxembourg. EGB (the ultimate UK parent) is operating under the laws of England and Wales. EUK, WMG, WML, WMWL and WMGL are operating under the laws of Scotland. EA, EES and EGB are direct subsidiaries of EIL.
- (j) AGI's effective ownership is through Travellers' common and preferred shares in total, which are directly owned 33% by AGI, 2% by FCI, 2% by Megaworld, 39% by Adams, 24% by Genting Hongkong Limited (“GHL”) and 0.2% by the public. The Group beneficially owns 60% of the common shares.
- (k) AGI's effective ownership is through 1% direct ownership, 57% through 95% ownership of Travellers, and 1% through ownership of other subsidiaries within the Group (i.e., FCI, Megaworld and Adams).
- (l) Foreign subsidiary of MPIL operating under the laws of United States of America.
- (m) A foreign joint venture under GES and operating under the laws of Spain.
- (n) A joint venture through FHTC.
- (o) MFMI, MPMI and MREIT are newly incorporated subsidiaries of Megaworld in 2021. MFMI is engaged in the business of providing fund management services to real estate investment trust (“REIT”) companies. MPMI is engaged in the business of providing services in relation to property management, lease management, marketing and project management. MREIT is engaged in the business of real estate investment trust, as provided under Republic Act No. 9856, the Real Estate Investment Trust Act of 2009.
- (p) TWFL is a newly incorporated subsidiary of Emperador in 2022.

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

AGI's shares of stock and those of Megaworld, EMI, GERI, EELHI, MREIT and SHDI are listed in and traded through the PSE as of June 30, 2022. (See Note 15)

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

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

The Board of Directors ("BOD") approved on August 12, 2022 the release of the interim consolidated financial statements ("ICFS") of the Group as of and for the six months ended June 30, 2022 (including the comparative financial statements as of December 31, 2021, and for the six months ended June 30, 2021).

2. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies used in the preparation of these ICFS are consistent with those applied in the audited consolidated financial statements ("ACFS") as of and for the year ended December 31, 2021 (see Note 2.2).

2.1 Basis of Preparation of Interim Consolidated Financial Statements

These ICFS have been prepared in accordance with Philippine Accounting Standard ("PAS") 34, *Interim Financial Reporting*. They do not include all of the information required in annual financial statements in accordance with Philippine Financial Reporting Standards ("PFRS"), and should be read in conjunction with the Group's ACFS as of and for the year ended December 31, 2021.

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

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

The presentation of the ICFS is consistent with the most recent ACFS presentation.

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

2.2 Adoption of Amended PFRS

(a) Effective in 2022 that are relevant to the Group

The Group adopted for the first time the following amendments to existing standards, which are mandatorily effective for annual periods beginning on or after January 1, 2022.

PFRS 3 (Amendments)	:	Business Combination – Reference to the Conceptual Framework
PAS 16 (Amendments)	:	Property, Plant and Equipment – Proceeds Before Intended Use
PAS 37 (Amendments)	:	Provisions, Contingent Liabilities and Contingent Assets – Onerous Contracts – Cost of Fulfilling a Contract
Annual Improvements to PFRS (2018-2020 Cycle)		
PFRS 9 (Amendments)	:	Financial Instruments – Fees in the ‘10 per cent’ Test for Derecognition of Liabilities
Illustrative Examples Accompanying PFRS 16, Leases	:	Leases – Lease Incentives

The adoption of the amendments did not have a significant impact on the Group’s ICFS.

(b) Effective subsequent to 2022 that are relevant to the Group

There are pronouncements effective for annual periods subsequent to 2022. Management will adopt the following relevant pronouncements in accordance with their transitional provisions; and, unless otherwise stated, none of these are expected to have significant impact on the Group’s ICFS.

- (i) PAS 1 (Amendments), *Presentation of Financial Statements – Classification of Liabilities as Current or Non-current* (effective from January 1, 2023)
- (ii) PAS 1 (Amendments), *Presentation of Financial Statements – Disclosure of Accounting Policies* (effective from January 1, 2023)
- (iii) PAS 8 (Amendments), *Accounting Estimates – Definition of Accounting Estimates* (effective from January 1, 2023)
- (iv) PAS 12 (Amendments), *Income Taxes – Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction* (effective from January 1, 2023)
- (v) PFRS 10 (Amendments), *Consolidated Financial Statements*, and PAS 28 (Amendments), *Investments in Associates and Joint Ventures – Sale or Contribution of Assets Between an Investor and Its Associates or Joint Venture* (effective date deferred indefinitely)

3. JUDGMENTS AND ESTIMATES

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

The Group performed its annual impairment test of goodwill and trademarks with indefinite useful lives at year-end and when circumstances indicate the carrying value may be impaired. The Group's impairment test for goodwill arising from business combination and other intangible assets is based on value-in-use calculations. The Group monitors goodwill and trademarks with indefinite useful lives on the cash generating units to which these assets were allocated and considers the relationship between the market capitalization of the subsidiaries and its net book value, among other factors, when reviewing for indicators of impairment. The Group's management assessed that as at and for the six months ended June 30, 2022 and as at December 31, 2021, goodwill arising from business combination and other intangible assets with indefinite useful lives are not impaired.

Aside from the foregoing, the judgments, estimates and assumptions applied in the ICFS, including the key sources of estimation uncertainty, were the same as those applied in the ACFS as at and for the year ended December 31, 2021.

4. SEGMENT INFORMATION

4.1 *Business Segments*

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

- (a) The *Megaworld* segment consists of development of real estate, integrated resorts, leasing of properties and hotel operations business which is primarily undertaken by Megaworld Corporation and subsidiaries, the Group's forerunner in the real estate industry.
- (b) The *Emperador* segment refers to the manufacture and distribution of distilled spirits, including the production of glass containers, which is undertaken by Emperador Inc. and subsidiaries.
- (c) The *Travellers* segment relates to tourism-oriented business that integrates entertainment, hospitality and leisure, including gaming, as that of Newport World Resorts (formerly Resorts World Manila), which is operated by Travellers International Hotel Group, Inc. and subsidiaries.
- (d) The *GADC* segment refers to operations of McDonald's restaurants in the Philippines in accordance with the franchise agreement between GADC and McDonald's Corporation, USA.

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

4.2 Segment Assets and Liabilities

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

4.3 Intersegment Transactions

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

4.4 Analysis of Segment Information

Segment information can be analyzed as follows for the six months ended June 30, 2022 and 2021.

	For six months ended June 30, 2022 (Unaudited)				
	<u>Megaworld</u>	<u>Travellers</u>	<u>GADC</u>	<u>Emperador</u>	<u>Total</u>
REVENUES AND INCOME					
Sales to external customers	P 25,777,422,238	P 11,888,680,092	P 15,393,414,017	P 26,403,489,533	P 79,463,005,880
Intersegment sales	134,333,401	1,890,877	26,639,590	5,640,502	168,504,370
Finance and other income	<u>1,543,017,612</u>	<u>13,371,433</u>	<u>(3,373,372)</u>	<u>1,283,813,298</u>	<u>2,836,828,971</u>
Segment revenues and income	27,454,773,251	11,903,942,402	15,416,680,235	27,692,943,333	82,468,339,221
Cost of sales and expenses excluding depreciation and amortization	<u>(13,963,109,656)</u>	<u>(8,166,729,534)</u>	<u>(12,366,653,955)</u>	<u>(20,674,328,744)</u>	<u>(55,170,821,889)</u>
	13,491,663,595	3,737,212,868	3,050,026,280	7,018,614,589	27,297,517,332
Depreciation and amortization	<u>(1,667,072,860)</u>	<u>(1,759,601,182)</u>	<u>(1,329,489,340)</u>	<u>(725,568,866)</u>	<u>(5,481,732,248)</u>
Finance costs and other charges	<u>(3,554,664,897)</u>	<u>(1,209,680,129)</u>	<u>(556,968,869)</u>	<u>(61,422,127)</u>	<u>(5,382,736,022)</u>
Profit before tax	8,269,925,838	767,931,557	1,163,568,071	6,231,623,596	16,433,049,062
Tax expense	<u>(1,510,282,638)</u>	<u>(741,443,257)</u>	<u>(314,534,994)</u>	<u>(806,391,619)</u>	<u>(3,372,652,508)</u>
SEGMENT PROFIT (LOSS)	<u>P 6,759,643,200</u>	<u>P 26,488,300</u>	<u>P 849,033,077</u>	<u>P 5,425,231,977</u>	<u>P 13,060,396,554</u>
SEGMENT ASSETS AND LIABILITIES					
Segment assets	P 399,539,745,630	P 115,318,872,925	P 37,965,250,073	P 132,569,399,814	P 685,393,268,442
Segment liabilities	153,250,137,835	80,900,497,961	30,384,586,708	45,570,282,104	310,105,504,608
OTHER SEGMENT INFORMATION					
Share in net profit (loss) of associates and joint ventures	<u>(151,766,349)</u>	<u>(134,500)</u>	-	60,730,521	91,180,328

	For six months ended June 30, 2021 (Unaudited)				
	<u>Megaworld</u>	<u>Travellers</u>	<u>GADC</u>	<u>Emperador</u>	<u>Total</u>
REVENUES AND INCOME					
Sales to external customers	P 20,785,918,965	P 6,337,593,201	P 11,791,627,537	P 24,818,524,012	P 63,733,663,715
Intersegment sales	187,874,301	7,066,980	-	5,597,901	200,539,182
Finance and other income	<u>1,197,415,520</u>	<u>5,416,190,232</u>	<u>36,825,323</u>	<u>461,504,916</u>	<u>7,111,935,991</u>
Segment revenues and income	22,171,208,786	11,760,850,413	11,828,452,860	25,285,626,829	71,046,138,888
Cost of sales and expenses excluding depreciation and amortization	(<u>11,941,604,434</u>)	(<u>6,137,353,136</u>)	(<u>9,213,208,795</u>)	(<u>17,287,996,800</u>)	(<u>44,580,163,165</u>)
	10,229,604,352	5,623,497,277	2,615,244,065	7,997,630,029	26,465,975,723
Depreciation and amortization	(<u>1,690,093,491</u>)	(<u>1,628,441,042</u>)	(<u>1,292,207,089</u>)	(<u>864,470,548</u>)	(<u>5,475,212,170</u>)
Finance costs and other charges	(<u>1,838,400,558</u>)	(<u>985,792,079</u>)	(<u>552,709,558</u>)	(<u>263,710,345</u>)	(<u>3,640,612,540</u>)
Profit (loss) before tax	6,701,110,303	3,009,264,156	770,327,418	6,869,449,136	17,350,151,013
Tax expense	(<u>1,345,046,271</u>)	(<u>6,053,718</u>)	(<u>668,279,782</u>)	(<u>1,673,254,570</u>)	(<u>3,692,634,341</u>)
SEGMENT PROFIT (LOSS)	<u>P 5,356,064,032</u>	<u>P 3,003,210,438</u>	<u>P 102,047,636</u>	<u>P 5,196,194,566</u>	<u>P 13,657,516,672</u>
OTHER SEGMENT INFORMATION					
Share in net profit (loss) of associates and joint ventures	(226,908,846)	-	-	45,489,665	(181,419,181)

The following presents the segment assets and liabilities of the Group as of December 31, 2021 (audited):

SEGMENT ASSETS AND LIABILITIES					
Segment assets	P 395,561,313,126	P 113,652,601,547	P 36,054,436,750	P 126,100,101,392	P 671,368,452,815
Segment liabilities	153,768,820,135	81,552,270,631	29,083,047,027	45,003,038,365	309,407,176,158

4.5 Reconciliations

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

	June 30, 2022 <u>(Unaudited)</u>	June 30, 2021 <u>(Unaudited)</u>
Revenues and income		
Total segment revenues and income	P 82,468,339,221	P 71,046,138,888
Unallocated corporate revenue	264,118,716	304,070,283
Elimination of intersegment revenues	<u>(168,504,370)</u>	<u>(200,539,182)</u>
Revenues as reported in interim consolidated statements of comprehensive income	<u>P 82,563,953,567</u>	<u>P 71,149,669,989</u>
Profit or loss		
Segment operating profit	P 13,060,396,554	P 13,657,516,672
Unallocated corporate loss	<u>(926,702,772)</u>	<u>(697,014,012)</u>
Elimination of intersegment revenues	<u>(168,504,370)</u>	<u>(200,539,182)</u>
Profit as reported in interim consolidated statements of comprehensive income	<u>P 11,965,189,412</u>	<u>P 12,759,963,478</u>
	June 30, 2022 <u>(Unaudited)</u>	December 31, 2021 <u>(Audited)</u>
Assets		
Segment assets	P 685,393,268,442	P 671,368,452,815
Unallocated corporate assets	<u>27,106,504,730</u>	<u>32,591,492,659</u>
Total assets reported in the interim consolidated statements of financial position	<u>P 712,499,773,172</u>	<u>P 703,959,945,474</u>
Liabilities		
Segment liabilities	P 310,105,504,608	P 309,407,176,158
Unallocated corporate liabilities	<u>57,385,363,372</u>	<u>59,330,130,526</u>
Total liabilities reported in the interim consolidated statements of financial position	<u>P 367,490,867,980</u>	<u>P 368,737,306,684</u>

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

5. PROPERTY, PLANT AND EQUIPMENT

The gross carrying amounts and accumulated depreciation, amortization and impairment of property, plant and equipment as of June 30, 2022 and December 31, 2021 are shown below.

	June 30, 2022 <u>(Unaudited)</u>	December 31, 2021 <u>(Audited)</u>
Cost	P 207,700,881,532	P 201,081,408,155
Accumulated depreciation, amortization and impairment	<u>(62,598,044,388)</u>	<u>(59,177,378,617)</u>
Net carrying amount	<u>P 145,102,837,144</u>	<u>P 141,904,029,538</u>

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

	<u>June 30, 2022</u> <u>(Unaudited)</u>	<u>December 31, 2021</u> <u>(Audited)</u>
Balance at beginning of period, net of accumulated depreciation, amortization and impairment	P 141,904,029,538	P 140,156,527,643
Additions	7,955,205,117	12,433,716,434
Depreciation and amortization charges for the period	(4,164,227,627)	(8,541,920,915)
Disposals – net	(292,095,125)	(181,379,785)
Adjustments	179,750,235	
Impairment reversal (loss)	46,996,006	(1,787,804,629)
Derecognition	(526,821,000)	(175,509,680)
Transfer from investment property	<u>-</u>	<u>400,470</u>
Balance at end of period, net of accumulated depreciation, amortization and impairment	<u>P 145,102,837,144</u>	<u>P 141,904,029,538</u>

6. INVESTMENT PROPERTIES

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

	<u>June 30, 2022</u> <u>(Unaudited)</u>	<u>December 31, 2021</u> <u>(Audited)</u>
Cost	P 145,085,789,474	P 139,091,264,473
Accumulated depreciation	(<u>19,953,269,295</u>)	(<u>18,551,530,143</u>)
Net carrying amount	<u>P 125,132,520,179</u>	<u>P 120,539,734,330</u>

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

	<u>June 30, 2022</u> <u>(Unaudited)</u>	<u>December 31, 2021</u> <u>(Audited)</u>
Balance at beginning of period, net of accumulated depreciation	P 120,539,734,330	P 116,364,208,432
Additions	5,994,525,001	7,055,426,461
Depreciation charges for the period	(1,401,739,152)	(2,879,361,882)
Transfer to property, plant and equipment	-	(400,470)
Disposals – net	<u>-</u>	<u>(138,211)</u>
Balance at end of period, net of accumulated depreciation	<u>P 125,132,520,179</u>	<u>P 120,539,734,330</u>

7. DIVIDENDS

There were no dividends declared and paid by the Company for the six-month periods ended June 30, 2022 and 2021.

8. EARNINGS PER SHARE

Earnings per share is computed as follows:

	June 30, 2022 (Unaudited)	June 30, 2021 (Unaudited)
Basic and Diluted:		
Net profit attributable to owners of the parent company	P 8,235,677,090	P 8,508,876,987
Divide by the weighted average number of outstanding common shares	<u>9,302,786,079</u>	<u>9,491,811,579</u>
	<u>P 0.8853</u>	<u>P 0.8964</u>

On September 19, 2017, the BOD approved a two-year share repurchase program of up to P5.0 billion worth of shares in the open market, to enhance shareholder value. On September 18, 2019, the BOD approved another share repurchase program for P2.5 billion over a 12-month period ended September 23, 2020. Further, on September 21, 2020, the BOD approved another one-year share repurchase program for P2.5 billion to end on September 23, 2021. On October 8, 2021, the BOD approved another share repurchase program for a term of 2.5 years for P4.0 billion to end on April 8, 2024. The Company has repurchased 808,807,900 shares for P9.5 billion and 619,782,400 shares for P7.3 billion as of June 30, 2022 and 2021, respectively, which are reported as Treasury Shares.

Under the Revised Corporation Code of the Philippines, a stock corporation can repurchase or acquire its own shares provided that it has unrestricted retained earnings to cover the shares to be repurchased or acquired. Accordingly, the Parent Company's ongoing share repurchase program restricts the Parent Company's retained earnings for distribution as dividends up to the cost of the treasury shares.

There are 158.23 million shares held by subsidiaries with a total cost of P1.2 billion as of June 30, 2022 and 2021 that were reported as part of Treasury Shares in the consolidated statements of changes in equity and taken out of outstanding common shares in computing EPS.

The basic and diluted earnings per share are the same for the six months ended June 30, 2022 and 2021, as the Company's Executive Stock Option Plan are considered to be antidilutive since their conversion to ordinary shares would increase earnings per share. Thus, the number of issued and outstanding common shares presented above does not include the effect of the potential common shares from the Executive Stock Option Plan.

9. RELATED PARTY TRANSACTIONS

The Group's related parties include its stockholders, associates, joint ventures, the Group's key management personnel and retirement fund, and others. The summary of the Group's transactions with its related parties for the periods ended June 30, 2022 and 2021, and the related outstanding balances as of June 30, 2022 and December 31, 2021 are as follows:

Related Party Category	Notes	Amount of Transaction		Receivable (Payable)	
		June 30, 2022 (Unaudited)	June 30, 2021 (Unaudited)	June 30, 2022 (Unaudited)	December 31, 2021 (Audited)
Subsidiaries' stockholders:					
Management fees	9.2	(3,308,826)	19,372,568	(53,117,021)	(225,387,007)
Accounts payable	9.4	-	-	(315,040,576)	(315,040,576)
Related party under common ownership:					
Purchase of raw materials	9.1	1,284,176,118	933,791,130	(625,013,156)	(621,856,151)
Purchase of finished goods	9.1	6,517,596	7,054,668	-	(972,593)
Advances granted	9.3	177,563,137	271,598,144	2,802,152,467	2,624,589,330
Management services	9.1	30,000,000	5,500,000	(115,500,000)	(33,000,000)
Associates:					
Advances granted	9.3	21,356,113	9,870,316	1,031,093,945	1,009,737,832
Others:					
Accounts receivable	9.4	96,546,545	71,104,347	947,977,167	851,430,622
Accounts payable	9.4	-	(988,317)	(45,208,430)	(45,208,430)
Advances from joint venture partners and others	9.5	407,149,844	116,780,531	(2,062,383,468)	(2,469,533,312)
Donations		121,945,909	16,781,750	(55,636,803)	(13,436,801)
Sale of investment property		-	-	-	378,391,250

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

9.1 Purchase of Goods and Management Agreement

Emperador imports finished goods and raw materials through Andresons Global, Inc., a related party under common ownership. These transactions are normally being paid within 30 days. Emperador also imports raw materials from Alcoholera de la Mancha Vinicola, S.L., a wholly owned subsidiary of BLC. Emperador had a management agreement with Consolidated Distillers of the Far East, Inc., a related party under common ownership, for the consultancy and advisory services in relation to the operation, management, development and maintenance of its distillery plant. The outstanding balances as of June 30, 2022 and December 31, 2021 are shown as part of Trade and Other Payables account in the consolidated statements of financial position.

9.2 Operations and Management Agreement with GHL

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

9.3 Advances to Associates and Other Related Parties

Entities within the Group grant advances to associates and other related parties 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 movements of the outstanding balances of Advances to associates and other related parties, which are shown as part of Trade and Other Receivables account in the consolidated statements of financial position, are presented as follows:

	June 30, 2022 <u>(Unaudited)</u>	December 31, 2021 <u>(Audited)</u>
Balance at beginning of period	P 3,634,327,162	P 3,309,913,472
Cash advances granted	270,215,814	413,989,152
Collections	<u>(71,296,564)</u>	<u>(89,575,462)</u>
Balance at end of period	<u>P 3,833,246,412</u>	<u>P 3,634,327,162</u>

As of June 30, 2022 and December 31, 2021, 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.

9.4 Due from/to Related Parties

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

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

	June 30, 2022	December 31, 2021
	<u>(Unaudited)</u>	<u>(Audited)</u>
<i>Due from Related Parties</i>		
Balance at beginning of period	P 851,430,622	P 754,074,457
Additions	469,085,688	148,602,240
Collections	(372,539,143)	(51,246,075)
Balance at end of period	<u>P 947,977,167</u>	<u>P 851,430,622</u>
<i>Due to Related Parties</i>		
Balance at beginning of period	P 360,249,006	P 412,878,940
Collections	-	(52,629,934)
Balance at end of period	<u>P 360,249,006</u>	<u>P 360,249,006</u>

As of June 30, 2022 and December 31, 2021, based on management's assessment, no additional amount of impairment is necessary.

9.5 Advances from Other 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.

The movements in advances from other related parties are as follows:

	June 30, 2022	December 31, 2021
	<u>(Unaudited)</u>	<u>(Audited)</u>
Balance at beginning of period	P 2,469,533,312	P 2,181,442,496
Advances availed	-	336,874,510
Advances paid	(407,149,844)	(48,783,694)
Balance at end of period	<u>P 2,062,383,468</u>	<u>P 2,469,533,312</u>

9.6 Transactions with the Retirement Plans

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

10. COMMITMENTS AND CONTINGENCIES

10.1 Tax Contingencies of Travellers' Casino Operations

Travellers is subject to 25% and 15% license fees, inclusive of franchise tax and in lieu of all taxes, with reference to the income component of the gross gaming revenues, as provided under the Provisional License Agreement with Philippine Amusement and Gaming Corporation ("PAGCOR").

All contractees and licensees of PAGCOR, upon payment of the 5% franchise tax, shall be exempted from all other taxes, including income tax realized from the operation of casinos.

In a Resolution dated May 3, 2021, the Supreme Court also held that Travellers' "gaming revenues as a PAGCOR licensee were exempt from regular corporate income tax after payment of the five percent (5%) franchise tax".

10.2 Skytrain Project

On October 2017, the Group submitted an unsolicited proposal to the government to build Skytrain that will link Uptown Fort Bonifacio to Guadalupe Station of Metro Rail Transit Line-3. The Group was granted an Original Proponent Status by the DOTr in May 2018 and its proposal is now undergoing review and evaluation at NEDA Board.

10.3 Co-Development Agreement between WCRWI and SHDI

The principal terms of the co-development agreement are as follows:

(i) WCRWI and Travellers shall lease the Project Site (i.e. "the site upon which the hotel casino is to be erected") to SHDI.

WCRWI and Travellers shall lease to SHDI the site upon which a hotel casino will be erected at an annual rental of US\$10.6 million (P540.1 million), exclusive of VAT, until August 19, 2039. The lease shall automatically be renewed subject to applicable laws for another 25 years, unless otherwise agreed upon by the parties. The annual rental shall be payable upon the commencement of operation of the hotel casino.

In line with the foregoing, on February 21, 2020, WCRWI and Travellers entered into a lease agreement with SHDI.

(ii) SHDI shall finance the development and construction of a hotel casino.

SHDI shall finance the development and construction of a hotel casino on the leased area. SHDI shall also pay a certain fixed amount to WCRWI for reimbursement of costs already incurred and construction works that have already been accomplished on the Project Site.

In 2021, the conditions specified in the CDA had been fulfilled and the transfer of assets has been completed.

(iii) WCRWI shall enter into an agreement with SHDI, for the latter to operate and manage a hotel casino.

WCRWI and SHDI shall enter into an agreement for the operations and management of a hotel casino for the period of the gaming Provisional License Agreement (i.e. up to July 11, 2033) as well as any extension or renewal of the Provisional License Agreement on terms mutually agreed between WCRWI and SHDI. The operations and management agreement was entered into by the parties on May 4, 2020.

As of June 30, 2022, the hotel casino has not yet commenced its operation; hence, agreement above has not yet materialized.

(iv) WCRWI and the Travellers as warrantors

Fortune Noble Limited (“Fortune”) [a wholly-owned subsidiary of Suncity Group Holdings Limited], the parent company of SHDI, conditionally agreed to subscribe to 2.55 billion new SHDI shares subject to the terms and conditions mutually agreed upon by the parties. WCRWI and Travellers agreed to act as the warrantors, wherein, a put option over the shares of SHDI was included. The put option enables Fortune to transfer ownership over SHDI to the warrantors in exchange for an option price, upon the happening of any of the put option events during the option period.

The option period commences from the date of the agreement up to the day immediately preceding the date on which the hotel casino first starts its operation. The put option events mainly pertains to the successful commencement of operations of the hotel casino, which include, among others, the termination or suspension of gaming license due to the default of the warrantors, termination of WCRWI’s lease over Site A as applicable, or failure to acquire government consent for operation of hotel casino.

The option price is equivalent to the aggregate of: (a) the consideration for the acquisition by Fortune of the 1.1 billion SHDI shares as at the date of the agreement together with interest from the date of completion of the said acquisition up to the date of completion of the put option; and, (b) the aggregate of the shares subscription price for the subscription of 2.55 billion new SHDI shares including interest as well from the date of shares subscription completion up to the date of completion of the put option.

Management assessed that since the put option transfers significant risk to the Group as warrantors, it shall be accounted for as a financial guarantee to be measured under PFRS 9, *Financial Instruments*. Accordingly, the put option was initially recognized at the amount of premium received then, subsequently measured at the higher of the amount initially recognized or the amount using the expected credit loss model (“ECL”).

Applying the ECL model, the option price that WCRWI and Travellers are committed to pay amounting to P3.7 billion was compared with the value of the collateral or the shares of stocks that they will receive. In determining the value of the shares, management assessed that the price of SHDI shares in the PSE as of June 30, 2022 amounting to P1.00 per share or a total value of P7.2 billion is a reasonable estimate of its value. In terms of probability of default, management assessed that it is unlikely or remote (see Note 11.2).

As of June 30, 2022 and December 31, 2021, the value of the put option is still the amount initially recognized as the option price is fully secured by the value of SHDI shares and that the probability of default was assessed to be remote.

10.4 Purchase and Sale Commitment

On December 27, 2020, the Group (as seller) signed a letter of intent with Global One Real Estate Spain SAU, a related party under common ownership, (as buyer) for the sale of the Group's certain land and buildings in Spain (reported as Non-Current Assets Held for Sale in the interim consolidated statements of financial position) for a total purchase price of €16.6 million at any time until three years after the COVID-19 pandemic has ended. As of June 30, 2022, the purchase and sale transaction has not yet consummated.

10.5 Other Commitments and Contingencies

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

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

11. RISK MANAGEMENT OBJECTIVES AND POLICIES

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

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

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

11.1 Market Risk

(a) Foreign Currency Sensitivity

Most of the Group's transactions are carried out in Philippine pesos, U.S. dollars, Euros and U.K. pounds, which are the functional currencies of the individual subsidiaries making the transactions.

The currency exchange risk arises from transactions carried out in currencies other than the functional currency of the subsidiaries at each entity level. The Group has no significant exposure to changes in foreign currency exchange rates for Euros and U.K. pounds since these currencies are not significant to the Group's consolidated financial statements.

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

	<u>June 30, 2022 (Unaudited)</u>		<u>December 31, 2021 (Audited)</u>	
	<u>U.S. Dollars</u>	<u>HK Dollars</u>	<u>U.S. Dollars</u>	<u>HK Dollars</u>
Financial assets	P 14,156,212,891	P 2,477,389,544	P 8,527,714,209	P 1,894,349,341
Financial liabilities	(38,241,187,988)	(681,350,288)	(39,578,899,793)	(628,939,237)
	(P 24,084,975,097)	P 1,796,039,256	(P 31,051,185,584)	P 1,265,410,104

The sensitivity of the consolidated income before tax for the period with regard to the Group's financial assets and financial liabilities and the U.S. dollar – Philippine peso exchange rate assumes +/- 9.10% and +/- 7.54% changes in exchange rate for the six months ended June 30, 2022 and for the year ended December 31, 2021, respectively. The HK dollar – Philippine peso exchange rate assumes +/- 11.31% and +/- 7.56% changes in exchange rate for the six months ended June 30, 2022 and for the year ended December 31, 2021, 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 P2.2 billion for the six-month period ended June 30, 2022 and increased (or decreased) by P2.0 billion for the year ended December 31, 2021. If the Philippine peso had strengthened (or weakened) against the HK dollar, with all other variables held constant, consolidated profit before tax would have decreased (or increased) by P0.2 billion for the six-month period ended June 30, 2022 and by P0.1 billion for the year ended December 31, 2021.

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

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

(b) *Interest Rate Sensitivity*

The Group's interest risk management policy is to minimize interest rate cash flow risk exposures to changes in interest rates. At present, the Group is exposed to changes in market interest rates through 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 variable interest rates. All other financial assets are subject to variable interest rates.

The sensitivity of the consolidated profit before tax for the period to a reasonably possible change in interest rates of +/- 2.29% for Philippine peso and +/- 4.78% for U.S. dollar in 2022, and +/- 0.47% for Philippine peso and +/- 0.38% for U.S. dollar in 2021 with effect from the beginning of the period. These percentages have been determined based on the average market volatility in interest rates, using standard deviation, in the previous 12 months estimated at 95% level of confidence.

The sensitivity analysis is based on the Group's financial instruments held at June 30, 2022 and December 31, 2021, with effect estimated from the beginning of the period. All other variables held constant, the consolidated profit before tax would have increased by P0.6 billion for the six-month period ended June 30, 2022, and P0.2 billion for the year ended December 31, 2021. Conversely, if the interest rates decreased by the same percentage, consolidated profit before tax would have been lower by the same amount.

11.2 Credit Risk

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

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

With respect to credit risk arising from the other financial assets of the Group, composed significantly 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 and cash equivalents in banks in the Philippines are insured by the Philippine Deposit Insurance Corporation up to a maximum coverage of P500,000 per depositor per banking institution. The credit risk for cash and cash equivalents are considered negligible since the counterparties are reputable banks with high quality external credit ratings.

To measure the expected credit losses, trade receivables and other receivables have been grouped based on shared credit risk characteristics and the days past due (age buckets). The other receivables relate to receivables from both third and related parties other than trade receivables and have substantially the same risk characteristics as the trade receivables. The Group has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the other receivables.

The expected loss rates are based on the payment profiles of sales. Further, the historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group identifies headline inflation rate and bank lending rate to be the most relevant factors and accordingly adjusts the historical loss rates based on expected changes in these factors.

ECL for advances to associates and other related parties are measured and recognized using the liquidity approach. Management determines possible impairment based on the related party's ability to repay the advances upon demand at the reporting date taking into consideration the historical defaults from the related parties.

Except for real estate sales, contract assets and rental receivables, the Group's financial assets are not covered with any collateral or credit enhancement. Accordingly, the Group manages credit risk by setting limits on the amount of risk in relation to a particular customer including requiring payment of any outstanding receivable before a new credit is extended. Such risk is monitored on a regular basis and subject to an annual or more frequent review. Approval for credit limits are secured from the credit manager.

The Group considers credit enhancements in determining the expected credit loss. Trade receivables from real estate sales are collateralized by the real properties sold while rental receivables are secured to the extent of advanced rental and security deposits received from lessees. Further, customers are required to issue post-dated checks, which provide additional credit enhancement.

Trade and other receivables that are past due but not impaired are presented below.

	June 30, 2022 (Unaudited)	December 31, 2021 (Audited)
Not more than 30 days	P 2,586,906,427	P 3,008,898,748
31 to 60 days	1,062,487,373	960,552,139
Over 60 days	<u>4,786,175,082</u>	<u>4,604,130,704</u>
	<u>P 8,435,568,882</u>	<u>P 8,573,581,591</u>

Moreover, the management has assessed that risk over the put option has not increased significantly, as the related probability of any of the put option event from happening is low or remote under the circumstances. Hence, in accordance with the general approach of ECL, the value of the put option was measured on a 12-month basis.

The Group writes off financial assets, in whole or in part, when it has exhausted all practical recovery efforts and has concluded that there is no reasonable expectation of recovery of the financial asset. Indicators that there is no reasonable expectation of recovery include the cessation of enforcement activity and where the value of any assets that the Group may get from the customers is less than the outstanding contractual amounts of the financial assets to be written-off.

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

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

As of June 30, 2022, the Group's financial liabilities (excluding lease 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 56,174,984,223	P 12,223,639,579	P -	P -
Interest-bearing loans	37,366,618,951	16,893,679,070	106,018,645,797	8,738,022,268
Bonds payable	7,888,316,906	7,888,316,907	35,474,415,594	-
Advances from related parties	-	2,062,383,468	-	-
Redeemable preferred shares	-	251,597,580	-	1,449,299,358
Subscription payable	-	1,114,665,008	-	-
Security deposits	41,595,226	16,470,174	324,083,913	182,045,861
Accrued rent	-	-	10,039,717	-
Derivative liabilities	721,502,950	-	-	-
Other liabilities	-	2,287,270,288	13,995,380,202	-
	<u>P102,193,018,256</u>	<u>P 42,738,022,074</u>	<u>P155,822,565,223</u>	<u>P 10,369,367,487</u>

As of December 31, 2021, the Group's financial liabilities (excluding lease 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 51,709,577,951	P 10,853,593,926	P -	P -
Interest-bearing loans	56,262,294,141	25,601,805,195	89,849,826,309	10,235,411,126
Bonds payable	923,161,125	923,161,125	28,001,900,250	17,506,119,750
Advances from related parties	-	2,469,533,312	-	-
Redeemable preferred shares	104,259,120	355,856,700	1,365,641,108	-
Subscription payable	-	1,114,665,008	-	-
Guaranty deposits	-	50,613,498	98,056,158	487,325,361
Accrued rent	1,335,701	1,335,701	8,267,316	-
Derivative liabilities	743,688,137	10,743,048	10,229,777	-
Other liabilities	-	2,632,525,561	13,864,779,355	-
	<u>P109,744,316,175</u>	<u>P 44,013,833,074</u>	<u>P133,198,700,273</u>	<u>P 28,228,856,237</u>

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

11.4 Other Price Risk Sensitivity

The Group's market price risk arises from its investments carried at fair value. It manages its risk arising from changes in market price by monitoring the changes in the market price of the investments.

For equity securities listed in the Philippines, the observed volatility rates of the fair values of the Group's investments held at fair value and their impact on the equity as of June 30, 2022 and December 31, 2021 are summarized in the succeeding page.

	<u>Observed</u>		<u>Impact on Equity</u>	
	<u>Increase</u>	<u>Decrease</u>	<u>Increase</u>	<u>Decrease</u>
2022 - Investment in quoted equity securities at:				
FVOCI	+39.98%	-39.98%	P 25,166,274	(P 25,166,274)
FVTPL	+39.98%	-39.98%	1,823,034,044	(1,823,034,044)
2021 - Investment in quoted equity securities at:				
FVOCI	+37.05%	-37.05%	P 20,266,652	(P 20,266,652)
FVTPL	+37.05%	-37.05%	P1,629,039,658	(1,629,039,658)

The maximum additional estimated gain or loss in 2022 and 2021 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 six months in 2022 and 12 months in 2021, at 95% confidence level.

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

12. CATEGORIES OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

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

	<u>June 30, 2022 (Unaudited)</u>		<u>December 31, 2021 (Audited)</u>	
	<u>Carrying Values</u>	<u>Fair Values</u>	<u>Carrying Values</u>	<u>Fair Values</u>
Financial Assets				
Financial assets at amortized cost:				
Cash and cash equivalents	P 74,225,977,688	P 74,225,977,688	P 82,278,122,848	P 82,278,122,848
Trade and other receivables	86,071,645,872	86,505,915,672	68,193,398,557	65,798,626,444
Other financial assets	5,071,071,576	4,995,901,180	5,659,013,693	5,700,240,293
	<u>P 165,368,695,136</u>	<u>P 165,727,794,540</u>	<u>P156,130,535,098</u>	<u>P 153,776,989,585</u>
Financial assets at FVTPL –				
Marketable debt and equity securities	<u>P 12,868,528,883</u>	<u>P 12,868,528,883</u>	<u>P 13,512,733,032</u>	<u>P 13,512,733,032</u>
Financial assets at FVOCI –				
Equity securities	<u>P 427,050,105</u>	<u>P 427,050,105</u>	<u>P 420,870,489</u>	<u>P 420,870,489</u>
Financial Liabilities				
Financial liabilities at FVTPL –				
Derivative liabilities	<u>P 721,502,950</u>	<u>P 721,502,950</u>	<u>P 736,958,819</u>	<u>P 736,958,819</u>
Financial liabilities at amortized cost:				
Current:				
Trade and other payables	P 68,393,631,899	P 68,393,631,899	P 62,415,511,836	P 62,415,511,836
Interest-bearing loans	53,297,946,770	53,408,723,870	80,303,949,739	79,406,537,853
Bonds payable	13,746,613,227	14,412,245,704	-	-
Lease liabilities	1,328,264,462	1,328,264,462	1,309,447,535	1,309,447,535
Subscription payable	30,792,301,080	30,792,301,080	1,114,665,008	1,114,665,008
Redeemable preferred shares	-	-	251,597,580	251,597,580
Advances from related parties	2,062,383,468	2,062,383,468	2,469,533,312	2,469,533,312
Commission payable	2,287,270,288	2,287,270,288	2,632,525,561	2,632,525,561
	<u>P 171,908,411,194</u>	<u>P 172,684,820,771</u>	<u>P 150,497,230,571</u>	<u>P 149,599,818,685</u>

	June 30, 2022 (Unaudited)		December 31, 2021 (Audited)	
	Carrying Values	Fair Values	Carrying Values	Fair Values
Financial liabilities at amortized cost:				
Non-current:				
Bonds payable	P 30,792,301,080	P 32,283,312,379	P 41,982,042,246	P 42,567,948,736
Interest-bearing loans	111,892,550,273	108,212,809,811	93,108,742,222	88,973,326,321
Lease liabilities	15,445,984,396	15,445,984,396	15,336,726,680	15,336,726,680
Casino deposit certificates	10,048,277,856	10,048,277,856	10,048,277,856	10,048,277,856
Redeemable preferred shares	1,449,299,358	1,526,317,444	1,365,641,108	1,637,560,105
Retention payable	3,252,987,767	3,252,987,767	3,289,211,913	3,289,211,913
Security deposits	820,034,033	761,879,485	809,239,196	854,594,866
Accrued rent	10,039,717	10,039,717	10,039,717	10,039,717
	<u>P 173,711,474,480</u>	<u>P 171,541,608,855</u>	<u>P 165,949,920,938</u>	<u>P 162,717,686,194</u>

13. FAIR VALUE MEASUREMENT AND DISCLOSURES

13.1 Fair Value Hierarchy

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

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

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

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

For investments which do not have quoted market price, the fair value is determined by using generally acceptable pricing models and valuation techniques or by reference to the current market 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 techniques, it maximizes the use of observable market data where it is available and relies 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.

13.2 Financial Instruments Measured at Fair Value

The table below shows the fair value hierarchy of the Group's classes of financial assets and financial liabilities measured at fair value in the consolidated statements of financial position on a recurring basis as of June 30, 2022 and December 31, 2021.

	June 30, 2022 (Unaudited)			
	Level 1	Level 2	Level 3	Total
Financial assets:				
Financial assets at FVTPL – Debt and equity securities	P 12,868,528,883	P -	P -	P 12,868,528,883
Financial assets at FVOCI – Equity securities	62,947,159	153,700,000	210,402,946	427,050,105
	<u>P 12,931,476,043</u>	<u>P 153,700,000</u>	<u>P 210,402,946</u>	<u>P 13,295,578,988</u>
Financial liabilities:				
Financial liability at FVTPL – Derivative liabilities	<u>P -</u>	<u>P 721,502,950</u>	<u>P -</u>	<u>P 721,502,950</u>
	December 31, 2021 (Audited)			
	Level 1	Level 2	Level 3	Total
Financial assets:				
Financial assets at FVTPL – Debt and equity securities	P 13,512,733,032	P -	P -	P 13,512,733,032
Financial assets at FVOCI – Equity securities	54,700,815	149,600,000	216,569,674	420,870,489
	<u>P 13,567,433,847</u>	<u>P 149,600,000</u>	<u>P 216,569,674</u>	<u>P 13,933,603,521</u>
Financial liabilities:				
Financial liability at FVTPL – Derivative liabilities	<u>P -</u>	<u>P 736,958,819</u>	<u>P -</u>	<u>P 736,958,819</u>

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

The table below and in the succeeding page shows the fair value hierarchy of the Group's classes of financial assets and financial liabilities measured at fair value in the consolidated statements of financial position on a recurring basis as of June 30, 2022 and December 31, 2021.

	June 30, 2022 (Unaudited)			
	Level 1	Level 2	Level 3	Total
Financial assets:				
Cash and cash equivalents	P 74,225,977,688	P -	P -	P 74,225,977,688
Trade and other receivables	-	44,888,197	86,461,027,475	86,505,915,672
Other financial assets	3,282,284,807	-	1,713,616,373	4,995,901,180
	<u>P 77,508,262,495</u>	<u>P 44,888,197</u>	<u>P 88,174,643,848</u>	<u>P 165,727,794,540</u>
Financial liabilities:				
Current:				
Trade and other payables	P -	P -	P 68,393,631,899	P 68,393,631,899
Interest-bearing loans	-	-	53,408,723,870	53,408,723,870
Subscription payable	-	-	30,792,301,080	30,792,301,080
Bonds Payable	14,412,245,704	-	-	14,412,245,704
Redeemable preferred shares	-	-	-	-
ELS	-	-	-	-
Lease liabilities	-	-	1,328,264,462	1,328,264,462
Commission payable	-	-	2,287,270,288	2,287,270,288
Due to related parties	-	-	2,062,383,468	2,062,383,468
	<u>P 14,412,245,704</u>	<u>P -</u>	<u>P 158,272,575,067</u>	<u>P 172,684,820,771</u>
<i>Balance carried forward</i>	<u>P 14,412,245,704</u>	<u>P -</u>	<u>P 158,272,575,067</u>	<u>P 172,684,820,771</u>

	June 30, 2022 (Unaudited)			
	Level 1	Level 2	Level 3	Total
<i>Balance brought forward</i>	P 14,412,245,704	P -	P 158,272,575,067	P 172,684,820,771
Non-current:				
Bonds payable	32,283,312,379	-	-	32,283,312,379
Interest-bearing loans	-	-	108,212,809,811	108,212,809,811
Redeemable preferred shares	-	-	1,526,317,444	1,526,317,444
Lease liabilities	-	-	15,445,984,396	15,445,984,396
Retention payable	-	-	3,252,987,767	3,252,987,767
Security deposits	-	-	761,879,485	761,879,485
Casino deposit certificates	-	-	10,048,277,856	10,048,277,856
Accrued rent	-	-	10,039,717	10,039,717
	<u>P 46,695,558,083</u>	<u>P -</u>	<u>P 297,530,871,543</u>	<u>P 344,226,429,626</u>
	December 31, 2021 (Audited)			
	Level 1	Level 2	Level 3	Total
<i>Financial assets:</i>				
Cash and cash equivalents	P 82,278,122,848	P -	P -	P 82,278,122,848
Trade and other receivables	-	62,214,193	65,736,412,251	65,798,626,444
Other financial assets	<u>3,086,649,157</u>	<u>-</u>	<u>2,613,591,136</u>	<u>5,700,240,293</u>
	<u>P 85,364,772,005</u>	<u>P 62,214,193</u>	<u>P 68,350,003,387</u>	<u>P 153,776,989,585</u>
<i>Financial liabilities:</i>				
Current:				
Trade and other payables	P -	P -	P 62,415,511,836	P 62,415,511,836
Interest-bearing loans	-	-	79,406,537,853	79,406,537,853
Lease liabilities	-	-	1,309,447,535	1,309,447,535
Subscription payable	-	-	1,114,665,008	1,114,665,008
Advances from related parties	-	-	2,469,533,312	2,469,533,312
Redeemable preferred shares	-	-	251,597,580	251,597,580
Commission payable	-	-	2,632,525,561	2,632,525,561
Non-current:				
Bonds payable	42,567,948,736	-	-	42,567,948,736
Lease Liabilities	-	-	15,336,726,680	15,336,726,680
Interest-bearing loans	-	-	88,973,326,321	88,973,326,321
Redeemable preferred shares	-	-	1,637,560,105	1,637,560,105
Retention payable	-	-	3,289,211,913	3,289,211,913
Security deposits	-	-	854,594,866	854,594,866
Casino deposit certificates	-	-	10,048,277,856	10,048,277,856
Accrued rent	<u>-</u>	<u>-</u>	<u>10,039,717</u>	<u>10,039,717</u>
	<u>P 42,567,948,736</u>	<u>P -</u>	<u>P 269,749,556,143</u>	<u>P 312,317,504,879</u>

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 above 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.

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

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

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

As of June 30, 2022, the fair value of the Group's investment property amounting to P562.7 billion is classified within Level 3 of the fair value hierarchy. The Level 3 fair value of investment properties earning rental income was determined using the income approach which is performed with values derived using a discounted cash flow model. The income approach uses future free cash flow projections and discounts them to arrive at a present value. The discount rate is based on the level of risk of the business opportunity and costs of capital. The most significant inputs into this valuation approach are the estimated annual cash inflow and outgoing expenses, anticipated increase in market rental, discount rate and terminal capitalization rate.

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 periods presented.

	June 30, 2022 (Unaudited)	December 31, 2021 (Audited)
Total liabilities	P 367,490,867,980	P 368,737,306,684
Total equity	<u>345,008,905,192</u>	<u>335,222,638,790</u>
Liabilities-to-equity ratio	<u>1.07:1.00</u>	<u>1.10:1.00</u>

15. SUBSEQUENT EVENTS

15.1 Secondary listing of EMI

On July 14, 2022, EMI successfully listed on the main board of the Singapore Exchange Securities Trading Limited ("SGX-ST"), making it the first Philippine Stock Exchange-listed firm to conduct secondary listing on SGX-ST. EMI opted for a secondary listing by way of introduction, a mechanism which does not involve raising funds or selling new shares.

16. OTHER MATTERS

16.1 Continuing Impact of COVID-19

The COVID-19 pandemic which put the Philippines in a state of calamity is continuing globally as of date of this report. During the COVID-19 pandemic, restrictions on mobility and business activities are imposed based on degree of infections. At all times, public safety protocols on wearing face masks, hand hygiene and physical distancing are in place.

Business establishments in Metro Manila and other key areas are allowed 100% operations and public transportation full-seating capacity in June 2022. The rest are still under stricter restrictions. In UK, physical distancing and screens ended in June.

16.2 Property-for-Share Swap

On April 1, 2022, the BOD of the MEG approved the subscription of 263,700,000 common shares in MREIT, for a total subscription price of Php5.3 billion to be paid by way of transfer of four grade A buildings located in PEZA-registered zones. MREIT is yet to obtain the SEC's confirmation of the valuation of the properties transferred in exchange for the shares.

16.3 Seasonality

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
June 30, 2022
(Amounts in Philippine Pesos)

Current	P	64,137,906,762
1 to 30 days		2,586,906,427
31 to 60 days		1,062,487,373
Over 60 days		<u>4,786,175,082</u>
Total		72,573,475,644
Due from other related parties		<u>955,684,150</u>
Balance as at June 30, 2022	P	<u><u>73,529,159,794</u></u>