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SECURITIES AND EXCHANGE COMMISSION

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Company Information

SEC Registration No.	A200115151
Company Name	AG FINANCE INCORPORATED
Industry Classification	
Company Type	Stock Corporation

Document Information

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COVER SHEET

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S.E.C. Registration Number

A G F I N A N C E , I N C O R P O R A T E D

(Company's Full Name)

U N I T 2 2 0 5 A E A S T , P S E C E N T E R ,

E X C H A N G E R D . , O R T I G A S C E N T E R ,

P A S I G C I T Y

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

Ms. Emiliana G. Mauricio

Contact Person

(632) 635-2835

Company Telephone Number

0 9 3 0

Month *Day*

17-Q – September 2014

FORM TYPE

Month *Day*

Annual Meeting

Secondary License Type, If Applicable

Dept. Requiring this Doc.

Amended Articles Number/Section

Total Amount of Borrowings

Total No. of Stockholders

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I.D.

Cashier

S T A M P S

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SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q

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

1) For the quarterly period ended **September 30, 2014**

2) Commission identification number **A200115151**

3) BIR Tax Identification number **219-045-668**

4) Exact name of issuer as specified in its charter: **AG Finance, Incorporated**

5) Province, country or other jurisdiction of incorporation or organization: **Metro Manila, Philippines**

6) Industry Classification Code: [ ] (SEC Use Only)

7) Address of issuer's principal office and postal code:

Unit 2205A East, PSE Centre, Exchange Road, Ortigas Center, Pasig City 1605

8) Issuer's telephone number, including area code: **(632) 635-2835**

9) Former name, former address and former fiscal year, if changed since last report: **Not Applicable**

10) Securities registered pursuant to Sections 8 and 12 of the Code, or Sections 4 and 8 of the RSA

Title of each Class	Number of shares of common stock outstanding
Common Shares	**261,824,002**

Amount of debt outstanding
P9,532,973

11) Are any or all of the securities listed on a Stock Exchange?

Yes [✓] No [ ]

Stock Exchange	Securities Listed
Philippine Stock Exchange	**Common Shares**

12) Indicate by check mark whether the registrant:

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

Yes [✓] No [ ]

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

Yes [✓] No [ ]

PART I--FINANCIAL INFORMATION

Item 1. Financial Statements.

The unaudited financial statements are filed as part of this Form 17-Q.

Item 2. Management's Discussion and Analysis (MD&A) of Financial Condition and Results of Operations.

The following is a discussion and analysis of the financial performance of AG Finance, Incorporated (the Company) and should be read in conjunction with the unaudited consolidated financial statements of the Company filed as part of this report.

Material Changes to the Statements of Income for the Nine Months Ended September 30, 2014 Compared with the Nine Months Ended September 30, 2013 (Increase/Decrease Of 5% or More)

Total revenue from financing decreased by P40.8 million or 41.2% in the first nine months of 2014 as compared to the same period last year. The decrease was due to pre-termination of OFW loans during the second half of 2014 and lower loan releases which subsequently resulted to lower income.

The interest income on OFW loans decreased by 44.5% to P41.2 million. This is attributable to the increase in pre-termination of loans and lower loan releases during the second half of 2014. OFW borrowers, bound to Australia contributed a large number of loan pre-termination in the second semester of 2014.

Interest income on salary loans decreased by 10.6% to P0.7 million. This is attributable to the decreased in loan releases to local borrowers.

Interest Income on Deposit increased by 1,704% to P1.1 million. The increase was mainly attributable to the increase in collections of receivables and interest on time deposits.

Other operating income, which includes processing fees, penalties and pre-termination fees and rental income, decreased by 47.5% to P6.5 million. This was attributable to prompt payments of borrowers during the period, decrease in rental income due to the termination of lease contract in last June 2013, and decrease in processing fee due to decline in loan releases.

Interest expense decreased by 100% to P2.8 million. The decrease was mainly attributable to full payment of bank loans during the last quarter of 2013. As of December 31, 2013 until present, the Company does not have any bank loans.

The cost of financing showed a net decrease of 26.9% brought by the decrease in loan releases and significant indirect expenses during the third quarter of 2013.

Last August 2013, the Company was listed at Philippines Stock Exchange. The Company incurred IPO related expenses such as documentary stamp tax under taxes and licenses, professional fees, legal expenses and other IPO offer expenses such as underwriter's fee.

Material Changes to the Balance Sheet as of September 30, 2014
Compared to December 31, 2013 (Increase/Decrease of 5% or more)

Other Assets

Other assets decreased by 45% mainly due to increase in advances to clients and insurance premium paid for employee benefits.

Accrued expenses decreased by 23.6% or P1.7 million as of September 30, 2014 from P7.2 million as of December 31, 2013 due to payment of withholding taxes, utilities and transportation and travel.

Income taxes payable decreased by 0.9% or P0.04 million as of September 30, 2014 from P4.1 million as of December 31, 2013 due to decreased in operating expenses.

The 27.1% increased in retained earnings arise from the Net Income after tax of the company for the nine months ended September 30, 2014.

PART II--OTHER INFORMATION

Please refer to the financial ratios.

SIGNATURES

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

AG Finance, Inc.
Issuer

By:

Leila Jorge
President

Emiliana G. Mauricio
Accounting Manager

AG FINANCE, INCORPORATED
STATEMENTS OF FINANCIAL POSITION

	Notes	September 30, 2014 (Unaudited)	December 31, 2013 (Audited)
A S S E T S			
CASH	7	**P290,958,068**	P 251,338,578
LOANS RECEIVABLE – Net	8	**164,067,638**	175,843,636
PROPERTY AND EQUIPMENT - Net	9	**13,878,708**	14,885,287
DEFERRED TAX ASSETS		**7,811,968**	7,811,968
OTHER ASSETS - Net	10	**655,116**	1,186,046
TOTAL ASSETS		**P 477,371,498**	P 451,065,515
LIABILITIES AND EQUITY			
LOANS PAYABLE	11	**-**	-
ACCRUED EXPENSES AND OTHER PAYABLES	12	**5,473,850**	7,168,775
INCOME TAX PAYABLE		**4,059,123**	4,096,110
Total Liabilities		**9,532,973**	11,264,885
CAPITAL STOCK	13	**261,824,002**	261,824,002
ADDITIONAL PAID-IN CAPITAL		**74,277,248**	74,277,248
REVALUATION RESERVE		**151,964**	151,964
RETAINED EARNINGS		**131,585,311**	103,547,416
Total Equity		**467,838,525**	439,800,630
TOTAL LIABILITIES AND EQUITY		**P 477,371,498**	P 451,065,515

See Notes to the Financial Statements.

AG FINANCE, INCORPORATED
STATEMENTS OF COMPREHENSIVE INCOME

		2014 Unaudited		2013 Unaudited	
	Notes	**July 1 – September 30**	**January 1 – September 30**	July 1 – September 30	January 1 – September 30
INTEREST INCOME	*14*	**P17,344,190**	**P58,326,616**	P28,551,480	P99,121,586
INTEREST EXPENSE	*11*	**-**	**-**	(649,833)	(2,772,913)
NET INTEREST INCOME		**17,344,190**	**58,326,616**	27,901,647	96,348,673
IMPAIRMENT LOSS	*8*	**(950,000)**	**(2,250,000)**	(1,500,000)	(12,723,690)
NET INTEREST INCOME AFTER IMPAIRMENT LOSS		**16,394,190**	**56,076,616**	26,401,647	83,624,983
OTHER OPERATING INCOME	*15*	**1,824,878**	**7,333,013**	3,079,471	13,687,869
OTHER OPERATING EXPENSES	*16*	**(6,754,975)**	**(22,961,778)**	(12,531,878)	(31,419,905)
PROFIT BEFORE TAX		**11,464,093**	**40,447,851**	16,949,240	65,892,947
TAX EXPENSE		**(3,507,338)**	**(12,409,956)**	(5,523,625)	(20,379,975)
NET PROFIT		**P7,956,755**	**P28,037,895**	P11,425,615	P45,512,972
Earnings Per Share					
Basic and Diluted	*19*	**0.14**	**0.14**	**0.17**	**0.17**

See Notes to the Financial Statements.

AG FINANCE, INCORPORATED
STATEMENTS OF CASH FLOWS

		January 1 to September 30	
	Note	**2014 (Unaudited)**	2013 (Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		**P 40,447,851**	P 65,892,947
Adjustments for:			
Interest income	*14*	**(58,326,616)**	(99,121,586)
Interest received		**50,080,134**	98,501,467
Impairment loss	*8*	**2,250,000**	12,723,690
Interest expense	*11*	**-**	2,772,913
Interest paid		**-**	(2,910,413)
Depreciation	*9*	**1,706,341**	1,333,583
Unrealized foreign exchange gain (losses)	*16*	**(150,032)**	(644,223)
Operating profit before changes in operating assets and liabilities		**36,007,678**	78,548,378
Decrease (increase) in loans receivable		**17,772,480**	39,445,224
Decrease (increase) in other assets		**530,930**	(4,191,403)
Increase (decrease) in accrued expenses and other payables		**(1,694,925)**	245,712
Cash provided by (used in) operations		**52,616,163**	114,047,911
Cash paid for income taxes		**(12,446,943)**	(22,203,437)
Net Cash Provided by (Used in) Operating Activities		**40,169,220**	91,844,474
CASH FLOWS FROM AN INVESTING ACTIVITY			
Acquisitions of property and equipment	*9*	**(699,762)**	(451,530)
CASH FLOWS FROM FINANCING ACTIVITIES			
Availments of bank loans			102,000,000
Payments of bank loans		**-**	(165,000,000)
Proceeds from issuance of capital stock	*13*		142,351,247
Net cash provided by financing activities		**-**	79,351,247
EFFECTS OF EXCHANGE RATE CHANGES ON CASH	*16*	**150,032**	644,223
NET INCREASE IN CASH		**39,619,490**	171,388,414
CASH AT BEGINNING OF THE YEAR		**251,338,578**	90,428,846
CASH AT THE END OF THE PERIOD		**P 290,958,068**	P 261,817,260

See Notes to the Financial Statements.

AG FINANCE, INCORPORATED
STATEMENTS OF CHANGES IN EQUITY

	Note	Capital Stock	Additional Paid-in Capital	Deposit for Future Stock Subscription	Stock Dividends Distributable	Revaluation Reserve	Retained Earnings	Total Equity
BALANCE AT JANUARY 1, 2014		**P261,824,002**	**P74,277,248**	**-**	**-**	**P151,964**	**P103,547,416**	**P439,800,630**
Net profit for the period		-	**-**	**-**	**-**	**-**	**28,037,895**	**28,037,895**
BALANCE AT SEPTEMBER 30, 2014 (UNAUDITED)	*13*	**P261,824,002**	**P74,277,248**	**-**	**-**	**P151,964**	**131,585,311**	**467,838,525**
BALANCE AT JANUARY 1, 2013		P75,000,000	-	P53,150,000	P65,600,002	-	43,255,021	P237,005,023
Application of deposits for future stock subscription on the increase in authorized capital stock		53,150,000	-	(53,150,000)	**-**	-	-	**-**
Stock dividends distributed		65,600,002	-	-	(65,600,002)	-	-	**-**
Issuance of capital stock		68,074,000	74,227,248					142,301,248
Net profit for the period		-	-	-	-	-	45,512,972	45,512,972
BALANCE AT SEPTEMBER 30, 2013 (UNAUDITED)	*13*	P261,824,002	74,227,248	-	-		88,767,993	424,819,243
BALANCE AT JANUARY 1, 2012		P75,000,000	-	-	-	-	P65,667,977	P140,667,977
Net profit for the period		-	-	-	-	-	29,067,772	29,067,772
BALANCE AT SEPTEMBER 30, 2012 (UNAUDITED)	*13*	P75,000,000	-	-	-	-	94,735,749	169,735,749

See Notes to the Financial Statements.

AG FINANCE, INCORPORATED
NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS

1. CORPORATE MATTERS

Organization and Operations

AG Finance, Incorporated (the Company) was organized in the Philippines and registered with the Securities and Exchange Commission (SEC) on December 14, 2001. It is authorized to operate as a financing company and is governed by Republic Act (R.A.) No. 8556, *The Financing Company Act of 1998*.

As a financing entity, the Company presently extends credit facilities for various purposes and provides access to immediate funds to employees of other domestic entities and to individuals availing of the Company's Overseas Filipino Workers (OFW) Financing Program.

The common shares of the Company are listed and traded on the Main Board of the Philippine Stock Exchange, Inc. (PSE) beginning August 13, 2013.

The Company's registered office, which is also its principal place of business, is located at Unit 2205A, East Tower, Philippine Stock Exchange Centre, Exchange Road, Ortigas Center, Pasig City.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies that have been used in the preparation of these financial statements are summarized below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of Preparation of Financial Statements

(a) Statement of Compliance with Philippine Financial Reporting Standards

The financial statements of the Company have been prepared in accordance with Philippine Financial Reporting Standards (PFRS). PFRS are adopted by the Financial Reporting Standards Council (FRSC) from the pronouncements issued by the International Accounting Standards Board (IASB).

The financial statements have been prepared using the measurement bases specified by PFRS for each type of asset, liability, income and expense. The measurement bases are more fully described in the accounting policies that follow.

(b) Presentation of Financial Statements

The financial statements are presented in accordance with Philippine Accounting Standard (PAS) 1, *Presentation of Financial Statements*. The Company presents all items of income and expenses in a single statement of comprehensive income.

The Company presents a third statement of financial position as at the beginning of the preceding period when it applies an accounting policy retrospectively, or makes a retrospective restatement or reclassification of items that has a material effect on the information in the statement of financial position at the beginning of the preceding period. The related notes to the third statement of financial position are not required to be disclosed.

The Company's adoption of the new standards and amendments to existing standards did not result in material retrospective restatement of its financial statements [see Note 2.2(a)].

(c) Functional and Presentation Currency

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

Items included in the financial statements of the Company are measured using its functional currency. Functional currency is the currency of the primary economic environment in which the Company operates.

2.2 Adoption of New and Amended PFRS

(a) Effective in 2013 that are Relevant to the Company

In 2013, the Company adopted for the first time the following new PFRS, revisions and amendments thereto that are relevant to the Company and effective for financial statements for the annual period beginning on or after July 1, 2012 or January 1, 2013:

PAS 1 (Amendment)	:	Presentation of Financial Statements – Presentation of Items of Other Comprehensive Income
PAS 19 (Revised)	:	Employee Benefits
PFRS 7 (Amendment)	:	Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities
PFRS 13	:	Fair Value Measurement
Annual Improvements		Annual Improvements to PFRS (2009-2011 Cycle)

Discussed below and in succeeding pages are the relevant information about these amended standards.

(i) PAS 1 (Amendment), *Presentation of Financial Statements – Presentation of Items of Other Comprehensive Income* (effective from July 1, 2012). The amendment requires an entity to group items presented in other comprehensive income into those that, in accordance with other PFRS: (a) will not be reclassified subsequently to profit or loss, and, (b) will be reclassified subsequently to profit or loss when specific conditions are met. The amendment has been applied prospectively because the Company has no other comprehensive income other than its actuarial gain on the remeasurement of its post-employment benefit which arose from its prospective application of the revised PAS 19 as disclosed in
Note 2.2(a)(ii) below.

(ii) PAS 19 (Revised 2011*), Employee Benefits* (effective from January 1, 2013). This revised standard made a number of changes to the accounting for employee benefits. The most significant changes relate to defined benefit plans as follows:

- eliminates the corridor approach and requires the recognition of remeasurements (including actuarial gains and losses) arising in the reporting period in other comprehensive income;

- changes the measurement and presentation of certain components of the defined benefit cost. The net amount in profit or loss is affected by the removal of the expected return on plan assets and interest cost components and their replacement by a net interest expense or income based on the net defined benefit liability or asset; and,

- enhances disclosure requirements, including information about the characteristics of defined benefit plans and the risks that entities are exposed to through participation in those plans.

(iii) PFRS 7 (Amendment*), Financial Instruments: Disclosures - Offsetting of Financial Assets and Financial Liabilities* (effective from January 1, 2013). The amendment requires qualitative and quantitative disclosures relating to gross and net amounts of recognized financial instruments that are set-off in accordance with PAS 32, *Financial Instruments: Presentation.* The amendment also requires disclosure of information about recognized financial instruments which are subject to enforceable master netting arrangements or similar agreements, even if they are not set-off in the statement of financial position, including those which do not meet some or all of the offsetting criteria under PAS 32 and amounts related to a financial collateral. These disclosures allow financial statement users to evaluate the effect or potential effect of netting arrangements, including rights of set-off associated with recognized financial assets and financial liabilities on the entity's statement of financial position. The adoption of this amendment did not result in any significant changes in the Company's disclosures on its financial statements as it has no master netting arrangements or similar agreements.

(iv) PFRS 13*, Fair Value Measurement* (effective from January 1, 2013). This new standard clarifies the definition of fair value and provides guidance and enhanced disclosures about fair value measurements. The requirements under this standard do not extend the use of fair value accounting but provide guidance on how it should be applied to both financial instrument items and non-financial items for which other PFRS require or permit fair value measurements or disclosures about fair value measurements, except in certain circumstances. This new standard applies prospectively from annual period beginning January 1, 2013, hence, disclosure requirements need not be presented in the comparative information in the first year of application.

Other than the additional disclosures presented in Note 6, the application of this new standard had no significant impact on the amounts recognized in the financial statements.

(v) 2009 - 2011 Annual Improvements to PFRS. *Annual improvement to PFRS* (2009-2011 Cycle) made minor amendments to a number of PFRS. Among those improvements, the following are relevant to the Company:

(a) PAS 1 (Amendment), *Presentation of Financial Statements - Clarification of the Requirements for Comparative Information*. The amendment clarifies that a statement of financial position as at the beginning of the preceding period (third statement of financial position) is required when an entity applies an accounting policy retrospectively, or makes a retrospective restatement or reclassification of items that has a material effect on the information in the third statement of financial position. The amendment specifies that other than disclosure of certain specified information in accordance with PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors*, related notes to the third statement of financial position are not required to be presented.

Consequent to the reclassification of an account in the statement of financial position [see Note 2.1(b)], the Company has presented a third statement of financial position as at January 1, 2012 without the related notes, except for the disclosure requirements of PAS 8.

(b) PAS 32 (Amendment), *Financial Instruments - Presentation - Tax Effect of Distributions to Holders of Equity Instruments*. The amendment clarifies that the consequences of income tax relating to distributions to holders of an equity instrument and to transaction costs of an equity transaction shall be accounted for in accordance with PAS 12, *Income Taxes*. Accordingly, income tax relating to distributions to holders of an equity instrument is recognized in profit or loss while income tax related to the transaction costs of an equity transaction is recognized in equity. This amendment had no effect on the Company's financial statements as it has been recognizing the effect of distributions to holders of equity instruments and transaction costs of an equity transaction in accordance with PAS 12.

(c) Effective in 2013 that are not Relevant to the Company

PFRS 1 (Amendments)	:	First-time Adoption of PFRS – Government Loans, and Repeated Application of PFRS 1 and Borrowing Cost
PFRS 10	:	Consolidated Financial Statements
PFRS 11	:	Joint Arrangements
PFRS 12	:	Disclosure of Interests in Other Entities
PAS 27 (Revised)	:	Separate Financial Statements
PAS 28 (Revised)	:	Investments in Associate and Joint Venture
PAS 34 (Amendment)	:	Interim Financial Reporting – Interim Financial Reporting and Segment Information for Total Assets and Liabilities
PFRS 10, 11 and 12 (Amendment)	:	Amendments to PFRS 10, 11 and 12 - Transition Guidance to PFRS 10, 11 and 12
Philippine Interpretations International Financial Reporting Interpretation Committee 20	:	Stripping Costs in the Production Phase of A Surface Mine

(d) Effective Subsequent to 2013 but are not Adopted Early

There are new PFRS, amendments and annual improvements to existing standards that are effective for periods subsequent to 2013. Management has initially determined the following pronouncements, which the Company will apply in accordance with their transitional provisions, to be relevant to its financial statements:

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

(ii) PAS 32 (Amendment), *Financial Instruments: Presentation - Offsetting Financial Assets and Financial Liabilities* (effective from January 1, 2014). The amendment provides guidance to address inconsistencies in applying the criteria for offsetting financial assets and financial liabilities. It clarifies that a right of set-off is required to be legally enforceable, in the normal course of business; in the event of default; and in the event of insolvency or bankruptcy of the entity and all of the counterparties. The amendment also clarifies the principle behind net settlement and provided characteristics of a gross settlement system that would satisfy the criterion for net settlement. The Company does not expect this amendment to have a significant impact on its financial statements.

(iii) PFRS 9, *Financial Instruments: Classification and Measurement*. This is the first part of a new standard on financial instruments that will replace PAS 39, *Financial Instruments: Recognition and Measurement*, in its entirety. The first phase of the standard was issued on November 2009 and October 2010 and contains new requirements and guidance for the classification, measurement and recognition of financial assets and financial liabilities. It requires financial assets to be classified into two measurement categories: amortized cost or fair value. Debt instruments that are held within a business model whose objective is to collect the contractual cash flows that represent solely payments of principal and interest on the principal outstanding are generally measured at amortized cost. All other debt instruments and equity instruments are measured at fair value. In addition, PFRS 9 allows entities to make an irrevocable election to present subsequent changes in the fair value of an equity instrument that is not held for trading in other comprehensive income.

The accounting for embedded derivatives in host contracts that are financial assets is simplified by removing the requirement to consider whether or not they are closely related, and, in most arrangement, does not require separation from the host contract.

For liabilities, the standard retains most of the PAS 39 requirements which include amortized cost accounting for most financial liabilities, with bifurcation of embedded derivatives. The main change is that, in case where the fair value option is taken for financial liabilities, the part of a fair value change due to the liability's credit risk is recognized in other comprehensive income rather than in profit or loss, unless this creates an accounting mismatch.

In November 2013, the IASB has published amendments to International Financial Reporting Standard (IFRS) 9 that contain new chapter and model on hedge accounting that provides significant improvements principally by aligning hedge accounting more closely with the risk management activities undertaken by entities when hedging their financial and non-financial risk exposures. The amendment also now requires changes in the fair value of an entity's own debt instruments caused by changes in its own credit quality to be recognized in other comprehensive income rather in profit or loss. It also includes the removal of the January 1, 2015 mandatory effective date of IFRS 9.

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

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

(iv) Annual Improvements to PFRS. Annual improvements to PFRS (2010- 2012 Cycle) and PFRS (2011-2013 Cycle) made minor amendments to a number of PFRS, which are effective for annual period beginning on or after July 1, 2014. Among those improvements, the following amendments are relevant to the Company but management does not expect a material impact on the Company's financial statements:

Annual Improvements to PFRS (2010-2012 Cycle)

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

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

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

Annual Improvements to PFRS (2011-2013 Cycle)

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

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

3. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

The Company's financial statements prepared in accordance with PFRS require management to make judgments and estimates that affect the amounts reported in the financial statements and related notes. Judgments and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results may ultimately differ from these estimates.

3.1 Critical Management Judgment in Applying Accounting Policies

In the process of applying the Company's accounting policies, management has made the following judgments, apart from those involving estimation, which have the most significant effect on the amounts recognized in the financial statements:

(a) Distinguishing Operating and Finance Leases

The Company has entered into lease agreements. Critical judgment was exercised by management to distinguish each lease agreement as either an operating or a finance lease by looking at the transfer or retention of significant risk and rewards of ownership of the properties covered by the agreements. Failure to make the right judgment will result in either overstatement or understatement of assets and liabilities.

(b) Recognition of Provisions and Contingencies

Judgment is exercised by management to distinguish between provisions and contingencies. Disclosures on relevant provisions and contingencies are presented in Note 20.

3.2 Key Sources of Estimation Uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period:

(a) Allowance for Impairment of Loans Receivable

Adequate amount of allowance is made and provided for specific and groups of accounts, where objective evidence of impairment exists. The Company evaluates these accounts based on available facts and circumstances, including, but not limited to, the Company's knowledge and understanding of borrowers' paying capacity, the borrowers' current credit status based on known market forces, average age of accounts, collection experience and historical loss experience. The Company also considers the loan loss provisioning requirements of R.A. No. 8556.

The carrying value of loans receivable and the analysis of allowance for impairment on such financial assets are shown in Note 8.

(b) Estimating Useful Lives of Property and Equipment

The Company estimates the useful lives of property and equipment based on the period over which the assets are expected to be available for use. The estimated useful lives of property and equipment are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the assets. The carrying amounts of property and equipment are presented in Note 9. There is no change in the estimated useful lives of property and equipment during the year. Actual results, however, may vary due to changes in estimates brought about by changes in factors mentioned above.

(c) Determining Realizable Amount of Deferred Tax Assets

The Company reviews its deferred tax assets at the end of each reporting period and reduces the carrying amount to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Management assessed that the deferred tax assets recognized as at September 30, 2014 and December 31, 2013 will be fully utilized within the next two to three years.

(d) Valuation of Post-employment Defined Benefit

The determination of the Company's obligation and cost of post-employment defined benefit is dependent on the selection of certain assumptions used by actuaries in calculating such amounts. Those assumptions include, among others, discount rates and salary rate increase. In accordance with PFRS, actual results that differ from the assumptions are accumulated and amortized over future periods and therefore, generally affect the expense and the carrying amount of post-employment obligation in such future periods.

4. RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company is exposed to certain financial risks in relation to its financial instruments. The Company's risk management focuses on actively securing the Company's short-to-medium-term cash flows by minimizing the exposure to financial markets. The Company does not actively engage in the trading of financial assets for speculative purposes nor does it write options.

4.1 Foreign Currency Risk

Most of the Company's transactions are carried out in Philippine pesos, its functional currency. Exposures to foreign currency exchange rates arise from the Company's loans to OFWs, which are primarily denominated in United States (U.S.) dollars. The Company also holds U.S. dollar-denominated cash.

To mitigate the Company's exposure to foreign currency risk, non-Philippine peso cash flows are monitored.

U.S. dollar-denominated financial assets and liabilities, translated to Philippine pesos at closing rate, are as follows:

	September 30, 2014	December31, 2013
Cash	**P 1,680,807**	P 1,425,648
Loans to OFWs	**8,238,888**	8,196,366
	P 9,919,695	P 9,622,014

The effect on the Company's profit before tax with respect to changes in Philippine peso against U.S. dollar amounted to P0.4 million in 2014 and P0.5 million in 2013 at reasonably possible change in rates of 3.73% and 5.23%. The percentage changes in rates have been determined based on the average market volatility in exchange rates, using standard deviation, in the previous 12 months.

Exposures to foreign exchange rates vary during the period depending on the volume of transactions denominated in U.S. dollar. Nonetheless, the analysis above is considered to be representative of the Company's currency risk.

4.2 Credit Risk

Credit risk is the risk that a counterparty may fail to discharge an obligation to the Company. The Company is exposed to this risk for various financial instruments arising from granting loans to borrowers and placing deposits with banks.

The Company continuously monitors defaults of borrowers and other counterparties, identified either individually or by group, and incorporate this information into its credit risk controls. Where available at a reasonable cost, external credit ratings and/or reports on customers and other counterparties are obtained and used. The Company's policy is to deal only with creditworthy counterparties.

Generally, the maximum credit risk exposure of financial assets is the carrying amount of the financial assets as shown in the statements of financial position or in the detailed analysis provided in the notes to the financial statements, as summarized below.

	Notes	**September 30, 2014**	December 31, 2013
Cash	7	**P 290,948,068**	P 251,328,578
Loans receivable - net	8	**164,067,638**	175,843,636
Advances to employees and clients	10	**156,420**	673,064
		P 455, 172,126	P 427, 845,278

None of the Company's financial assets are secured by collateral or other credit enhancements, except for cash as described below.

(a) *Cash*

The credit risk for cash in bank is considered negligible since the counterparties are reputable banks with high quality external credit rating. Cash in bank is insured by the Philippine Deposit Insurance Corporation up to a maximum coverage of P500, 000 for every depositor per banking institution.

(b) *Loans Receivable*

In respect of loans receivable, the Company is not exposed to any significant credit exposure to any single counterparty or any group of counterparties having similar characteristics. The Company manages credit risk by setting limits for individual borrowings, and group of borrowers and industry segments. The Company maintains a general policy of avoiding excessive exposure in any particular sector of the Philippine economy. The Company actively seeks to increase its exposure in industry sectors which it believes to possess attractive growth opportunities. Conversely, it actively seeks to reduce its exposure in industry sectors where growth potential is minimal. As the Company's loans portfolio is composed of transactions with OFWs, the results of operations and financial condition of the Company may be adversely affected by any downturn in these sectors as well as in the Philippine economy in general.

(c) *Advances to Employees and Other Clients*

With respect to the Company's advances to employees and clients, the Company is not exposed to any significant credit exposure. Past due but not impaired advances to employees and other clients amounted to P0.2 million in September 30, 2014 and P0.7 million in December 31, 2013.

Some of the unimpaired financial assets of the Company, which are all trade receivables, are past due as at the end of the reporting period. The trade receivables that are past due but not impaired are as follows:

	September 30, 2014	December 31, 2013
Not more than 3 months	**P 5,254,504**	P 4,517,438
More than 3 months but not more than 6 months	**7,095,559**	12,585,172
More than 6 months but not more than one year	**-**	-
	P 12,350,063	P 17,102,610

The Company provides 100% allowance for impairment on loans that are already past due for more than 180 days in 2014 and when there are specific circumstances identified that clearly indicate impairment of the assets.

4.3 Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The following summarizes the maturities and settlement dates of the Company's financial liabilities as at September 30, 2014 and December 31, 2013 based on undiscounted amounts:

	September 30, 2014		December 31, 2013	
	Within 6 Months	**6 to 12 Months**	Within 6 Months	6 to 12 Months
Loans	**P -**	**P -**	P -	P -
Accrued expenses and other payables	**3,221,146**	**-**	4,501,758	-
	P 3,221,146	**P -**	P 4,501,758	P -

Since the financial liabilities reflect gross cash flows, the above amounts may differ from the carrying values of the liabilities at the reporting period.

5. CATEGORIES AND OFFSETTING OF FINANCIAL ASSETS AND LIABILITIES

As of September 30, 2014 and December 31, 2013, management determined that the carrying amounts of the Company's financial assets and liabilities are equal to or approximate their fair values. A summary of these financial instruments by category is presented below.

		September 30, 2014		December 31, 2013	
	Notes	**Carrying Amount**	**Fair Value**	Carrying Amount	Fair Value
Financial Assets					
Cash	7	**P 290,958,068**	**P 290,958,068**	P 251,338,578	P 251,338,578
Loans and receivable	8	**164,067,638**	**164,067,638**	175,843,636	175,843,636
Advances to employees and other clients	10	**156,420**	**156,420**	673,064	673,064
		P 455,182,126	**P 455,182,126**	P 427,855,278	P 427,855,278
Financial Liabilities					
Loans payable	11	**P -**	**P -**	P -	P -
Accrued expenses and other payables	12	**3,221,146**	**3,221,146**	4,501,758	4,501,758
		P 3,221,146	**P 3,221,146**	P 4,501,758	P 4,501,758

A description of the Company's risk management objectives and policies for financial instruments is provided in Note 4.

6. FAIR VALUE MEASUREMENT AND DISCLOSURE

PFRS 13 requires that financial assets and liabilities and non-financial assets which are measured at fair value on a recurring or non-recurring basis and those assets and liabilities not measured at fair value but for which fair value is required to be disclosed in accordance with other relevant PFRS to be categorized into three levels based on the significance of inputs used to measure the fair value. The fair value hierarchy has the following levels:

(a) Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that an entity can access at the measurement date;

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

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

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

As at September 30, 2014, the Company neither has assets and liabilities measured at fair value nor does it have assets and liabilities required to be disclosed at fair value (see Note 5). Accordingly, it has no assets and liabilities categorized into the foregoing levels.

7. CASH

Cash includes the following components:

	September 30, 2014	December 31, 2013
Cash in banks	**P 290,948,068**	P 251,328,578
Cash on hand	**10,000**	10,000
	P 290,958,068	P 251,338,578

Cash in banks consists of regular current, savings, and time deposit accounts with local banks earning interest at rates based on daily bank deposit rates.

8. LOANS RECEIVABLE

The composition of this account is as follows:

	September 30, 2014	December 31, 2013
Loans receivable	**P 148,499,750**	P 166,190,842
Interest receivable	**42,748,416**	34,583,322
	191,248,166	200,774,164
Allowance for impairment	**(27,180,528)**	(24,930,528)
	P 164,067,638	P 175,843,636

All loans are not secured by any collateral. Salary loans granted to employees of other domestic entities bear annual interest rates ranging from 22% to 42% as of September 30, 2014 and December 31, 2013. Loans to individuals who avail of the Company's OFW Financing Program bear annual interest at rates ranging from 42% to 54% as of September 30, 2014 and December 31, 2013. All salary loans are due within one year or less. OFW loans have maturity dates that fall within 8 to 20 months.

All of the Company's loans receivables have been reviewed for indications of impairment. Certain loans receivable, which are mostly due from OFWs, were found to be impaired; hence, adequate amounts of allowance for impairment have been recognized.

The maturity profile of the Company's gross receivables from its borrowers follows:

	September 30, 2014	December 31, 2013
Within one year	**P 99,005,365**	P 67,255,161
More than one year	**49,494,385**	98,935,681
	P 148,499,750	P 166,190,842

Changes in the allowance for impairment are summarized below.

	September 30, 2014	December 31, 2013
Allowance at beginning of year	**P 24,930,528**	P 14,489,268
Impairment loss during the year	**2,250,000**	10,441,260
Allowance at end of year	**P 27,180,528**	P 24,930,528

9. PROPERTY AND EQUIPMENT

The gross carrying amounts and accumulated depreciation at the beginning and end of September 30, 2014 and December 31, 2013 are shown below.

	Condominium Units and Parking Lots	Furniture, Fixtures, Office Equipment and Transportation Equipment	Total
September 30, 2014			
Cost	P 19,909,183	P 5,812,541	P 25,721,724
Accumulated depreciation	(8,529,821)	(3,313,195)	(11,843,016)
Net carrying amount	**P 11,379,362**	**P 2,499,346**	**P 13,878,708**
December 31, 2013			
Cost	P 19,909,183	P 5,112,779	P 25,021,962
Accumulated depreciation	(7,491,916)	(2,644,759)	(10,136,675)
Net carrying amount	P 12,417,267	P 2,468,020	P 14,885,287
January 1, 2013			
Cost	P 19,594,683	P 2,943,749	P 22,538,432
Accumulated depreciation	(6,110,664)	(2,214,682)	(8,325,346)
Net carrying amount	P 13,484,019	P 729,067	P 14,213,086

A reconciliation of the carrying amounts of property and equipment at the beginning and end of September 30, 2014 and December 31, 2013 is shown below.

	Condominium Units and Parking Lots	Furniture, Fixtures, Office Equipment and Transportation Office Equipment	Total
Balance at January 1, 2014 net of accumulated depreciation	P 12,417,267	P 2,468,020	P 14,885,287
Additions	-	699,762	699,762
Depreciation charges for the year	(1,037,905)	(668,436)	(1,706,341)
Balance at September 30, 2014, net of accumulated depreciation	**P 11,379,362**	**P 2,499,346**	**P 13,878,708**
Balance at January 1, 2013 net of accumulated depreciation	P 13,484,019	P 729,067	P 14,213,086
Additions	314,500	2,169,030	2,483,530
Depreciation charges for the year	(1,381,252)	(430,077)	(1,811,329)
Balance at December 31, 2013, net of accumulated depreciation	P 12,417,267	P 2,468,020	P 14,885,287

No impairment loss was recognized in 2014 and 2013. Further, these assets are not subject to any liens and encumbrances in both years.

As at September 30, 2014, the Company has several fully-depreciated assets that are still in use; these assets have a total cost of P2.6 million.

10. OTHER ASSETS

This composition of this account is shown below:

	September 30, 2014	December 31, 2013
Advances to employees and clients	P 156,420	P 673,064
Prepayments	117,182	131,468
Miscellaneous	381,514	381,514
	P 655,116	P 1,186,046

11. LOANS PAYABLE

Bank loans, which were obtained to finance the Company's operations, represent unsecured loans from local banks that bear interest ranging from 5.75% to 6.75% in 2013. Interest expense on loans payable amounted to nil and P2.8 million for the nine months ended September 30, 2014 and 2013, respectively, and are presented as Interest Expense in the statements of comprehensive income. In 2013, the Company made a full settlement of its outstanding loans due to local banks.

There are no outstanding interest payable as at September 30, 2014 and December 31, 2013.

12. ACCRUED EXPENSES AND OTHER PAYABLES

This account consists of:

	September 30, 2014	December 31, 2013
Accrued expenses	P 1,811,606	P 3,026,532
Post-employment benefit obligation	2,064,999	2,064,999
Sundry credits	1,409,540	1,475,226
Withholding taxes	130,982	582,595
Others	56,723	19,423
	P 5,473,850	P 7,168,775

Accrued expenses include unpaid utilities and interest on loans, professional fees and other expenses that are expected to be settled within 12 months from the end of the reporting period. Sundry credits represent unapplied collections from the borrowers.

The carrying amount of accrued expenses and other payables, which are expected to be settled within the next 12 months from the end of the reporting period is a reasonable approximation of fair value (see also Note 5).

13. EQUITY

13.1 Capital Management Objectives, Policies and Procedures

The Company manages its capital to ensure that the Company will be able to continue as a going concern entity while maximizing the return to its stockholders, by pricing products and services commensurately with the level of risk.

The Company monitors capital on the basis of the carrying amount of equity less cash as presented on the face of the statements of financial position.

The Company sets the amount of capital in proportion to its overall financing structure. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt.

Under Section 6 of the R.A. No. 8556, the Company is required to maintain a minimum paid-up capital of not less than P10.0 million. The Company is in compliance with the minimum paid-up capital requirement as at September 30, 2014 and December 31, 2013 (see Notes 13.2).

The Company's capital and overall financing as at September 30, 2014 and December 31, 2013 are determined as follows:

	September 30, 2014	December 31, 2013
Total equity	**P 467,838,525**	P 439,800,630
Cash	**(290,958,068)**	(251,338,578)
Capital	**P 176,880,457**	P 188,462,052
Loans payable	**P -**	P -
Total equity	**467,838,525**	439,800,630
Overall financing	**P 467,838,525**	P 439,800,630
Capital-to-overall financing ratio	**1:00: 2.64**	1.00 : 2.33

13.2 Capital Stock

The Company's application for listing of its common shares was approved by the PSE on July 24, 2013. The application is for the initial listing of up to 261,824,002 common shares, with par value of P1 per share, at an offer price of P2.18 per share. The proceeds from the sale of the Company's listed shares amounted to about P148.4 million. Capital stock consists of common shares as follows:

	Number of Shares		Amount	
	2014	2013	**2014**	2013
Authorized shares – P1 par	550,000,000	550,000,000	**P 550,000,000**	P550,000,000
Issued and outstanding:				
Balance at beginning of year			**P**	P
Issuance of shares during the year through:				
Application of deposits for future stock subscription	-	53,150,000	-	53,150,000
Stock dividends distributed	**-**	65,600,002	-	65,600,002
Cash subscription	**-**	68,074,000		68,074,000
Balance at end of year	**261,824,002**	261,824,002	**P550,000,000**	P261,824,002

As of September 30, 2014, there are 11 shareholders of the listed shares. Such listed shares closed at P4.31 as of September 30, 2014.

The Company has no other traded securities as at September 30, 2014.

13.3 Deposits for Future Stock Subscription

On June 29, 2012, the Company's BOD and stockholders approved the proposed increase in its authorized capital stock from P75, 000,000 divided into 75,000,000 shares of stock to P550, 000,000 divided into 550,000,000 shares both with a par value of P1 per share. Out of the proposed increase in the authorized capital stock, 118,750,002 shares will be subscribed and of which subscription will be paid in the form of cash and stock dividend. On June 29, 2012, the Company's BOD approved the declaration of stock dividends amounting to P65, 600,002 (see Note 13.4).

On November 29, 2012, the Company presented and filed its application for the increase in its authorized capital stock with the SEC. On December 11, 2012 and December 14, 2012, the stockholders initially subscribed to such proposed increase by paying cash amounting to P53, 150,000, which is presented as Deposits for Future Stock Subscription in the 2012 statement of financial position pending approval by the SEC of the proposed increase in authorized capital stock. Such application was formally accepted by the SEC on January 11, 2013 on which necessary SEC fees amounting to P960, 010 has been paid. On February 13, 2013, the said application for the increase in authorized capital stock was approved by the SEC. Correspondingly, the shares subscribed through cash deposits were issued upon application of such deposits for future stock subscription.

On July 24, 2013, the Board of Directors of the PSE approved the Company's application for the listing of its common stock. The approval covers the Company's initial listing up to 261,824,002 common shares with a par value of P1.00, under the Main Board of the PSE. A total number of 68,074,000 common shares were offered to the public on a primary basis.

13.4 Stock Dividends Distributable

On June 29, 2012, the Company's BOD approved the declaration of stock dividend amounting to P65, 600,002 divided into 65,600,002 shares at P1 par value. Consistent with Note 13.3, portion of the application for the increase in authorized capital stock were subscribed and paid in the form of stock dividend. Stock dividends were set to be issued to the corresponding proportionate shares of stock to stockholders of record as of June 29, 2012. Upon approval of the application for the increase in authorized capital stock, the stock dividend distributable was transferred to capital stock and the corresponding shares were issued.

13.5 Additional Paid-In Capital

Total proceeds received from the IPO amounted to P148.4 million of which P74.3 million is treated as Additional Paid-In Capital (APIC) being the amount paid in excess of the capital stock's par value. Total share issuance costs deducted from APIC amounted to P6.1 million, net of tax. Offer expenses from the IPO amounting to P6.5 million were presented as part of Other Operating Expenses in the 2013 statements of comprehensive income (see Note 16).

14. INTEREST INCOME

Interest income for the nine months ended September 30, 2014, 2013 and 2012 consists of the following:

	2014	2013	2012
OFW financing program	**P 51,492,894**	P 92,732,558	P 48,958,235
Salary and emergency loans	**5,652,423**	6,323,555	5,665,158
Cash in banks	**1,181,299**	65,473	37,709
	P 58,326,616	P 99,121,586	P 54,661,102

15. OTHER OPERATING INCOME

For the nine months ended September 30, 2014, 2013 and 2012, this account is composed of the following:

	2014	2013	2012
Processing fees	**P 4,077,750**	P 7,448,350	P 8,934,185
Penalties	**3,105,231**	5,532,296	3,468,444
Rental income	**-**	63,000	92,925
Unrealized foreign currency gain	**150,032**	644,223	-
	P 7,333,013	P 13,687,869	P 12,495,554

16. OTHER OPERATING EXPENSES

The composition of this account as of September 30, 2014, 2013 and 2012 is shown below.

	Notes	2014	2013	2012
Salaries and employee benefits	17	**P 8,158,994**	P 7,420,236	P 5,488,304
Taxes and licenses		**4,086,573**	7,889,352	4,682,582
Depreciation	9	**1,706,341**	1,333,583	1,356,376
Office supplies		**1,286,200**	1,015,000	642,826
Contractual services		**1,157,873**	1,339,674	1,286,334
Communication and utilities		**1,132,599**	959,944	960,306
Professional fees		**1,115,996**	4,180,888	657,560
Marketing and collection		**733,446**	854,827	1,189,852
Transportation and travel		**671,332**	525,715	1,009,315
Representation		**593,450**	598,395	359,729
Dues and subscriptions		**438,735**	427,107	452,252
Insurance		**381,252**	287,796	202,983
Legal and bank charges		**41,645**	1,123,433	-
IPO Offer Expenses		**460**	1,705,749	-
Brokers' commission		-	265,006	-
Unrealized foreign currency losses		-	-	744,149
Miscellaneous		**1,456,882**	1,493,200	812,382
		P 22,961,778	P 31,419,905	P 19,844,950

17. SALARIES AND EMPLOYEE BENEFITS

Expenses recognized for salaries and employee benefits for the three months ended September 30, 2014, 2013 and 2012 are presented below.

	Notes	2014	2013	2012
Salaries	16	**P 6,936,987**	P 6,640,083	P 5,120,350
Post-employment benefits		**1,185,447**	541,357	353,704
Others		**36,560**	238,796	14,250
		P 8,158,994	P 7,420,236	P 5,488,304

18. RELATED PARTY TRANSACTIONS

The Company's related parties include its stockholders, related parties under common ownership, its key management personnel and others as described in Note 2.17. A summary of the Company's transactions with its related parties as at and for the three months ended September 30, 2014, 2013, and 2012 follows:

Relationship Category	Amount of Transactions			Outstanding Balance	
	September 30, 2014 (Unaudited)	September 30, 2013 (Unaudited)	September 30, 2012 (Unaudited)	**September 30, 2014** (Unaudited)	December 31, 2013 (Audited)
Stockholders:					
Cash advances	**P -**	**P -**	P -	P -	P **-**
Stock subscription	**-**	(P53,150,000)	**-**	-	-
Key Management Personnel					
Cash advances	**-**	-	**-**	-	-
Compensation	2,851,890	2,387,907	2,658,027	-	**-**
Related Party Under Common Ownership					
Lease of property	**-**	63,000	92,925	**-**	-

18.1 Advances from Stockholders

Advances from stockholders represent emergency funds for use in the Company's operations, which are unsecured, non-interest bearing and are payable within a year.
It did not have any of these transactions in 2014, 2013 and 2012.

18.2 Issuance of shares and stock subscription

In 2012, cash deposits for future stock subscriptions were received from stockholders. In the same year, the Company declared stock dividends to its stockholders and in 2013, shares were issued to its stockholders. Details of these transactions are discussed fully in Notes 13.4 to 13.5.

18.3 Lease of Condominium Unit to a Related Party

In 2013, the Company subleases to Philippine Management, Inc (PMI), a related party under common control, a condominium unit that it rents at the Philippine Stock Exchange Centre, Exchange Road Ortigas Center, Pasig City, under an operating lease agreement. Rent income is presented as part of Other Operating Income in the statements of comprehensive income (see Note 15). There was no accrued rent income due from PMI as at September 30, 2014 and 2013.

18.4 Key Management Compensation and Advances

There is no outstanding amount due to key management personnel as at September 30, 2014 and December 31, 2013.

Advances are made to key management personnel in the ordinary course of business for purposes of carrying out business activities. Unliquidated expenses are treated as receivable from key management until liquidated or paid. There are no outstanding balance for advances to key management personnel as at September 30, 2014 and December 31, 2013.

19. EARNINGS PER SHARE

Basic and diluted earnings per share for the nine months ended September 30, 2014 are computed as follows:

	2014	2013	2012
Net profit	**P 28,037,895**	P 45,512,972	P 29,067,773
Weighted average number of outstanding common shares for basic earnings per share	**206,557,535**	261,824,002	75,000,000
Dilutive shares arising from Stock dividends	**-**	-	118,750,002
Adjusted weighted average Number of common shares for diluted earnings per share	**206,557,535**	261,824,002	193,750,002
Earnings per share	**0.14**	0.17	0.38
Diluted earnings per share	**0.14**	0.17	0.15

20. COMMITMENTS AND CONTINGENCIES

In the normal course of business, the Company makes various commitments and incurs certain contingent liabilities that are not given recognition in the accompanying financial statements. As at September 30, 2014 and December 31, 2013, management believes that losses, if any, that may arise from these commitments and contingencies will not have any material effect on the financial statements.

21. APPLICATION OF IPO PROCEEDS

For the quarter ended September 30, 2014, the applications of the net proceeds are broken down as follows:

Gross Proceeds from the Offer		P 148,401,320
Less: Offer Expenses		
Underwriting and selling agent fees	P 4,606,675	
Taxe	3,308,396	
Professional fees (i.e., legal and accounting fees)	2,396,434	
PSE listing and processing fees	695,269	
SEC registration and filing fees	349,474	
Brokers' commission	296,807	
Miscellaneous [1]	890,277	12,543,332[2]
Net Proceeds		135,857,988
Less: Utilization of Proceeds		
OFW loan portfolio		
For the quarter ended September 30, 2014		
Professional	P 17,441,850	
Skilled workers	26,389,988	
	43,831,838	
As reported for the year ended December 31, 2013[3]	56,026,150	
	99,857,988	
Repayment of outstanding loans with China Banking Corporation (CBC)	36,000,000	**135,857,988**
Balance of Proceeds as of September 30,		**P** -

[1] Exclusive of accrued various offer expenses amounting to P427,844 as of which was paid within the last quarter of

[2] Actual offer expenses exceeded the estimated amount of P1,289,358 by P253,974

[3] Skilled workers amounted to P29,558,150 and professionals amounted to P26,468,000

22. AGING OF LOANS RECEIVABLE

Below is the Company's aging of accounts receivable:

	September 30, 2014 (Unaudited)	**December 31, 2013 (Audited)**
Current	**P153,677,748**	P175,094,887
Past due:		
Within one year	**12,350,062**	9,461,877
Beyond one year	**25,220,355**	16,217,400
Balance at end of year	**P191,248,165**	P200,774,164

AG FINANCE, INCORPORATED
Schedule of Financial Soundness Indicators as Required
Under SRC Rule 68, as Amended
SEPTEMBER 30, 2014 AND DECEMBER 31, 2013
(Amounts in Philippine Pesos)

		September 30 2014 (Nine Months)	December 31, 2013 (One Year)	September 30 2014 (Nine Months)	December 31, 2013 (One Year)
I.	**Current/Liquidity Ratios**				
	Current Ratio				
	(Cash+Loans+ Other Current Assets)	**455,680,822**	329,051,065	**47.80**	29.21
	Total Liabilities	**9,532,973**	11,264,885		
	Quick Ratio				
	(Cash+Loans Receivable)	**455,025,706**	328,246,533	**47.73**	29.14
	Total Liabilities	**9,532,973**	11,264,885		
II.	**Solvency Ratios, Debt-to-Equity Ratios**				
	Solvency Ratio				
	(After-tax Net Profit+Depreciation)	**29,744,236**	62,103,724	**3.12**	5.51
	Total Liabilities	**9,532,973**	11,264,885		
	Debt-to-Equity Ratio				
	Total Liabilities	**9,532,973**	11,264,885	**0.02**	0.03
	Total Equity	**467,838,525**	439,800,630		
III.	**Asset-to-Equity Ratios**				
	Asset-to-Equity				
	Total Assets	**477,371,498**	451,065,515	**1.02**	1.03
	Total Equity	**467,838,525**	439,800,630		
IV.	**Interest Coverage Ratio**				
	Interest Coverage Ratio				
	EBIT	**40,447,851**	85,666,151	**-**	29.51
	Interest Expense	**-**	2,902,975		

V. Profitability Ratios

Net Profit Margin				
Net profit	**28,037,895**	60,292,395	**0.43**	0.44
Interest Income+ Other Operating Income	**65,659,629**	137,202,772		
Return on Equity				
Net profit	**28,037,895**	60,292,395	**0.06**	0.18
Average Equity	**453,819,578**	338,402,827		
Return on Assets				
Net profit	**28,037,895**	60,292,395	**0.06**	0.15
Average Assets	**464,218,507**	401,007,818		

AG FINANCE, INCORPORATED
Schedule of Other Supplementary Information
as Required Under SRC Rule 68, as Amended
SEPTEMBER 30, 2014 AND DECEMBER 31, 2013
(Amounts in Philippine Pesos)

	September 30, 2014 (Nine Months)	December 31, 2013 (One Year)	September 30, 2013 (Nine Months)	December 31, 2012 (One Year)

a) Total Real Estate Investments to Assets

Not Applicable. The Company does not have investment properties. Condominium units and parking lots are treated as property and equipment.

b) Total Receivables to Assets

	September 30, 2014 (Nine Months)	December 31, 2013 (One Year)	September 30, 2013 (Nine Months)	December 31, 2012 (One Year)
Loans Receivable	**164,067,638**	175,843,636	**0.34**	0.39
Total Assets	**477,371,498**	451,065,515		

c.) DOSRI* to Net Worth

	September 30, 2014 (Nine Months)	December 31, 2013 (One Year)	September 30, 2013 (Nine Months)	December 31, 2012 (One Year)
Receivables from DOSRI	**-**	-	**-**	-
Total Equity	**467,838,525**	439,800,630		

d.) Amount of receivables from a single corporation to total receivables

Not applicable. The Company grants loans to individuals.

*Directors, Officers, Stockholders and Other Related Interests