

PSE CODE: MA-006

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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1 8 8 E . R O D R I G U E Z J R . A V E N U E
B A G U M B A Y A N Q U E Z O N C I T Y

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

DINA INTING

Contact Person

911-2949 to 52

Company Telephone Number

1 2

Month

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Day

Fiscal Year

S E C F O R M 1 7 - Q

FORM TYPE

(QUARTERLY REPORT ENDED JUNE 30, 2007)

09

Month

3rd Tues.

Day

N.A.

Secondary License Type, If Applicable

Dept. Requiring this Doc.

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

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* **June 30, 2007**
2. *SEC Identification Number* **AS093046**
3. *BIR Tax Identification No.* **003-831-302-000**
4. *Exact name of issuer as specified in its charter* **ALLIANCE GLOBAL GROUP, INC.**
5. **METRO MANILA, PHILIPPINES**
Province, country or other jurisdiction of incorporation or organization
6. *(SEC Use Only)*
Industry classification code
7. **20th Floor, IBM Plaza, Eastwood City CyberPark**
188 E. Rodriguez Jr. Ave., Bagumbayan, 1110 Quezon City
Address of principal office
8. **(632) 91129-49 to 52**
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>
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Common	10,269,827,979 shares
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10. *Are any or all of these securities listed on a Stock Exchange?* **Yes, on Philippine Stock Exchange.**
11. (a) *AGI has filed all reports required to be filed by Section 17 of the SRC and SRC Rule 17 thereunder or Section 11 of the RSA and RSA Rule 11(a)-1 thereunder, and Sections 26 and 141 of The Corporation Code of the Philippines during the preceding twelve (12) months.*

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

PART I – FINANCIAL INFORMATION

Item 1. Financial Statements

- Attachment 1 – Consolidated Balance Sheets
- Attachment 2 – Consolidated Income Statements
- Attachment 3 – Consolidated Statements of Changes in Equity
- Attachment 4 – Consolidated Statements of Cash Flows
- Attachment 5 – Aging Schedule of Trade and Other Receivables
Under Current Assets

The interim consolidated financial statements have been prepared on historical cost basis, except for the revaluation of certain financial assets, and in accordance with Philippine Financial Reporting Standard (PFRS) PAS 34, Interim Financial Reporting. They do not include all of the information required for full annual consolidated financial statements, and should be read in conjunction with the audited consolidated financial statements of the Group as at and for the year ended December 31, 2006. The accounting policies and methods used in the interim financial statements are consistent with those applied in December 31, 2006 audited annual financial statements.

The interim consolidated financial statements comprise the financial statements of the Company and its subsidiaries. The financial statements of subsidiaries are prepared for the same accounting period as the parent company, using consistent accounting policies. The consolidated financial statements are presented in Philippine pesos, the Group's functional currency, and all values represent absolute amounts except when otherwise indicated.

Accounting estimates, assumptions and judgments are used in preparing these statements. Although these estimates and assumptions are based on management's best knowledge of current events and actions, and evaluation of relevant facts and circumstances, actual results may ultimately differ from such estimates.

For a more thorough understanding of the accounting policies used in the preparation of the financial statements, reference should be made to the last year-end audited consolidated financial statements, particularly the notes thereto.

In the normal course of business, there were inter-company transactions among the Company and its subsidiaries and these were eliminated in consolidation. Subsidiaries are consolidated from the date the Company obtains control. The difference between the cost of investments and the Company's proportionate share in the underlying net assets of a subsidiary at date of acquisition is carried as goodwill and included in Other Non-Current Assets in the consolidated balance sheets.

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

favorable or unfavorable impact on net sales or revenues or income from continuing operations. The Company is not in default or breach of any note, loan, lease or other indebtedness or financing arrangement requiring it to make payments. There were no events that will trigger direct or contingent financial obligation that is material to the Company, including any default or acceleration of obligation; no material off-balance sheet transactions, arrangements, obligations, and other relationships of the Company with unconsolidated entities or other persons created during the interim period.

Business Segments

The Group's operating businesses are categorized into three segments, each managed separately and each representing a strategic business unit that offers different products and serves different markets:

- Food and beverage business (F&B) – includes the (1) distilled spirit manufacturing, presently with Emperador and Generoso brandy, (2) operations of the foreign-based subsidiaries that handle the manufacture and international distribution of food products, and (3) glass container manufacturing business that produces flint glass containers based on customers' specifications;
- Real estate business (RE) – is engaged in the investment in and development of real estate, lease of properties, and hotel operations; and
- Quick service restaurant business (QSR) – operates under the McDonald's brand, in accordance with a master franchise agreement with McDonald's USA.

Comparative interim results per segment were as follows:

	Revenues		Results	
(In Millions)	2007	2006	2007	2006
Food and beverage	3,946	349	1,009	13
Real estate	4,818	26	1,657	31
QSR	3,636	3,131	227	14
Corporate			(118)	1
Total	12,400	3,506	2,775	239

On February 16, 2007, AGI acquired 100% ownership interest in Emperador Distillers, Inc. (EDI), the largest brandy manufacturer in the world in terms of volume. EDI presently manufactures Emperador and Generoso brandy. On the same date, AGI increased its ownership interest in Megaworld Corporation (Megaworld), a leader in mid-income residential and BPO office markets, by 25%. The acquisition brings the group's total ownership of Megaworld to 45% which gives the Company's management power to govern the financial and operating policies of Megaworld.

Both Megaworld and EDI are being consolidated starting this year.

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

Key Performance Indicators

Presented below are the top five (5) key performance indicators of the Company and subsidiaries:

	2007	2006
Sales growth	254%	-19%
Net income growth	839%	40%
Net income rate	17%	7%
Return on investment	2.4%	2%
Current ratio	4.5:1	2.8:1

- Sales growth – measures the percentage change in sales over a designated period of time. Performance is measured both in terms of amount and volume, where applicable.
- Net income growth – measures the percentage change in net income over a designated period of time
- Net income rate– computed as percentage of net income to revenues - measures the operating efficiency and success of maintaining satisfactory control of costs
- Return on investment [or capital employed] – the ratio of net income 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.

Business Development

During the first quarter of 2007, AGI had undertaken major steps that restructured its capital and business portfolio. It increased its authorized capital stock from 5 billion shares to 12.95 billion shares, and offered 2,205,181,000 common shares under a 1:1 stock rights to existing stockholders in last week of February. On February 16, in a share swap transaction with The Andresons Group, Inc. (TAGI), Yorkshire Holdings, Inc. and Mr. Andrew Tan, AGI acquired additional 25% interest in Megaworld Corporation (Megaworld), thereby increasing the group's interest therein to 46%. At the same time, AGI purchased 100% of Emperador Distillers, Inc. (EDI), a leading manufacturer of distilled spirits, from TAGI and individual stockholders. AGI subscribed further to unissued shares of EDI in order to infuse funds into EDI for its operating capital requirements. In the second quarter, AGI went into a successful follow-on offering of 1.8 billion shares in the international market, primarily to finance expansion in the food and beverage business.

Results of Operations

The first six months of the year resulted in P2,111 million net income, a big leap from P225 million reported in the same period last year. Out of this amount, the net income attributable to equity holders of AGI more than quintupled to P1,234 million from P227 million a year ago. Such remarkable results were primarily attributed to EDI and Megaworld that brought in net income to equity holders of AGI of P550 million and P670 million, respectively.

Sales revenues rose by 254% to P12.4 billion from P3.5 billion a year ago. P3.7 billion came from selling Emperador and Generoso brandy, and P4.8 billion from selling and renting out real estates and operating a hotel. The present real estate projects include Grand Eastwood Palazzo and Eastwood Parkview in Eastwood City; Bellagio and Corinthian Hills in Quezon City; Bellagio and Forbeswood Heights in Fort Bonifacio; Greenbelt Parkplace in Makati City; McKinley Hill in Fort Bonifacio; and Newport City. Business was good for the other existing businesses as well. The QSR contributed revenues grew by 20% year-on-year as a result of extensive marketing promotions and opening of new licensee and company-owned stores. Innovative products were introduced such as Red Hot chicken, Longa McRice burger, corned beef breakfast, bubblegum and strawberry float during the first quarter of this year and McDo sundae ice mix and Shrek's vertigration (Green float) during the second quarter. The Ang Pao coupons proved to be very effective, increasing sales of burger and chicken McDo, regular fries and spaghetti. Total number of McDo restaurants is 16 more at end-June than a year ago. Pik-Nik sales grew by 19% this year. And, glass containers were imported to meet the buyer's requirements, particularly the Generoso brandy bottles.

Cost of sales and services went up because of the new businesses and the increase in sales. Gross profit, however, improved to 26% from 11% a year ago. Gross profit from the brandy manufactured products was at 33%, and the bigger cost components were raw materials (95%), trademark amortization and depreciation (2%). Gross profit from the real estate businesses was posted at 27%, and the bigger cost components were cost of real estate sales and deferred gross profit from prior year's sales. Gross profit from the QSR improved to 17% from 12% last year because of cost-saving initiatives, price reduction from suppliers and favorable foreign exchange rates. While there were increases in its cost components, such were not as high as the increase in sales. Salaries and wages, rental, advertising, and taxes and licenses increased year-on-year by about 10-23% because there were more stores this semester than a year ago. Food and paper remained to be the biggest cost component, followed by personnel costs, representing 44% and 14% of cost of QSR sales. At the glass plant, whereas for the same period last year the plant was still shut down for the repair of furnace, the furnace is now operating 24 hours again. Raw materials, fuel oil, and electricity comprise the top three components of cost.

Finance and other operating income increased to P950 million from P64 million last year due to P884 million coming from real estate business. There was also P199 million interest income on real estate sales that was added in this semester.

Selling and distribution costs expanded by 177% to P382 million from P138 million as a result of P73 million advertising and distribution costs incurred in brandy manufacturing operations; P1423 million commission and advertising expenses in the real estate business; and P158 million royalty fees in the QSR business due to higher sales volume this year.

Administrative expenses appeared to grow by P614 million or 280% from expenses incurred in the newly-acquired businesses of brandy manufacturing and real estate businesses totaling P525 million. In addition, there were fees and taxes relating to the stock issuances that were not charged to capital stock but were expended during the semester.

Finance costs were incurred primarily by the real estate business (P268 million), the QSR business (P59 million) and AGI on its loans (P77 million).

Income tax expense totaled P563 million during the quarter, as compared to P14 million a year ago, because of the robust income.

A P100 million preacquisition income corresponds to the equity share in Megaworld for the period before the acquisition of the new equity investment in it, and such income was deducted from this semester's results.

As a result of all these, net income rate attributable to equity holders of the parent company grew to 10% from 6% year-on-year.

Financial Condition

Consolidated total assets amounted to P89 billion and P16 billion as of end-June and last year-end, respectively, primarily due to the consolidation of assets from the real estate and distilled spirits businesses.

Cash and cash equivalents increased by P31.6 billion from last year-end to total P32.9 billion by end-June. This is primarily due to the net funds derived from stock issuances during the period. The items affecting this account were presented in detail in the consolidated interim cash flows statements.

Receivables, both current and non-current, went up from P1.2 billion last year-end to P10.2 billion this end-June. P8.4 billion and P739 million were from the real estate and distilled spirits businesses, respectively.

Inventories increased from P418 million to P3.7 billion because of P2.7 billion real estate inventories and P447 million raw materials and supplies for the distilled spirits manufacturing.

The real estate business further added P1.4 billion to the group's financial assets at fair value through profit and loss, P2.5 billion to property development costs, P652 million to prepayments and other current assets, P188 million as advances to landowners and joint ventures, P3.3 billion as land for future development, P9.5 billion to investments in associates and related parties, P4.8 billion to investment property, and P2.0 billion to other non-current assets.

The distilled spirits business further added P3.4 million prepayments and other current assets, P196 million other non-current assets and P983 million amortized

trademark. Trademark refers to brandnames for the manufacture of the distilled spirits, and are being amortized over 10 years.

Property, plant and equipment increased by P2.6 billion because of P524 million from real estate business, P325 million from distilled spirits manufacturing, and P1.8 billion reclassified from investment property.

In the consolidation of Megaworld, an P7.6 billion goodwill was recognized. This, together with the P958 million amortized trademark, accounts for the increase in intangible assets.

Trade and other payables went up by P1.9 billion primarily because of P1.9 billion accounts and accruals from the real estate business and P593 million from the spirits manufacturing business.

Real estate customers made deposits in the amount of P2.4 billion in current liabilities and P1.5 billion in non-current liabilities. Reserve for property development was recorded at P1.7 billion current and P992 million non-current, and deferred income on real estate sales was recorded at P476 million current and P1.4 billion non-current portion.

The P8.2 billion interest-bearing loans and borrowings as of end-June were from the real estate business, P7.3 billion, and QSR business, P873 million. The QSR loan is the cash equivalent of US\$12 million loan from MRO, payable 20 years from March 15, 2005, and earns interest at 10% p.a. The real estate business' loans included a P950 million 10-year loan from a local bank obtained in 2003, collateralized by long-term cash placements, with interest based on 91-day treasury bill plus certain spread. An additional P400 million was acquired subject to the same terms and conditions. There is also a \$25 million IFC loan facility obtained in 2002, with \$20 million (P1 billion) drawdown in 2002, payable in 10 years, with interest payable based on LIBOR rate plus certain spread, and collateralized by first ranking mortgage over certain investment property. AGI, the parent company, on the other hand, preterminated its P2.3 billion two-year loan from a local bank, with the proceeds from the follow-on offering, to save on interest cost. Also included in this account were the five-year term bonds totaling \$100 million issued by Megaworld In August 2006 at a discount of \$1.5 million, netting \$97 million. The bonds bear interest at 7.875% p.a. payable semiannually in arrears every February 4 and August 4 starting on February 4, 2007.

The P1.4 billion deferred tax liabilities were all from the real estate business, mostly from unrealized income and gains.

Current ratios improved at 4.5:1 as of end-June from 1.6:1 as of last year-end. Debt-to-equity ratios remained low at 0.36:1 and 0.31:1 for end-June and end-December, respectively.

Prospects for the future

The distilled spirit manufacturing and real estate businesses are expected to be the prime contributors beginning this year forward. There are business expansion plans, more particularly for the distilled spirit manufacturing business, and the budget/funds were raised from the follow-on offering in June.

Others

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

There were no significant elements of income or loss that did not arise from continuing operations; and no seasonal aspects that had a material effect on the financial conditions or results of operations.

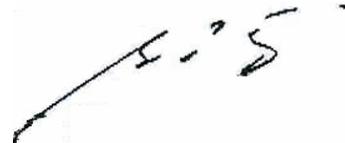
SIGNATURE

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:

A handwritten signature in black ink, appearing to read 'DINA INTING', is written over a faint rectangular box.

DINA INTING

*First Vice President for Finance
& Corporate Information Officer
& Duly Authorized Officer*

July 27, 2007

ALLIANCE GLOBAL GROUP, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(Amounts in Philippine Pesos)

	June 30, 2007	December 31, 2006
<u>A S S E T S</u>	<i>Unaudited</i>	<i>Audited</i>
CURRENT ASSETS		
Cash and cash equivalents	P 32,860,429,326	P 1,289,597,395
Trade and other receivables - net	5,043,982,523	1,166,434,752
Financial assets at fair value through profit or loss	1,470,078,243	86,802,438
Inventories	3,719,531,634	418,327,491
Property development costs	2,892,101,497	358,053,580
Prepayments and other current assets	967,945,466	380,846,442
Total Current Assets	46,954,068,689	3,700,062,098
NON-CURRENT ASSETS		
Trade and other receivables - net	5,116,053,672	26,196,144
Advances to landowners and joint ventures	188,198,053	
Land for future development	3,300,899,393	-
Available-for-sale financial assets - net	114,540,829	54,911,419
Investments in and advances to associates and other related parties	9,532,827,402	5,355,200,798
Property, plant and equipment - net	4,730,680,474	2,146,765,903
Investment property - net	5,173,733,955	2,138,767,025
Deferred tax assets - net	171,313,363	154,215,062
Intangible assets - net	11,315,346,937	1,653,165,188
Other non-current assets - net	2,800,572,972	599,097,454
Total Non-current Assets	42,444,167,050	12,128,318,993
TOTAL ASSETS	P 89,398,235,739	P 15,828,381,091

Forward

-2-

	June 30, 2007	December 31, 2006
	<i>Unaudited</i>	<i>Audited</i>
<u>LIABILITIES AND EQUITY</u>		
CURRENT LIABILITIES		
Trade and other payables	P 4,096,881,469	P 2,193,418,613
Interest-bearing loans and borrowings	734,589,780	-
Customers' deposits	2,398,699,456	-
Advances from related parties	60,612,954	78,326,360
Income tax payable	193,935,637	9,216,803
Reserve for property development	1,713,042,974	
Deferred income on real estate sales	476,130,186	
Other current liabilities	788,910,741	7,625,370
Total Current Liabilities	<u>10,462,803,197</u>	<u>2,288,587,146</u>
NON-CURRENT LIABILITIES		
Interest-bearing loans and borrowings	7,424,504,613	906,468,118
Customers' deposits	1,486,981,907	-
Reserve for property development	991,800,017	-
Deferred income on real estate sales	733,656,271	-
Redeemable preferred shares	246,118,296	231,445,636
Retirement benefit obligations	143,140,984	109,201,576
Advances from related parties	196,568,530	-
Deferred tax liabilities - net	1,364,436,601	-
Other non-current liabilities	899,682,570	244,111,961
Total Non-current Liabilities	<u>13,486,889,789</u>	<u>1,491,227,291</u>
Total Liabilities	<u>23,949,692,986</u>	<u>3,779,814,437</u>
EQUITY		
Equity attributable to equity holders of the parent company		
parent company		
Capital stock	10,269,827,979	2,205,181,000
Additional paid-in capital	27,179,321,759	5,232,877,999
Subscriptions receivable	-	(986,612,492)
Accumulated translation adjustments	(64,234,820)	(28,819,937)
Share in translation adjustments of an associate	(17,724,682)	(17,724,682)
Dilution loss	(307,137,911)	(307,137,911)
Revaluation reserves	40,843,720	23,857,119
Retained earnings	6,296,114,998	5,061,762,565
	43,397,011,043	11,183,383,661
Minority interest	<u>22,051,531,710</u>	<u>865,182,993</u>
Total Equity	<u>65,448,542,753</u>	<u>12,048,566,654</u>
TOTAL LIABILITIES AND EQUITY	<u>P 89,398,235,739</u>	<u>P 15,828,381,091</u>

ALLIANCE GLOBAL GROUP, INC. AND SUBSIDIARIES
CONSOLIDATED INCOME STATEMENTS
FOR THE PERIODS ENDED JUNE 30, 2007 AND 2006
(Amounts in Philippine Pesos)
(UNAUDITED)

	<u>2007</u>		<u>2006</u>	
	<u>Quarter Ended</u>	<u>Year-to-Date</u>	<u>Quarter Ended</u>	<u>Year-to-Date</u>
REVENUES				
Sale of goods	P 3,915,650,300	P 7,370,504,486	P 1,584,086,136	P 3,285,209,556
Real estate sales	2,191,123,495	4,045,882,143	-	-
Rendering of services	393,155,510	785,348,416	111,668,756	220,666,365
Realized gross profit on prior years' sales	97,697,743	197,932,370	-	-
	<u>6,597,627,048</u>	<u>12,399,667,415</u>	<u>1,695,754,892</u>	<u>3,505,875,921</u>
COST OF SALES AND SERVICES				
Cost of sales	2,823,805,998	5,481,278,108	1,440,200,335	2,984,883,942
Cost of real estate sales	1,487,718,567	2,728,444,944	-	-
Deferred gross profit	411,410,467	683,098,730	-	-
Cost of services	136,471,596	291,463,732	69,006,705	138,056,130
	<u>4,859,406,628</u>	<u>9,184,285,514</u>	<u>1,509,207,040</u>	<u>3,122,940,072</u>
GROSS PROFIT	<u>1,738,220,420</u>	<u>3,215,381,901</u>	<u>186,547,852</u>	<u>382,935,849</u>
OTHER OPERATING INCOME (EXPENSES)				
Finance and other operating income	754,074,877	949,718,649	18,333,657	64,396,285
Interest income on real estate sales	16,186,486	198,950,055	-	-
Administrative expenses	(515,514,898)	(833,726,225)	(114,906,852)	(219,309,997)
Selling expenses	(188,128,869)	(382,455,736)	(69,853,294)	(137,824,923)
Other operating expenses	(54,116,601)	(97,455,902)	-	-
	<u>12,500,995</u>	<u>(164,969,159)</u>	<u>(166,426,489)</u>	<u>(292,738,635)</u>
OPERATING PROFIT	<u>1,750,721,415</u>	<u>3,050,412,742</u>	<u>20,121,363</u>	<u>90,197,214</u>
OTHER INCOME (CHARGES)				
Equity in net earnings of an associate and a joint venture	(256,491,598)	(18,172,962)	41,392,000	178,618,403
Foreign currency gains - net	83,433,714	135,483,781	-	9,395,848
Finance costs	(204,929,179)	(411,504,764)	(37,587,296)	(63,839,163)
Losses from restaurant closings	(5,696,777)	(6,051,639)	(23,479,387)	(53,676,563)
Other gains (losses) - net	61,434,507	24,681,523	50,888,067	78,123,443
	<u>(322,249,333)</u>	<u>(275,564,061)</u>	<u>31,213,384</u>	<u>148,621,968</u>
INCOME BEFORE TAX AND PREACQUISITION INCOME	<u>1,428,472,082</u>	<u>2,774,848,681</u>	<u>51,334,747</u>	<u>238,819,182</u>
TAX EXPENSE	<u>271,959,477</u>	<u>563,072,606</u>	<u>2,366,282</u>	<u>14,064,729</u>
INCOME BEFORE PREACQUISITION INCOME	<u>1,156,512,605</u>	<u>2,211,776,075</u>	<u>48,968,465</u>	<u>224,754,453</u>
PREACQUISITION INCOME	<u>-</u>	<u>100,413,666</u>	<u>-</u>	<u>-</u>
NET INCOME	<u>P 1,156,512,605</u>	<u>P 2,111,362,409</u>	<u>P 48,968,465</u>	<u>P 224,754,453</u>
Attributable to:				
Equity holders of the parent company	P 740,157,008	P 1,234,352,433	P 61,735,181	P 226,973,453
Minority interest	416,355,597	877,009,976	(12,766,716)	(2,219,000)
	<u>P 1,156,512,605</u>	<u>P 2,111,362,409</u>	<u>P 48,968,465</u>	<u>P 224,754,453</u>
Earnings Per Share for the Net Income Attributable to the Equity Holders of the Parent Company based on number of shares at end-June				
	<u>P 0.0721</u>	<u>P 0.1202</u>	<u>P 0.0280</u>	<u>P 0.1029</u>

ALLIANCE GLOBAL GROUP, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2007 AND 2006
(Amounts in Philippine Pesos)
(UNAUDITED)

	2007	2006
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY		
Capital Stock		
Balance at January 1	P 2,205,181,000	P 2,205,181,000
Additional issuance during the period	<u>8,064,646,979</u>	<u>-</u>
Balance at June 30	<u>10,269,827,979</u>	<u>2,205,181,000</u>
Additional Paid-in Capital		
Balance at January 1	5,232,877,999	5,232,877,999
Addition from subscriptions during the period	<u>21,946,443,760</u>	<u>-</u>
Balance at June 30	<u>27,179,321,759</u>	<u>5,232,877,999</u>
Subscriptions Receivable		
Balance at January 1	(986,612,492)	(986,612,492)
Additional subscriptions during the period	30,451,782,255	-
Collections/settlement during the period	<u>(31,438,394,747)</u>	<u>-</u>
Balance at June 30	<u>-</u>	<u>(986,612,492)</u>
Accumulated Translation Adjustments		
Balance at January 1	(28,819,937)	32,541,532
Currency translation adjustments during the period	<u>(35,414,883)</u>	<u>(9,395,848)</u>
Balance at June 30	<u>(64,234,820)</u>	<u>23,145,684</u>
Share in Translation Adjustments of an Associate		
Balance at January 1	(17,724,682)	(26,589,703)
Currency translation adjustments during the period	<u>-</u>	<u>-</u>
Balance at June 30	<u>(17,724,682)</u>	<u>(26,589,703)</u>

Forward

- 2 -

	<u>2007</u>	<u>2006</u>
Dilution Loss	(<u>307,137,911</u>)	<u>-</u>
Revaluation Reserves		
Balance at January 1	12,261,215	3,895,661
Revaluation reserve of a newly acquired subsidiary	11,595,904	-
Fair value gains	<u>16,986,601</u>	<u>-</u>
Balance at June 30	<u>40,843,720</u>	<u>3,895,661</u>
Retained Earnings <i>(see Note 6)</i>		
Balance at January 1	5,061,762,565	4,242,723,735
Dividend from investee		(<u>45,676,260</u>)
Net income	<u>1,234,352,433</u>	<u>226,973,453</u>
Balance at June 30	<u>6,296,114,998</u>	<u>4,424,020,928</u>
	<u>43,397,011,043</u>	<u>10,875,919,077</u>
MINORITY INTEREST		
Balance at January 1	865,182,993	870,761,153
Minority interest in a newly acquired subsidiary	11,807,567,878	-
Exercise of stock rights	8,502,952,117	-
Dividend from investee	(<u>1,181,254</u>)	-
Share in net income of investee	<u>877,009,976</u>	(<u>2,219,000</u>)
Balance at June 30	<u>22,051,531,710</u>	<u>868,542,153</u>
TOTAL EQUITY	<u>P 65,448,542,753</u>	<u>P 11,744,461,230</u>
Net Gains (Losses) Directly Recognized in Equity	(<u>P 18,428,282</u>)	(<u>P 9,395,848</u>)

ALLIANCE GLOBAL GROUP, INC. AND SUBSIDIARIES
CONSOLIDATED CASH FLOW STATEMENTS
FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2007 AND 2006
(Amounts in Philippine Pesos)
(UNAUDITED)

	2007	2006
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before tax and preacquisition income	P 2,774,848,681	P 238,819,182
Adjustments for:		
Depreciation and amortization	410,571,337	175,966,099
Equity in net losses (earnings) of an associate and a joint venture	18,172,962	(178,618,403)
Interest income	(912,491,746)	(64,396,285)
Interest expense	411,504,764	63,839,163
Unrealized foreign exchange gains	(168,963,781)	(9,395,848)
Retirement benefits provision	33,939,408	7,403,050
Impairment losses	30,410,639	5,929,489
Dividend income	(8,403,571)	-
Excess of carrying value of non-current assets over fair value	4,749,929	-
	2,594,338,622	239,546,447
Operating income before working capital changes		
Decrease (increase) in trade and other receivables	(8,970,655,279)	562,893,882
Decrease (increase) in inventories	(3,308,364,802)	179,041,417
Increase in property development costs	(2,534,047,917)	-
Decrease (increase) in other financial assets	(1,425,918,614)	1,686,849
Decrease (increase) in prepayments and other current assets	(718,331,310)	(82,795,581)
Increase (decrease) in trade and other payables	1,925,651,036	(107,399,185)
Increase in customers' deposits	3,885,681,363	-
Increase (decrease) in deferred income on real estate sales	1,209,786,457	-
Increase in reserve for property development	2,704,842,991	-
Increase in other current liabilities	781,285,371	-
Cash generated from (used in) operations	(3,855,732,082)	792,973,829
Cash paid for income taxes	(241,929,856)	(34,708,332)
Net Cash From (Used in) Operating Activities	(4,097,661,938)	758,265,497
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	606,344,142	64,396,285
Cash dividend received	5,647,312	-
Net decrease (increase) in:		
Investments in and advances to associates and other related parties	(4,383,997,619)	-
Investment property	(3,106,820,106)	(616,112,567)
Property, plant and equipment	(2,889,953,676)	(191,337,419)
Intangible assets	(2,117,427,360)	-
Land for future development	(3,300,899,393)	-
Other non-current assets	(1,803,119,948)	(28,112,807)
Other non-current liabilities	31,410,268,180	10,440,274
Net Cash Used in Investing Activities	14,420,041,532	(760,726,234)
CASH FLOWS FROM FINANCING ACTIVITIES		
Interest paid	(419,020,284)	(63,839,163)
Cash dividends paid to minority	(1,181,254)	-
Advances from (to) related parties	178,855,124	(23,054,200)
Collections of beginning subscriptions receivable	986,612,492	12,360,192
Net proceeds from (payments of) long-term payables	7,286,106,275	(100,072,039)
Net proceeds from issuance of capital stock	13,217,079,984	-
Net Cash From (Used in) Financing Activities	21,248,452,337	(174,605,210)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	31,570,831,931	(177,065,947)
CASH AND CASH EQUIVALENTS AT JANUARY 1	1,289,597,395	1,447,604,381
CASH AND CASH EQUIVALENTS AT JUNE 30	P 32,860,429,326	P 1,270,538,434

ALLIANCE GLOBAL GROUP, INC. AND SUBSIDIARIES
AGING SCHEDULE OF TRADE AND OTHER RECEIVABLES
UNDER CURRENT ASSETS

30-Jun-07

(Amounts in Philippine Pesos)

TRADE RECEIVABLES

Current	4,087,171,945
1-30 days	373,667,654
31-60 days	29,638,344
over	<u>18,819,361</u>
Total	4,509,297,304

OTHERS	<u>569,893,452</u>
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TOTAL	5,079,190,756
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LESS ALLOWANCE FOR IMPAIRMENT	<u>35,208,233</u>
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BALANCE	5,043,982,523
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