

COVER SHEET

ALLIANCE GLOBAL GROUP, INC.

(Company's Full Name)

**20th Floor IBM Plaza, Eastwood City CyberPark
188 E. Rodriguez Jr. Ave., Bagumbayan, 1110 Quezon City
Metro Manila, Philippines**

(Company's Address)

(02)91129-49 to -52

(Company's Telephone Number)

DECEMBER 31
(Fiscal Year Ending)

THIRD TUESDAY OF SEPTEMBER
(Annual Meeting)

**SEC FORM 17-Q
QUARTERLY REPORT
FOR THE QUARTER ENDED MARCH 31, 2008**
(Form Type)

May 20, 2008
(Report Date)

AS093-7946
S.E.C. Reg. No.

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* **March 31, 2008**
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 thus should be read in conjunction with the audited consolidated financial statements of the Group as at and for the year ended December 31, 2007. The accounting policies and methods used in the interim financial statements are consistent with those applied in December 31, 2007 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. A copy of annual report filed under SEC Form 17-A may be found in the Company's website [allianceglobalinc.com] and PSE website [pse.com.ph].

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.

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 primarily for Emperador and Generoso;
- Real estate business (RE) – involves 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.

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:

	2008	2007
Sales growth	26%	218%*
Net income growth	55%	443%*
Attributable to equity holders of parent company	84%	300%*
Net income rate	20%	16%
Attributable to equity holders of parent company	12%	9%
Return on investment	1.4%	1.1%
Using net income attributable to holders of parent	0.8%	0.5%
Current ratio	3.6:1	4.3:1

**New subsidiaries, Megaworld Corporation and Emperador Distillers, Inc., were consolidated beginning 2007.*

- 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

Megaworld Corporation (Megaworld) increased its equity share in Empire East Land Holdings, Inc. (ELI) early this year from 45.2% to 59.8%. This paved the way to ELI's consolidation into the group from this quarter onwards. ELI specializes in affordable housing projects that cater to Broad C–upper B market. It reported net income of P58 million in the first quarter. Out of this amount, about P15 million went into net income attributable to holders of AGI. ELI is expected to post stronger earnings with the launching of its new projects.

Results of Operations – First Quarter

Comparative interim results per segment were as follows:

	Revenues			Operating Income		
(In Millions)	2008	2007	%	2008	2007	%
F&B	1,487	1,770	-15	243	414	-41
RE	3,925	2,230	76	1,275	997	28
QSR	1,894	1,802	6	61	129	-53
Corporate				276	(2)	
Total	7,306	5,802	26	1,855	1,538	21

Other charges	(48)	(192)	75
Tax expense	(325)	(291)	12
Preacquisition income		(100)	
Net income	1,482	955	55
Attributable to holders of parent company	910	494	84

The Company broke its record with net income for the first three months of the year of P1,482 million - 55% better than P955 million recorded a year ago. Net income attributable to equity holders of the parent company improved by 84% year-on-year to P910 million from P494 million. Such remarkable feat was attributed to the strong results from the RE segment lead by Megaworld and finance income from fund placements.

Megaworld closed the quarter with record high of P1,012 million net income net of minority interest, thereby contributing P469 million to equity holders of AGI this year, up from P254 million (net of P100 million preacquisition income) a year ago. Consolidated finance and other income totaled P687 million this year which is 2 1/2 times more than the P196 million earned last year.

Revenues increased by 26% to P7.3 billion from P5.8 billion last year. RE contributed the highest (54%) this year, followed by QSR (26%) and F&B (20%).

Real estate sales, in particular, grew by 79% to P3.3 billion from P1.8 billion last year. Real estate projects include Bellagio and Forbeswood Parklane in Forbes Town Center, Fort Bonifacio; Montecito, Sarasota and Pine Crest in Newport City, Pasay; Tuscany and Garden Villas in McKinley Hill, Fort Bonifacio; and Manhattan Parkway residences in Quezon City; plus Xavier Hills and Greenhills Garden Square in Quezon City; California Gardens Square in Mandaluyong City; The Cambridge Village in Cainta; and Laguna Bel Air 3 and 4 in Biñan and Sta. Rosa, Laguna, respectively. With high occupancy rates in both the BPO office spaces and retail developments, property rental income went up by 59% to P333 million from P209 million a year ago.

Brandy sales slipped by 16% to P1.4 billion from P1.6 billion a year ago. The weak domestic demand was primarily attributed to the rising inflation rate. Pik-Nik sales, on the other hand, climbed by 16% this year, with its domestic (i.e. US) and international sales gaining 13% and 18%, respectively, over last year due to its penetration of new outlets/market. Pik-Nik was able to increase its prices in some areas/market as well.

Revenues from McDonald's grew by 6% to P1.9 billion from P1.8 billion a year ago. The improvement came from the expansion of its store chain. The company-operated stores numbered 171 at end of this quarter from 153 a year ago. Six new stores were opened in this quarter. Stores totaled 277 nationwide by end-March this year as compared to 259 a year ago. Product promotions were launched during the quarter to add selection variety and entice consumer patronage. These included Chicken McSavers, McNuggets honey treat, buko pandan Mcflurry, desserts festival and McMoney.

Cost of sales and services went up primarily because sales went up. The continuously rising prices of raw materials, fuel and electricity put pressure on the gross profit (GP) margin. Costs of imported materials also got affected by the depreciating peso, most especially on the consumer products. Nevertheless, management was able to take control measures such that the pinch in GP margin was barely negligible at 26.78% this quarter from 27.15% a year ago. GP rates from RE improved by 0.28 points to 30% while those of F&B and QSR dropped slightly to 28.2% and 18.9% from 28.7% and 22.4%, respectively. GP from the brandy manufactured products was at

29.16% this year from 30.13% last year. Prices of brandy and McDonald's products had not increased in the first quarter.

The top three cost components in the manufacture of brandy were raw materials (93%), depreciation and trademark amortization (4%) and rent (1%). In the QSR, these were food and paper (46%), rental (23%), personnel costs (15%), and depreciation and amortization (5%).

Operating expenses were affected by the rising cost of fuel, electricity and commodities. Selling expenses expanded to P391 million from P194 million as a result of higher sales this year which translated to higher commissions and advertising expenses in RE, higher royalty fees in the QSR business, and higher marketing and distribution expenses in brandy business. Marketing and distribution expenses related to selling brandy expanded as a result mainly of wider distribution network base and more aggressive marketing campaign this quarter. Administrative expenses went up to P585 million from P416 million a year ago because of P179 million increase in RE business.

Finance and other operating income rose to P687 million from P196 million a year ago due to interest earned on money placements. Interest income on placements from RE business increased by P210 million while those at corporate level earned P279 million this year.

Income tax expense totaled P325 million during the quarter, as compared to P291 million last year. Increase came principally from RE business.

EBITDA amounted to P2.3 billion as compared to P1.7 billion a year ago.

Financial Condition

Consolidated total assets expanded to P108 billion at end of this quarter from P89 billion at beginning of year primarily because of the increased activity in the RE segment including the consolidation of ELI in this quarter.

Cash and cash equivalents increased by P808 million - from P24.1 billion at the beginning of the year to end at P24.9 billion. The items affecting this account were presented in detail in the interim consolidated statements of cash flows attached to this report.

Financial assets at fair value through profit or loss decreased by P1.6 billion this year, from P1.97 billion to P343 million, due to transfer of P899 million into short-term cash placements and P673 million decrease from that of Megaworld's subsidiary.

Current trade and other receivables increased by P3.4 billion and noncurrent portion by P4 billion year-on-year. The increase came from the higher RE sales, including P5.7 billion ending balance from ELI.

Inventories decreased by P132 million from P6.48 billion to P6.35 billion because of P178 million reduction in raw and packaging materials in brandy business as production slackened from drop in sales.

The consolidation of ELI brought about the increase in RE accounts, such as P9.6 billion to Property development costs, P1.5 billion to Land for future development, P0.9 billion to Advances to landowners, P0.7 billion to Investment property, P0.1 billion to Property and equipment, P0.1 billion to Prepayments and other current assets, P1.2 billion to Customers' deposits, P0.2 billion to Deferred income on real estate sales, P0.9 billion to Reserve for property development, P2.3 billion to loan borrowings, and P1.4 billion deferred tax liabilities.

Trade and other payables went up by P3 billion primarily as a result of brisk RE business.

The changes in equity components are presented in detail in the consolidated statements of changes in equity attached to this report. Revaluation reserves under equity increased by P911 million due to fair value gain from Megaworld's financial assets.

The consolidated balance sheets showed strong liquidity. Current ratios were registered at 3.6:1 and 4.3:1 as of end and start of quarter, respectively. Debt-to-equity ratios remained low at 0.75:1 and 0.54:1 at end and beginning of the quarter, respectively.

Prospects for the future

While the economic growth continues to be dampened by rising costs of fuel and commodities, both domestic and international, AGI focuses on attaining its net profit target of P3.9 billion for 2008.

Management is constantly looking for new opportunities that will diversify and enhance the overall profitability of the group. AGI has recently announced its foray into the tourism sector by participating in Philippine Amusement and Gaming Corporation's \$15 billion leisure and entertainment project in Bagong Nayong Pilipino Manila Bay Tourism City.

Meanwhile, more McDonald's stores are target to be opened and existing ones re-imaged to boost the QSR income.

Others

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

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

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

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

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

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

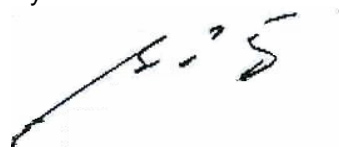
SIGNATURE

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

Alliance Global Group, Inc.

Issuer

By:

A handwritten signature in black ink, appearing to read 'DINA INTING', is written over a horizontal line.

DINA INTING

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

May 20, 2008

ALLIANCE GLOBAL GROUP, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
MARCH 31, 2008 AND DECEMBER 31, 2007
(Amounts in Philippine Pesos)

	<u>March 31,</u> <u>2008</u>	<u>December 31,</u> <u>2007</u>
	<u>Unaudited</u>	<u>Audited</u>
<u>A S S E T S</u>		
CURRENT ASSETS		
Cash and cash equivalents	P 24,874,151,704	P 24,066,590,081
Trade and other receivables - net	11,372,019,605	7,948,280,652
Financial assets at fair value through profit or loss	342,578,970	1,975,897,931
Inventories	6,349,677,061	6,482,232,000
Property development costs	14,669,335,975	2,737,375,575
Prepayments and other current assets	<u>961,049,037</u>	<u>839,675,257</u>
Total Current Assets	<u>58,568,812,352</u>	<u>44,050,051,496</u>
NON-CURRENT ASSETS		
Trade and other receivables - net	9,610,548,377	5,610,614,884
Advances to landowners and joint ventures	1,081,294,510	169,383,639
Land for future development	3,350,539,660	2,199,780,902
Available-for-sale financial assets - net	4,106,650,555	4,171,234,628
Investments in associates and interest in a joint venture	6,585,465,108	9,220,058,258
Property, plant and equipment - net	5,251,325,570	5,050,957,339
Investment property - net	6,665,173,518	6,005,410,045
Deferred tax assets - net	243,309,317	241,470,542
Intangible assets - net	11,505,111,037	11,530,112,856
Other non-current assets - net	<u>1,006,862,559</u>	<u>890,451,720</u>
Total Non-current Assets	<u>49,406,280,211</u>	<u>45,089,474,813</u>
TOTAL ASSETS	<u>P 107,975,092,563</u>	<u>P 89,139,526,309</u>

Forward

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	<u>March 31,</u> <u>2008</u>	<u>December 31,</u> <u>2007</u>
<u>LIABILITIES AND EQUITY</u>		
CURRENT LIABILITIES		
Trade and other payables	P 7,921,945,054	P 4,919,472,043
Interest-bearing loans and borrowings	1,749,894,637	510,982,742
Customers' deposits	2,048,750,997	789,059,627
Advances from related parties	68,650,395	92,023,859
Income tax payable	332,377,522	282,440,590
Reserve for property development	1,648,044,861	1,658,763,404
Deferred income on real estate sales	880,571,098	802,714,242
Other current liabilities	<u>1,404,477,019</u>	<u>1,212,811,608</u>
Total Current Liabilities	<u>16,054,711,583</u>	<u>10,268,268,115</u>
NON-CURRENT LIABILITIES		
Interest-bearing loans and borrowings	7,786,655,996	6,657,089,323
Customers' deposits	1,355,696,943	1,603,157,590
Reserve for property development	2,201,191,900	934,753,482
Deferred income on real estate sales	873,150,525	521,657,596
Redeemable preferred shares	268,886,101	261,271,803
Retirement benefit obligations	298,236,809	232,629,468
Advances from related parties	500,166,119	647,083,981
Deferred tax liabilities	2,901,398,340	1,446,479,277
Other non-current liabilities	<u>1,066,946,107</u>	<u>1,045,289,228</u>
Total Non-current Liabilities	<u>17,252,328,840</u>	<u>13,349,411,748</u>
Total Liabilities	<u>33,307,040,423</u>	<u>23,617,679,863</u>
EQUITY		
Equity attributable to equity holders of the parent company		
Capital stock	10,269,827,979	10,269,827,979
Additional paid-in capital	27,157,647,455	27,157,647,455
Treasury shares	(1,143,508,487)	(1,143,508,487)
Accumulated translation adjustments	(396,279,023)	(528,101,377)
Revaluation reserves	(1,195,757,956)	(284,374,735)
Dilution gain	45,023,383	45,023,383
Retained earnings	<u>9,437,261,504</u>	<u>8,354,349,181</u>
	44,174,214,855	43,870,863,399
Minority interest	<u>30,493,837,285</u>	<u>21,650,983,047</u>
Total Equity	<u>74,668,052,140</u>	<u>65,521,846,446</u>
TOTAL LIABILITIES AND EQUITY	<u>P 107,975,092,563</u>	<u>P 89,139,526,309</u>

ALLIANCE GLOBAL GROUP, INC. AND SUBSIDIARIES
CONSOLIDATED INCOME STATEMENTS
FOR THE QUARTERS ENDED MARCH 31
(Amounts in Philippine Pesos)
Unaudited

	<u>2008</u>	<u>2007</u>
REVENUES		
Sale of goods	P 3,274,503,147	P 3,454,854,186
Real estate sales	3,314,931,000	1,854,758,648
Rendering of services	501,993,599	392,192,906
Realized gross profit on prior years' real estate sales	<u>214,894,000</u>	<u>100,234,627</u>
	<u>7,306,321,746</u>	<u>5,802,040,367</u>
COST OF GOODS SOLD AND SERVICES		
Cost of goods sold	2,564,211,905	2,559,628,727
Cost of real estate sales	2,281,059,000	1,240,726,377
Cost of services	90,159,545	154,992,136
Deferred gross profit on real estate sales	<u>414,129,000</u>	<u>271,688,263</u>
	<u>5,349,559,450</u>	<u>4,227,035,503</u>
GROSS PROFIT	<u>1,956,762,296</u>	<u>1,575,004,864</u>
OTHER OPERATING INCOME (EXPENSES)		
Finance and other income	687,448,177	195,643,772
Interest income on real estate sales	183,557,000	182,763,569
Administrative expenses	(585,050,440)	(416,054,710)
Selling expenses	(391,302,985)	(194,326,867)
Equity in net earnings (losses) of associates and a joint venture	(696,636)	238,318,636
Others	<u>4,394,715</u>	<u>(43,339,301)</u>
	<u>(101,650,169)</u>	<u>(36,994,901)</u>
OPERATING INCOME	<u>1,855,112,127</u>	<u>1,538,009,963</u>
OTHER INCOME (CHARGES)		
Finance costs	(203,040,500)	(206,575,585)
Foreign currency gains (losses) - net	(20,662,722)	52,050,067
Others - net	<u>175,508,255</u>	<u>(37,107,846)</u>
	<u>(48,194,967)</u>	<u>(191,633,364)</u>
INPREACQUISITION INCOME	1,806,917,160	1,346,376,599
TAX EXPENSE	<u>325,303,422</u>	<u>291,113,129</u>
INCOME BEFORE PREACQUISITION INCOME	1,481,613,738	1,055,263,470
PREACQUISITION INCOME	<u>-</u>	<u>(100,413,666)</u>
NET INCOME	<u>P 1,481,613,738</u>	<u>P 954,849,804</u>
Attributable to:		
Equity holders of the parent company	P 910,373,905	P 494,195,425
Minority interest	<u>571,239,833</u>	<u>460,654,379</u>
	<u>P 1,481,613,738</u>	<u>P 954,849,804</u>
Earnings Per Share for the Net Income Attributable		
17-Q to the Equity Holders of the Parent Company	<u>P 0.0886</u>	<u>P 0.0583</u>
2008Q1		

ALLIANCE GLOBAL GROUP, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE QUARTERS ENDED MARCH 31

(Amounts in Philippine Pesos)

Unaudited

	2008	2007
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY		
Capital Stock		
Balance at beginning of year	P 10,269,827,979	P 2,205,181,000
Additional issuance during the period	-	6,264,646,979
Balance at end of period	10,269,827,979	8,469,827,979
Additional Paid-in Capital		
Balance at beginning of year	27,157,647,455	5,232,877,999
Additional issuance during the period	-	13,781,894,881
Balance at end of period	27,157,647,455	19,014,772,880
Subscriptions Receivable		
Balance at beginning of year	-	(986,612,492)
Additional subscriptions during the period -net	-	(667,273,258)
Balance at end of period	-	(1,653,885,750)
Treasury Shares - at cost	(1,143,508,487)	-
Accumulated Translation Adjustments		
Balance at beginning of year	(528,101,377)	(46,544,619)
Currency translation adjustments during the period	131,822,354	(11,842,697)
Balance at end of period	(396,279,023)	(58,387,316)

Forward

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	<u>2008</u>	<u>2007</u>
Share in Net Unrealized Gain on		
Available-for-Sale Financial Assets of an Associate		
Balance at beginning of year	-	11,595,904
Unrealized gain recognized during the period	-	
Transferred to revaluation reserve	<u>-</u>	<u>(11,595,904)</u>
Balance at end of period	<u>-</u>	<u>-</u>
Dilution Gain (Loss)		
Balance at beginning of year	45,023,383	<u>(307,137,911)</u>
Dilution gain (loss) recognized during the period	<u>-</u>	<u>-</u>
Balance at end of year	<u>45,023,383</u>	<u>(307,137,911)</u>
Revaluation Reserves		
Balance at beginning of year	<u>(284,374,735)</u>	12,261,215
Fair value gains (losses) - net	<u>(911,383,221)</u>	<u>28,582,505</u>
Balance at end of year	<u>(1,195,757,956)</u>	<u>40,843,720</u>
Retained Earnings		
Balance at beginning of year	8,354,349,181	5,061,762,565
Effect of consolidation with a subsidiary	172,538,418	
Net income	<u>910,373,905</u>	<u>494,195,425</u>
Balance at end of year	<u>9,437,261,504</u>	<u>5,555,957,990</u>
	<u>44,174,214,855</u>	<u>31,061,991,592</u>
MINORITY INTEREST		
Balance at beginning of year	21,650,983,047	865,182,993
Minority interest in a newly acquired consolidated entity	8,271,614,405	11,772,880,870
Share in consolidated net income	571,239,833	460,654,379
Exercise of stock rights	-	8,461,586,280
Dividends from investee	<u>-</u>	<u>(1,938,979)</u>
Balance at end of year	<u>30,493,837,285</u>	<u>21,558,365,543</u>
TOTAL EQUITY	<u>P 74,668,052,140</u>	<u>P 52,620,357,135</u>
Net Losses (Gains) Directly Recognized in Equity	<u>P 779,560,867</u>	<u>(P 16,739,808)</u>

ALLIANCE GLOBAL GROUP, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE QUARTERS ENDED MARCH 31
(Amounts in Philippine Pesos)
Unaudited

	2008	2007
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before tax	P 1,806,917,160	P 1,346,376,599
Adjustments for:		
Depreciation and amortization	217,077,313	154,519,916
Finance cost	203,040,501	206,575,585
Amortization of trademark	25,001,819	
Impairment and provisions	7,508,338	10,000,000
Income before tax, interest, depreciation and amortization	2,259,545,131	1,717,472,100
Equity in net losses of an associate and a joint venture	696,638	12,832,960
Interest income	(516,989,010)	(412,544,587)
Gain on sale of investment	(150,000,000)	
Dividend income	(3,092,353)	(109,807)
Excess of carrying value of non-current assets over fair value	-	5,213,531
Operating income before working capital changes	1,590,160,406	1,322,864,197
Increase (decrease) in trade and other payables	2,156,765,978	(380,447,274)
Decrease (increase) in financial assets at fair value through profit and loss	1,633,318,961	(32,918,904)
Decrease (increase) in reserve for property development	366,996,611	(206,928,718)
Increase in deferred income on real estate sales	199,234,957	171,458,635
Decrease (increase) in inventories	126,799,867	(1,079,922,745)
Decrease in prepayments and other current assets	111,647,276	170,964,225
Increase (decrease) in other non-current liabilities	74,642,570	(39,869,066)
Increase in retirement benefit obligations	17,433,823	17,088,057
Decrease (increase) in property development costs	(2,349,782,525)	219,584,967
Increase in trade and other receivables	(1,594,691,532)	(1,336,029,973)
Increase (decrease) in customers' deposits	(169,662,154)	217,230,343
Decrease in other current liabilities	(140,635,131)	
Increase (decrease) in advances from related parties	(1,110,074)	-
Cash generated from operations	2,021,119,033	(956,926,256)
Cash paid for income taxes	(201,667,295)	(31,608,347)
Net Cash From Operating Activities	1,819,451,738	(988,534,603)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	389,244,918	157,395,165
Dividends received	3,092,353	5,430,515
Net reduction (additions) in land for future development	326,530,882	(687,723,442)
Investments in and advances to associates and other related parties	(2,105,857,108)	2,026,863,840
Net additions to property, plant and equipment and investment property	(223,376,176)	(2,076,619,996)
Advances to land owners and joint ventures	(53,944,596)	(1,258,599)
Net reductions (additions) to other non-current assets	144,827,783	(233,013,909)
Acquisition of trademarks	-	(1,000,072,767)
Net Cash Used in Investing Activities	(1,519,481,944)	(1,808,999,193)

Forward

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	<u>2008</u>	<u>2007</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments made for interest-bearing loans and borrowings	(311,104,269)	2,176,385,389
Interest paid	(159,414,786)	(258,947,729)
Advances from related parties	35,410,702	90,637,420
Proceeds from issuance of capital stock	-	9,449,591,931
Collections of subscription receivable	-	<u>986,612,492</u>
Net Cash From (Used in) Financing Activities	<u>(435,108,353)</u>	<u>12,444,279,503</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(135,138,559)	9,646,745,707
BEGINNING BALANCE OF CASH AND CASH EQUIVALENTS OF ACQUIRED SUBSIDIARY	942,700,182	12,292,150,859
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	<u>24,066,590,081</u>	<u>1,289,597,395</u>
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	<u>P 24,874,151,704</u>	<u>P 23,228,493,961</u>

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ALLIANCE GLOBAL GROUP, INC.
AGING SCHEDULE OF TRADE AND OTHER RECEIVABLES
UNDER CURRENT ASSETS
FOR THE QUARTERS ENDED MARCH 31
(Amounts in Philippine Pesos)

Trade Receivables		
Current	P	6,927,080,000
1 to 30 days		1,438,137,742
31 to 60 days		882,563,771
Over 60 days		<u>351,321,006</u>
Total		9,599,102,519
Others		<u>1,811,226,178</u>
TOTAL		11,410,328,697
Less Allowance for Impairment		38,309,092
Balance at end of period	P	<u><u>11,372,019,605</u></u>