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, 2006**

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

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

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

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*

Title of Each Class	*Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding*
Common	**2,205181,000** shares

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 Statement
Attachment 3 – Consolidated Statement of Changes in Equity
Attachment 4 – Consolidated Statement of Cash Flows
Attachment 5 – Aging Schedule of Trade and Other Receivables Under Current Assets

The interim consolidated financial statements have been prepared in accordance with generally accepted accounting principles in the Philippines as set forth in PFRSs. The same accounting policies and methods of computation as in December 31, 2005 audited financial statements have been applied. In compliance with the pronouncements of the Accounting Standards Council (the accounting standards setting body in the Philippines) and the regulations of the SEC, the Company and subsidiaries have adopted all the relevant standards (PFRSs) for the first time in 2005. Due to the transition, the interim comparatives are not required by SEC to be presented for this particular year. While there are new accounting standards effective 2006, such have not been and are not yet required to be adopted in these interim statements. The applicable new accounting standards will be adopted in the preparation of the year-end 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 and assumptions are used in preparing these statements. Although these estimates are based on management's best knowledge of current events and actions, actual results may ultimately differ from these 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.

The Group's operating businesses are categorized into three segments:

- Food and beverage business – includes the (1) quick service restaurant operations, (2) operations of the foreign-based subsidiaries that handle the manufacture and international distribution of food products, and (3) trade and distribution, which is temporarily held in abeyance.
- Glass container manufacturing -produces flint glass bottles and jars based on customers' specifications.
- Real estate business – is the development of real estate, and lease of properties.

Comparative interim results per segment were as follows:

	Revenues		Results	
(In Millions)	2006	2005	2006	2005
Sales:				
Food and Beverage	1,647.8	2,099.0	54.3	18.2
Glass Manufacturing	149.3	102.0	4.6	35.3
Real Estate	13.0	18.3	-7.7	0.2
	1,810.1	2,219.3	52.2	53.7

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:

Sales growth	-18%
Net income growth	40%
Net income rate	9%
Return on investment	1%
Current ratio	3:1

- 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.

Results of Operations

The first three months of the year resulted in P165 million net income, or 40% higher than P118 million reported for the same period last year. This was primarily attributed to the equity in net earnings of an associate which share jumped from P69 million to P137 million this year.

Sales of goods and services were registered at 18% lower this year because the trading and distribution business is still being held in abeyance. The quick service restaurant operations, however, reported 9% increase in sales as a result of successful marketing initiatives and menu price increases. Sales of glass containers, on the other hand, went up by 46%, although there is still no production activity in the glass plant due to the ongoing furnace cold repair, because of inventories purposely stocked up before the shutdown, plus imported containers so ordered to answer customer's requirement. Quantity of Pik-Nik canisters sold during the period slightly improved because of 21% growth in US. However, such was significantly offset by decline in volume sold in Asia and Latin America.

Costs and expenses went up due to rising prices of raw materials, fuel and electricity. In addition, higher sales translated to higher sales-based expenses, like selling and advertising which went up by 8% and 5%, respectively, during the period. The glass plant incurred maintenance costs and depreciation, although there is no production.

Finance costs were incurred primarily by the quick service restaurant business on its loans. P25 million was incurred by the quick service restaurant business for this first quarter.

Income tax expense totaled P12 million during the quarter.

Financial Condition

Consolidated total assets amounted to P14.55 billion and P14.53 billion as of end-March and last year-end, respectively.

Cash and cash equivalents decreased by P80 million from last year-end to total P1.4 billion by end-March. The items affecting this account were presented in detail in the consolidated statement of cash flows.

Receivables, both current and non-current, went up from P1.6 billion last year-end to P1.3 billion this end-March. Deposit on machinery and equipment got applied to billing during the quarter.

Inventories decreased from P587 million to P424 million because the bulk of the glass containers that were stocked up last year-end were sold during the first quarter.

Prepayments and other current assets went up from P306 million to P369 million due to additional input vat from the billing of machinery and equipment mentioned earlier.

Property, plant and equipment decreased from P1.9 billion to P1.88 billion by end-March because the disposal and depreciation costs were higher than the additions recorded during the period. Construction in progress at the glass plant totaled P158 million as of end-March.

Investment property increased from P2.0 billion to P2.4 billion because of machinery and equipment at Sta. Rosa manufacturing complex that were partially billed by the supplier in the first quarter (and applied against deposit thereon).

Trade and other payables went down from P1.3 billion to P1.2 billion primarily because of P101 million reduction in the accounts and accruals from the quick service restaurant business.

Long-term notes payable represented the cash equivalent of US$12 million loan from MRO, payable 20 years from March 15, 2005. The note earns interest at 10% p.a.

Current ratios remain relatively the same at 3:1 as of end-March and as of last year-end. Debt-to-equity ratios remained low at 0.24:1 and 0.25:1 for end-March and end-December, respectively.

Prospects for the future

The quick service restaurant business is expected to contribute the biggest chunk this year. Real estate activities are likewise expected to contribute additional revenues, particularly the McKinley Hill project in Fort Bonifacio. Rental revenues from the manufacturing complex would boost up net income by second half of the year. The cold repair of the glass furnace is expected to be completed within the first semester. With improved glass plant facilities, higher production efficiency is expected to be achieved which would translate to improved gross profit.

AGI intends to continue financing its ongoing real estate activities and capital expenditures from internally generated funds.

With the volatile state of economy, AGI is still considering a modest growth this year.

Others

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

There 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:

DINA INTING
First Vice President for Finance
& Corporate Information Officer
(Duly Authorized Officer)
May 22, 2006

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

	31-Mar-2006	31-Dec-2005
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	1,367,714,272	1,447,604,381
Trade and other receivables - net	1,167,379,524	1,434,994,261
Financial assets at fair value through profit or loss	94,266,975	97,254,103
Inventories	423,714,725	586,780,754
Property development costs	366,523,916	366,523,916
Prepayments and other current assets	369,149,490	305,622,811
Total Current Assets	3,788,748,902	4,238,780,226
NON-CURRENT ASSETS		
Trade and other receivables - net	131,796,708	131,796,708
Available-for-sale financial assets - net	43,749,460	43,749,460
Investments in an associate and interest in joint venture	3,975,925,520	3,835,690,198
Property, plant and equipment - net	1,882,825,670	1,907,210,107
Investment property - net	2,360,206,060	2,012,894,706
Deferred tax assets - net	192,912,832	193,580,145
Goodwill	1,653,165,188	1,653,165,188
Other non-current assets - net	521,076,520	509,690,160
Total Non-current Assets	10,761,657,958	10,287,776,672
TOTAL ASSETS	14,550,406,860	14,526,556,898
LIABILITIES AND EQUITY		
CURRENT LIABILITIES		
Trade and other payables	1,165,665,362	1,300,782,128
Advances from related parties	38,040,240	42,237,802
Income tax payable	21,624,239	10,903,794
Total Current Liabilities	1,225,329,841	1,353,923,724
NON-CURRENT LIABILITIES		
Long-term notes payable	1,039,552,157	1,061,224,157
Redeemable preferred shares	206,232,579	206,232,579
Retirement benefit obligation	90,230,636	86,685,584
Other non-current liabilities	252,460,201	243,711,969
Total Non-current Liabilities	1,588,475,573	1,597,854,289
Total Liabilities	2,813,805,414	2,951,778,013
EQUITY		
Equity attributable to equity holders of the parent company		
Capital stock	2,205,181,000	2,205,181,000
Additional pai-in capital	5,232,877,999	5,232,877,999
Subscriptions receivable	(986,612,492)	(986,612,492)
Accumulated translation adjustments	15,569,186	32,541,532
Share in translation adjustments of an associate	(23,580,784)	(26,589,703)
Revaluation reserves	3,895,661	3,895,661
Retained earnings	4,407,962,007	4,242,723,735
	10,855,292,577	10,704,017,732
Minority interest	881,308,869	870,761,153
Total Equity	11,736,601,446	11,574,778,885
TOTAL LIABILITIES AND EQUITY	14,550,406,860	14,526,556,898

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

	2006	*As Previously Reported* 2005
REVENUES		
Sale of goods	1,701,123,420	2,119,773,807
Rendering of services	108,997,609	99,467,695
	1,810,121,029	2,219,241,502
COST OF SALES AND SERVICES		
Cost of sales	1,544,683,607	
Cost of services	69,049,425	
	1,613,733,032	1,988,847,920
GROSS PROFIT	196,387,997	230,393,582
OTHER OPERATING INCOME (EXPENSES)		
Other operating income	46,062,628	25,836,111
Administrative expenses	(104,403,145)	(120,302,690)
Selling expenses	(67,971,629)	(62,728,108)
Other operating expenses	6,434,048	
	(119,878,098)	(157,194,687)
OTHER INCOME (CHARGES)		
Equity in net earnings of an associate and a joint venture	137,226,403	69,409,342
Other income		23,105,852
Finance costs	(26,251,867)	(12,424,631)
	110,974,536	80,090,563
INCOME BEFORE TAX	187,484,435	153,289,458
TAX EXPENSE	11,698,447	25,039,878
NET INCOME	175,785,988	128,249,580
Attributable to:		
Equity holders of the parent company	165,238,272	117,995,090
Minority interest	10,547,716	10,254,490
Earnings per share for the Net Income Attributable to the equity holders of the parent company	0.07	0.05

ALLIANCE GLOBAL GROUP, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE QUARTERS ENDED MARCH 31
(Amounts in Philippine Pesos)

	2006	*As Previously Reported* 2005
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF PARENT COMPANY:		
Capital Stock		
Balance at beginning	2,205,181,000	1,917,753,479
Additions during the period		100,235,500
Balance at end of quarter	2,205,181,000	2,017,988,979
Additional Paid-in Capital		
Balance at beginning	5,232,877,999	3,535,087,896
Additions during the period		400,942,000
Balance at end of quarter	5,232,877,999	3,936,029,896
Subscriptions Receivable		
Balance at beginning/end of quarter	(986,612,492)	
Accumulated Translation Adjustments		
Balance at beginning of quarter	32,541,532	61,346,240
Currency translation adjustments during the quarter	(16,972,346)	(8,848,670)
Balance at end of quarter	15,569,186	52497570
Share in Translation Adjustments of an Associate		
Balance at beginning of quarter	(26,589,703)	12,321,105
Currency translation adjustments during the quarter	3,008,919	
Balance at end of quarter	(23,580,784)	12,321,105
Revaluation reserves	3,895,661	0
Retained Earnings		
Balance at beginning of quarter	4,242,723,735	1,994,593,725
Net income	165,238,272	117,995,090
Balance at end of quarter	4,407,962,007	2,112,588,815
MINORITY INTEREST		
Balance at beginning of quarter	870,761,153	
Share at acquisition		1,727,630,164
Share in net income of subsidiary	10,547,716	
Balance at beginning of quarter	881,308,869	1,727,630,164
TOTAL EQUITY	11,736,601,446	9,859,056,529

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

	2006	*As Previously Reported* 2005
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before tax	187,484,435	153,289,458
Adjustments for:		
Equity in net earnings of an associate and joint venture	(137,226,403)	(69,409,342)
Depreciation and amortization	92,380,026	87,937,763
Provision for inventory obsolescence	3,870,915	
Provision for retirement obligations	3,701,525	
Provision for doubtful accounts	800,000	
Expense provisions		13,149,298
Interest income	(46,062,628)	(13,411,480)
Interest expense	26,251,867	(10,408,631)
Income attributable to interest of other stockholders		(10,254,490)
Translation adjustments	(16,972,346)	(8,848,670)
Foreign exchange gain		(17,640,000)
Operating income before working capital changes	114,227,391	124,403,906
Decrease (increase) in trade and other receivables	266,814,737	(473,526,265)
Decrease (increase) in inventories	159,195,114	(253,641,826)
Increase in prepayments and other current assets	(55,908,570)	(170,773,499)
Decrease in financial assets at fair value through profit and loss	2,987,128	
Inrease (decrease) in trade and other payables	(121,115,185)	1,410,426,896
Increase (decrease) in advances from related parties	(4,197,562)	447,125,476
Cash generated from operations	362,003,053	1,084,014,688
Cash paid for income taxes	(7,928,513)	(3,948,898)
Net Cash From Operating Activities	354,074,540	1,080,065,790
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	46,062,628	25,836,111
Additions to investment property	(357,471,891)	
Additions to property, plant and equipment	(71,572,896)	(2,566,594,870)
Decrease (increase) in other non-current assets	2,351,199	(322,306,574)
Increase in other non-current liabilities	8,748,232	41,741,892
Equity of other stockholders in net assets		1,727,630,164
Sale of marketable securities		1,757,134
Investments and deferred tax assets acquired		(208,581,341)
Net Cash From Investing Activities	(371,882,728)	(1,300,517,484)
CASH FLOWS FROM FINANCING ACTIVITIES		
Interest paid	(40,409,921)	
Decrease in long-term notes payable	(21,672,000)	732,071,435
Collections of subscriptions to capital stock		501,177,500
Net Cash From Financing Activities	(62,081,921)	1,233,248,935
NET DECREASE IN CASH AND CASH EQUIVALENTS	(79,890,109)	1,012,797,241
CASH AND CASH EQUIVALENTS AT BEGINNING	1,447,604,381	466,748,223
CASH AND CASH EQUIVALENTS AT END OF PERIOD	1,367,714,272	1,479,545,464

ALLIANCE GLOBAL GROUP, INC. AND SUBSIDIARIES
TRADE AND OTHER RECEIVABLES UNDER CURRENT ASSETS
AGING
AS OF MARCH 31, 2006

TRADE	
Current	222,602,297
1-30 days	57,751,499
31-60 days	116,068,564
over 60 days	280,486,941
	676,909,301
OTHERS	541,598,560
ALLOWANCE FOR IMPAIRMENT	(51,128,337)
	1,167,379,524