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, 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* **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*

Title of Each Class	*Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding*
Common	**2,205,181,000** 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 Statements of Income
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 2006 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, and such were effected in the 2005 yearend statements but not required in that year's interim statements. 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:

- o 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.
- o Glass container manufacturing -produces flint glass bottles and jars based on customers' specifications.
- o Real estate business – is the development of real estate, lease of properties, and rendering of related services thereto.

Comparative interim results per segment were as follows:

	Revenues		Results Before Tax	
(In Millions)	2006	2005	2006	2005
Sales:				
Food and Beverage	4,732.3	5,441.6	119.3	87.7
Glass Manufacturing	203.3	237.3	- 7.9	36.9
Real Estate	1,104.4	302.5	194.5	108.4
	6,040.0	5,981.4	305.9	233.0

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:

	9-mos. 2006	9-mos. 2005
Sales/revenue growth	1%	116%
Net income growth	90%	- 18%
Net income rate	7%	4%
Return on investment	3%	2%
Current ratio	1.25 : 1	2.25 : 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 nine months of the year resulted in P442 million net income that is 82% higher than the P242 million reported for the same period last year. This was primarily attributed to the investment income in an associate which jumped from P169 million to P305 million this year, the P46 million dividend income received in the second quarter this year, and the service revenue derived from real estate development in the third quarter.

Sales of goods and services showed a marginal improvement of 1% this year because the rendering of services connected in real estate development have substantially countered the impact of the absence of trading operations. In addition, the quick service restaurant operations posted 7% increase in sales as a result of its successful marketing initiatives, promotions and additional stores during the period. McDonald's sales were particularly stronger in the months of January, June and August this year. Pik-Nik canisters sold 6% more this year because of 12% combined growth in US and Latin America, despite 4% decline in Asia. Sales of glass containers, on the other hand, dropped by 14%, because the furnace cold repair and machinery upgrade had just been concluded and the furnace fired up in the third quarter. Despite the halt in glass manufacturing operations, revenues were provided from the stockpile of bottles that were produced before the shutdown.

Costs and expenses went up by 13% from a year ago primarily because of the opening of new McDonald's stores. As a result, royalty, location fees, rentals, crew labor and outsourcing expenses rose up. In addition, the outside services for the 8 McDo 24-hour delivery service almost doubled. There were sales-based expenses, however, that were contained to minimize the effect of unit cost increases. While advertising and gas expenditures rose, food/premium promotions and electricity were reduced. During the glass plant rehabilitation, the glass manufacturing costs plummeted.

Interest earned on money placements increased operating income by P87 million during this interim period and P77 million a year ago. Finance costs were incurred primarily by the quick service restaurant business on its loans and preferred shares.

Other Income (charges)-others included the refund received from Meralco, losses in closure of McDonald's stores, including separation pay to employees, forfeited advances and deposits to lessors, and net book values of property and equipment written off. The account also included gain on non-product sales like delivery charges, party fees, and other items (including Barbie hot wheels, Hello Kitty stampers, HK Disneyland, Sega, cars and crayola in 2006 and Playdoh, Big Mac CDs, Pokemon, Snoopy big toys, prosperity lucky charm in 2005)

Income tax expense totaled P36 million this period as compared to P33 million a year ago.

Financial Condition

Consolidated total assets amounted to P16.88 billion and P14.53 billion as of end-September and last year-end, respectively.

Cash and cash equivalents decreased by P220 million from last year-end to total P1.2 billion by end-September. The items affecting this account were presented in detail in the consolidated statements of cash flows.

Receivables went up from P1.4 billion last year-end to P1.7 billion this end-September. A big chunk of this was the billings relating to the real estate development projects made in September. However, the deposit on machinery and equipment at the Sta. Rosa complex had already been applied to billings from the supplier during the interim period (please see related information under Investment property and Prepayments).

Inventories decreased from P587 million to P428 million because the McDonald's food items in-transit last year-end were delivered and used up already, and the bulk of the glass containers that were stocked up last year-end were substantially sold already.

Prepayments and other current assets went up from P306 million to P345 million due to additional input vat from the billings of machinery and equipment mentioned earlier, plus creditable withholding tax from stores rental income and deposits in general.

Property, plant and equipment increased from P1.9 billion to P2.0 billion because of the leasehold improvements, computers and equipment in the new McDonald's stores opened during the period. Likewise, McDonald's mobile vans and mobile kitchen were purchased on the 2nd and 3rd quarters. In addition, there were costs of construction in and upgrade of glass production facilities during the interim period.

Investment property increased from P2.0 billion to P2.6 billion primarily because of machinery and equipment at Sta. Rosa manufacturing complex that were billed by the supplier (and applied against the deposit thereon) during the period.

Investment in an associate increased from P3.8 billion to P5.2 billion, not only because of the equity share recognized during the period, but also of the purchase of additional shares to somehow reinstate the ownership level that was diluted with the increase in capitalization of the associate. Goodwill was recorded from the purchase, thereby explaining the increase in the Goodwill account.

Other non-current assets went up from P510 million to P540 million because of security deposits made on asset purchases and to lessors of the McDonald's business. New moulds and dies were also purchased for the manufacture of glass containers.

Trade and other payables went up from P1.3 billion to P3.3 billion primarily because of outstanding obligations incurred in the purchase of investment, in the costs of real estate development projects, and construction and rehabilitation at the glass plant.

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

Other non-current liabilities increased from P243.7 million to P257.8 million primarily due to security deposits received from McDonald's new and forthcoming licensees.

Current ratios remain good 1.25:1 as of end-September and 3.13:1 as of last year-end. Debt-to-equity ratios remained low at 0.4:1 and 0.3:1 for end-September and end-December, respectively.

Prospects for the future

The quick service restaurant business is expected to contribute the biggest chunk of revenues this year. Real estate activities are likewise expected to contribute additional revenues, not only from rental but project development as well. The improvement of glass facilities was completed in July, and the rebuilt glass furnace was fired up in second half of July. With upgraded glass plant facilities, higher production efficiency is expected to be achieved that would translate to improved gross profit.

AGI intends to continue financing its ongoing real estate activities and capital expenditures from internally generated funds. In November, the Board of Directors had approved an increase of 7.95 billion shares in the Company's authorized capital stock; this will be submitted to the stockholders for ratification on January 5, 2007.

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)
November 19, 2006

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

	30-Sep-2006 *Unaudited*	31-Dec-2005 *Audited*
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	1,227,245,283	1,447,604,381
Trade and other receivables - net	1,750,210,433	1,434,994,261
Financial assets at fair value through profit or loss	92,662,711	97,254,103
Inventories	428,409,589	586,780,754
Property development costs	366,523,916	366,523,916
Prepayments and other current assets	344,694,962	305,622,811
Total Current Assets	4,209,746,894	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	5,176,058,095	3,835,690,198
Property, plant and equipment - net	2,011,055,020	1,907,210,107
Investment property - net	2,556,193,363	2,012,894,706
Deferred tax assets - net	192,581,210	193,580,145
Goodwill	2,014,369,329	1,653,165,188
Other non-current assets - net	539,975,498	509,690,160
Total Non-current Assets	12,665,778,683	10,287,776,672
TOTAL ASSETS	16,875,525,577	14,526,556,898
LIABILITIES AND EQUITY		
CURRENT LIABILITIES		
Trade and other payables	3,319,137,278	1,300,782,128
Advances from related parties	25,147,831	42,237,802
Income tax payable	28,771,602	10,903,794
Total Current Liabilities	3,373,056,711	1,353,923,724
NON-CURRENT LIABILITIES		
Long-term notes payable	946,152,117	1,061,224,157
Redeemable preferred shares	225,358,194	206,232,579
Retirement benefit obligation	104,047,010	86,685,584
Other non-current liabilities	257,830,813	243,711,969
Total Non-current Liabilities	1,533,388,134	1,597,854,289
Total Liabilities	4,906,444,845	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 paid-in capital	5,232,877,999	5,232,877,999
Subscriptions receivable	(986,612,492)	(986,612,492)
Accumulated translation adjustments	6,771,658	32,541,532
Share in translation adjustments of an associate	(26,589,703)	(26,589,703)
Revaluation reserves	3,895,661	3,895,661
Retained earnings	4,639,297,514	4,242,723,735
	11,074,821,637	10,704,017,732
Minority interest	894,259,095	870,761,153
Total Equity	11,969,080,732	11,574,778,885
TOTAL LIABILITIES AND EQUITY	16,875,525,577	14,526,556,898

ALLIANCE GLOBAL GROUP, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME
FOR THE PERIODS ENDED SEPTEMBER 30
(Unaudited)
(Amounts in Philippine Pesos)

	2006		2005	
	QUARTER	YEAR-TO-DATE	QUARTER	YEAR-TO-DATE
			As previously reported	
REVENUES				
Sale of goods	1,650,410,148	4,935,619,704	1,541,715,730	5,678,881,987
Rendering of services	883,702,226	1,104,368,591	102,909,883	302,509,206
	2,534,112,374	6,039,988,295	1,644,625,613	5,981,391,193
COST OF SALES AND SERVICES				
Cost of sales	1,464,504,397	4,449,388,339	1,415,391,465	5,201,255,560
Cost of services	781,110,529	919,166,659	59,839,398	176,595,492
	2,245,614,926	5,368,554,998	1,475,230,863	5,377,851,052
GROSS PROFIT	288,497,448	671,433,297	169,394,750	603,540,141
OTHER OPERATING INCOME (EXPENSES)				
Administrative expenses	(120,345,715)	(339,655,712)	(96,783,318)	(324,127,996)
Selling expenses	(69,348,885)	(207,173,808)	(65,871,172)	(196,212,832)
Other operating income	22,622,462	87,018,747	23,425,677	77,737,072
	(167,072,138)	(459,810,773)	(139,228,813)	(442,603,756)
OTHER INCOME (CHARGES)				
Equity in net earnings of an associate and a joint venture	125,923,410	304,541,813	49,757,734	169,227,190
Other income	44,724,197	78,566,925	48,409,045	14,104,229
Finance costs	(29,021,911)	(92,861,074)	(26,252,368)	(66,240,829)
	141,625,696	290,247,664	71,914,411	117,090,590
INCOME BEFORE TAX	263,051,006	501,870,188	102,080,348	278,026,975
TAX EXPENSE	22,057,478	36,122,207	6,869,011	33,443,361
NET INCOME	240,993,528	465,747,981	95,211,337	244,583,614
Attributable to:				
Equity holders of the parent company	215,276,586	442,250,039	81,139,515	242,862,683
Minority interest	25,716,942	23,497,942	14,071,822	1,720,931
Earnings per share for the Net Income Attributable to the equity holders of the parent company	0.10	0.20	0.04	0.11

ALLIANCE GLOBAL GROUP, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE PERIODS ENDED SEPTEMBER 30, 2006
(Unaudited)
(Amounts in Philippine Pesos)

	2006		2005	
	QUARTER	YEAR-TO-DATE	QUARTER	YEAR-TO-DATE
			As Previously Reported	
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF PARENT COMPANY:				
Capital Stock				
Balance at beginning of period	2,205,181,000	2,205,181,000	2,205,181,000	2,004,710,000
Issuance during the period	-	-	-	200,471,000
Balance at end of period	2,205,181,000	2,205,181,000	2,205,181,000	2,205,181,000
Additional Paid-in Capital				
Balance at beginning of period	5,232,877,999	5,232,877,999	5,248,717,509	4,448,131,367
Issuance during the period	-	-	-	800,586,142
Balance at end of period	5,232,877,999	5,232,877,999	5,248,717,509	5,248,717,509
Subscriptions Receivable				
Balance at beginning of period	(986,612,492)	(986,612,492)	(1,501,177,492)	(999,999,992)
Net additions during the period	-	-	501,177,500	-
Balance at end of period	(986,612,492)	(986,612,492)	(999,999,992)	(999,999,992)
Accumulated Translation Adjustments				
Balance at beginning of period	23,145,684	32,541,532	52,234,284	61,346,240
Currency translation adjustments during the period	(16,374,026)	(25,769,874)	377,642	(8,734,314)
Balance at end of period	6,771,658	6,771,658	52,611,926	52,611,926
Share in Translation Adjustments of an Associate	(26,589,703)	(26,589,703)	12,321,105	12,321,105
Revaluation reserves	3,895,661	3,895,661		
Retained Earnings				
Balance at beginning of period	4,424,020,928	4,242,723,735	2,156,316,893	1,994,593,725
Net income	215,276,586	442,250,039.10	81,139,515	242,862,683
Change in accumulated equity share	-	(45,676,260)		
Cash dividends paid			(143,162,670)	(143,162,670)
Balance at end of period	4,639,297,514	4,639,297,514	2,094,293,738	2,094,293,738
MINORITY INTEREST				
Balance at beginning of period	868,542,153	870,761,153	1,705,024,783	
Share in net income of subsidiary	25,716,942	23,497,942	14,071,822	1,720,931
Share at acquisition	-		-	1,717,375,674
Balance at end of period	894,259,095	894,259,095	1,719,096,605	1,719,096,605
TOTAL EQUITY	11,969,080,732	11,969,080,732	10,332,221,891	10,332,221,891

ALLIANCE GLOBAL GROUP, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE PERIODS ENDED SEPTEMBER 30, 2006
(Unaudited)
(Amounts in Philippine Pesos)

	2006		2005	
	QUARTER	YEAR-TO-DATE	QUARTER	YEAR-TO-DATE
			As previously reported	
CASH FLOWS FROM OPERATING ACTIVITIES				
Income before tax	263,051,006	501,870,188	102,080,348	278,026,975
Adjustments for:				
Equity in net earnings	(125,923,410)	(304,541,813)	(49,757,734)	(169,227,190)
Depreciation and amortization	121,017,811	296,983,910	95,117,709	270,964,742
Interest expense	29,021,911	92,861,074	(103,961,071)	(63,972,610)
Interest income	(22,622,462)	(87,018,747)	42,815,152	(11,496,243)
Translation adjustments	(16,374,026)	(25,769,874)	377,642	(8,734,314)
Provision for retirement obligations	9,958,376	17,361,426	3,245,649	9,736,949
Provision for inventory obsolescence	830,558	5,660,047	759,285	10,330,494
Provision for doubtful accounts	1,800,000	2,900,000	-	4,000,000
Foreign exchange gains			(2,436,000)	(2,916,000)
Operating income before working capital changes	260,759,764	500,306,211	88,240,980	316,712,803
Decrease (increase) in trade and other receivables	(886,535,724)	(323,641,842)	446,128,863	(23,512,283)
Decrease (increase) in inventories	(26,330,299)	152,711,118	(66,858,304)	(353,017,657)
Decrease (increase) in prepayments and other current assets	43,723,430	(39,072,151)	(26,119,885)	(165,683,989)
Decrease in financial assets at fair value through profit and loss	2,904,543	4,591,392	997,697	
Increase (decrease) in trade and other payables	2,139,703,954	2,032,304,769	(650,217,947)	666,585,237
Increase (decrease) in advances from related parties	5,964,229	(17,089,971)	(24,029,545)	420,108,150
Cash generated from (used in) operations	1,540,189,897	2,310,109,526	(231,858,141)	861,192,261
Cash paid for income taxes	(17,020,681)	(51,729,013)	(11,245,163)	(55,217,320)
Net Cash From (Used In) Operating Activities	1,523,169,216	2,258,380,513	(243,103,304)	805,974,941
CASH FLOWS FROM INVESTING ACTIVITIES				
Additional investment acquired	(1,442,706,485)	(1,442,706,485)		
Additions to property, plant and equipment	(136,002,789)	(327,340,208)	(164,776,665)	(2,759,163,317)
Additions to investment property	(674,705)	(616,787,272)	-	
Interest received	28,148,132	92,544,417	23,425,677	77,737,072
Increase (decrease) in other non-current liabilities	3,678,570	14,118,844	(458,113,760)	(237,493,034)
Decrease (increase) in other non-current assets	32,301,018	4,188,211	-	(478,220,272)
Net Cash Used In Investing Activities	(1,515,256,259)	(2,275,982,493)	(599,464,748)	(1,820,013,762)
CASH FLOWS FROM FINANCING ACTIVITIES				
Interest paid	(23,359,222)	(87,198,385)	-	(24,809,967)
Decrease in long-term notes payable	(15,000,001)	(115,072,040)	-	732,071,435
Decrease in redeemable preferred shares	(12,846,885)	(486,693)	-	
Collections of subscriptions to capital stock			501,177,500	1,001,057,142
Cash dividends paid			(143,162,670)	(143,162,670)
Net Cash From (Used In) Financing Activities	(51,206,108)	(202,757,118)	358,014,830	1,565,155,940
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(43,293,151)	(220,359,098)	(484,553,222)	551,117,119
CASH AND CASH EQUIVALENTS AT BEGINNING	1,270,538,434	1,447,604,381	1,502,418,564	466,748,223
CASH AND CASH EQUIVALENTS AT END OF PERIOD	1,227,245,283	1,227,245,283	1,017,865,342	1,017,865,342

ALLIANCE GLOBAL GROUP, INC. AND SUBSIDIARIES
AGING SCHEDULE OF TRADE AND OTHER RECEIVABLES
UNDER CURRENT ASSETS
SEPTEMBER 30, 2006
(Unaudited)
(Amounts in Philippine Pesos)

TRADE RECEIVABLES	
Current/not yet due	1,142,951,075
1 - 30 days overdue	24,676,191
31 - 60 days overdue	22,710,878
over 60 days overdue	288,869,957
	1,479,208,101
OTHER RECEIVABLES	316,218,014
TOTAL	1,795,426,115
LESS ALLOWANCE FOR IMPAIRMENT	45,215,682
NET	1,750,210,433