**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, 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*

| *Title of Each Class* | *Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding as of June 30, 2008* |
|---|---|
| **Common** | **10,269,827,979** shares |

10. *Are any or all of these securities listed on a Stock Exchange?* **Yes, on the 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. Some reclassifications were made to the 2007 interim financial statements to conform to 2008 presentation.

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 the 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 (AGI) and its subsidiaries and these were eliminated in consolidation. All inter-company balances were also eliminated in full. 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 Intangible Assets in the consolidated balance sheets. In addition, shares of stock of the Company acquired by any of these companies are considered as re-acquisitions and presented as Treasury Shares in the consolidated statements of changes in equity.

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.

***Item 2. Management's Discussion and Analysis of Financial Condition and Results of 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 under Emperador and Generoso brandy labels, (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 development and operations; and
- Quick service restaurant business (QSR) – operates under the McDonald's brand, in accordance with a master franchise agreement with McDonald's USA.

*Business Development*

This year, the Company, through its subsidiary Travellers International Hotel Group, Inc. (Travellers), has ventured into tourism-oriented development. Travellers will invest at least US$1.55 billion in two large-scale tourism projects to be developed in various phases over the next few years. Part of the development will include building of 5,000 hotel rooms which will make Travellers the largest hotel owner in the country. With the growth in the global tourism industry and the positioning of Travellers as a major player in this sector, it is expected that Travellers will be a major contributor to AGI

On June 2, 2008, Travellers received the first Provisional License issued by the Philippine Amusement and Gaming Corporation (PAGCOR) to participate in the latter's leisure and entertainment master plan which includes the development of the Bagong Nayong Pilipino Entertainment City Manila project – a fully integrated resort complex set to rise in the Manila Bay reclamation area.

Travellers has also set development in another tourism site - the Newport City Integrated Resort located across the Ninoy Aquino International Airport Terminal 3 in Pasay City – where it will build three hotels and a themed shopping and entertainment center.

AGI recently concluded a deal with Star Cruises Limited (SCL) of Hong Kong whereby SCL acquires 50% (direct and indirect) interest in Travellers. SCL, the third largest cruise operator in the world, is a member of Malaysia-based Genting Group, one of the largest leisure and entertainment companies in the world. This partnership will transform Travellers into a major growth driver for Alliance Global within the next few years.

*Key Performance Indicators*

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

| | 2008 | 2007 |
|---|---|---|
| Sales growth | 11% | 254%* |
| Net income growth | 26% | 839%* |
| Attributable to equity holders of parent company | 37% | 444%* |
| Net income rate | 19% | 17% |
| Attributable to equity holders of parent company | 12% | 10% |
| Return on investment | 2.7% | 2.4% |
| Using net income attributable to holders of parent | 1.7% | 1.4% |
| Current ratio | 3.0:1 | 4.5:1 |

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

- Sales growth – measures the percentage change in revenues 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 – First Half*

Comparative interim results per segment were as follows:

| | Revenues | | | Operating Income | | |
|---|---|---|---|---|---|---|
| (In Millions) | 2008 | 2007 | % | 2008 | 2007 | % |
| F&B | 3,449 | 3,946 | -13 | 656 | 1,021 | -36 |
| RE | 6,610 | 5,016 | 32 | 2,213 | 1,816 | 22 |
| QSR | 3,980 | 3,636 | 9 | 144 | 265 | -46 |
| Corporate | | | | 448 | (41) | |
| Total | 14,039 | 12,599 | 11 | 3,462 | 3,061 | 13 |

| | | | |
|---|---|---|---|
| Other charges | (252) | (286) | -12 |
| Tax expense | (542) | (563) | -4 |
| Preacquisition income | | (100) | |
| Net income | 2,668 | 2,111 | 26 |
| Attributable to holders of parent company | 1,697 | 1,234 | 37 |

The Company ended the first half of the current year with net income of P2.67 billion– 26% better than P2.11 billion recorded a year ago. Net income attributable to equity holders of the parent company improved by 37% year-on-year to P1.70 billion from P1.23 billion. Such were attributed to the strong results from RE led by Megaworld plus finance income from fund investments. Megaworld closed the first half with P1.78 billion net income net of minority interest, thereby contributing P828 million to equity holders of AGI this year, up from P549 million (net of P100 million preacquisition income) a year ago. The consolidated finance and other income totaled P1.23 billion this year which is 25% more than the P979 million earned last year.

*Revenues* increased by 11% to P14.04 billion from P12.60 billion last year. RE contributed the highest (47%) this year, followed by QSR (28%) and F&B (25%).

RE revenues came from sale of residential lots, condominium, and office units; from rental of office spaces; and hotel operations. Sales, in particular, grew by 31% to P5.28 billion from P4.04 billion last year. Real estate projects include Bellagio, Forbeswood Parklane, Forbeswood Heights and 8 Forbestown Road in Forbes Town Center, Fort Bonifacio; Newport Parkview Villas, Montecito, Sarasota and Pine Crest in Newport City, Pasay; Stamford and Morgan Executive Residences and Garden Villas in McKinley Hill, Fort Bonifacio; and Eastwood Le Grand, Eastwood Parkview and One Central Park in Eastwood City. With high occupancy rates in both the BPO office spaces and retail developments, property rental income went up by 42% to P645 million from P456 million a year ago.

Brandy sales slipped by 15% to P3.12 billion from P3.66 billion a year ago. This was primarily attributed to increased competition and inflation. Pik-Nik sales, on the other hand, improved by 7% this year due to penetration of new outlets/markets, with its domestic (i.e. USA) and international sales gaining 11% and 2%, respectively, over last year. Pik-Nik was able to increase its prices in some areas/market towards end of April.

Revenues from McDonald's grew by 9% to P3.98 billion from P3.64 billion a year ago. The improvement came from the expansion of its store chain. Fifteen company-operated stores were opened from a year ago, bringing the total number to 172 by end-June this year. Stores, including sub-franchised ones, totaled 278 nationwide as of end-June as compared to 264 a year ago. Product promotions continued to add variety and entice consumer patronage. Launches this year included the Kung Fu Panda Happy Meal promo, Hamdesal, Chicken McSavers, McNuggets honey treat, buko pandan Mcflurry, desserts festival, breakfast grab and go, Shake shake fries/nuggets and McMoney. Sales prices of selected products had been increased slightly in second quarter..

*Cost of sales and services* went up primarily because RE sales went up. The rising costs of raw materials, fuel and electricity continue to put pressure on the gross profit (GP) margin. Costs of imported materials were also affected by the depreciating peso, particularly on the consumer products. Nevertheless, management was able to implement control measures to ease the pressures so that GP margin for this semester was registered at 27.9% as compared to 28.7% a year ago. GP margins from RE improved to 33% from 30% while those of F&B and QSR dropped slightly to 29% and 19% from 33% and 22%, respectively. GP from the brandy products was at 29% this year from 33% last year. While Pik-Nik and McDonald's, although selectively, had instituted price increases in second quarter, the brandy products had not increased prices during the period.

The top three cost components in the manufacture of brandy were raw materials (83%), depreciation and trademark amortization (3%) and rent (1%). In the QSR, these were food and paper (47%), rental (22%), 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 P674 million from P562 million as a result of higher sales this year which translated to higher commissions and advertising expenses in RE and higher royalty fees in the QSR 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 semester than a year ago. Administrative expenses went up to P1.05 billion from P949 million a year ago primarily because of P94 million increase from the RE business.

Finance and other operating income totaled P1.23 billion this year from P979 million a year ago. This came primarily from interest earned on cash and short-term investments that amounted to P28 billion at end-June this year as compared to P26 billion at end-2007.

Tax expense totaled P542 million in the first six months, as compared to P563 million a year ago as a result of contraction in F&B and QSR income.

EBITDA amounted to P4.00 billion as compared to P3.63 billion for the same period last year.

*Financial Condition*

Consolidated total assets expanded to P99.29 billion at end-June from P89.14 billion at beginning of year primarily because of the increased activity in the RE segment.

Cash and cash equivalents increased by P1.47 billion - from P24.07 billion at the beginning of the year to end at P25.54 billion. While P4.84 billion flowed in from operating activities during the year, P3.00 billion and P372 million flowed out for investing and financing activities, respectively. The items affecting cash and cash equivalents 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 increased by P480 million this year, from P1.97 billion to P2.46 billion, primarily due to additional investment of Megaworld's subsidiary.

Current trade and other receivables increased by P2.35 billion and noncurrent portion by P1.55 billion year-on-year. The increase came from the higher RE sales.

Inventories increased by P902 million from P6.48 billion to P7.38 billion primarily because there were more residential and condominium units for sale that were completed in ongoing projects.

Fast-track construction and development activities in RE segment resulted in significant changes in the following accounts: +P4.24 billion in property development costs (P2.74 billion to P6.98 billion); +P62 million in advances to landowners and joint ventures (P169 million to P231 million); –P294 million in land for future development (P2.20 billion to P1.90 billion); and +P314 million in reserve for property development.

Trade and other payables went up by P6.63 billion primarily as a result of brisk RE business. It included P4.4 billion ($100 million) refundable deposit received for the extension of exclusivity period with SCL, and which subsequently formed part of SCL's investment in Travellers at the conclusion of definitive agreements.

Current customers' deposits increased by P520 million and noncurrent portion decreased by P707 million due to increase in recognition of RE sales. Current and noncurrent deferred income on real estate sales also increased by P176 million and P281 million, respectively, due to unearned revenue.

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 decreased by P1.1 billion due to fair value loss from Megaworld's available-for-sale financial assets.

The consolidated balance sheets showed strong liquidity. Current ratios were registered at 3.0:1 and 4.3:1 as of end and start of the semester, respectively. Debt-to-equity ratios remained low at 0.71:1 and 0.54:1 at end and beginning of the semester, 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 remains focused on its core businesses while planting the seeds for future growth in the tourism sector. Management is constantly looking for new opportunities that will diversify and enhance the overall profitability of the group. AGI has recently entered into the tourism sector through Travellers and will immediately develop two large-scale tourism-oriented projects, i.e. Newport City Integrated Resort and Bagong Nayong Pilipino Entertainment City Manila.

For 2008, Megaworld will launch a total of 17 new residential projects for a total of P26 billion in revenues to be realized over time, and will complete approximately 104,000 square meters of BPO office space; these will certainly enhance RE results. Likewise, more than 20 McDonald's restaurants will be opened during the year and a number of existing ones re-imaged to boost QSR income. Furthermore, EDI has defined steps for the second half to increase its revenues.

*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.

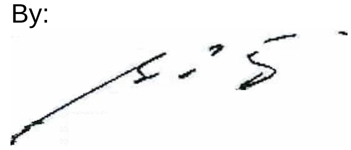
The business has no seasonal aspects that had a material effect on the financial condition and results of operations of the Group.

## *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:



DINA INTING
*First Vice President for Finance*
*& Corporate Information Officer*
*& Duly Authorized Officer*
August 13, 2008

ATTACHMENT 1

**ALLIANCE GLOBAL GROUP, INC. AND SUBSIDIARIES**
**CONSOLIDATED BALANCE SHEETS**
**JUNE 30, 2008 AND DECEMBER 31, 2007**
***(Amounts in Philippine Pesos)***

| | June 30, 2008 Unaudited | December 31, 2007 Audited |
|---|---|---|
| **A S S E T S** | | |
| **CURRENT ASSETS** | | |
| Cash and cash equivalents | **P 25,536,900,778** | P 24,066,590,081 |
| Trade and other receivables - net | **10,296,103,757** | 7,948,280,652 |
| Financial assets at fair value through profit or loss | **2,456,291,034** | 1,975,897,931 |
| Inventories | **7,384,071,390** | 6,482,232,000 |
| Property development costs | **6,975,641,404** | 2,737,375,575 |
| Prepayments and other current assets | **1,095,958,476** | 839,675,257 |
| Total Current Assets | **53,744,966,839** | 44,050,051,496 |
| **NON-CURRENT ASSETS** | | |
| Trade and other receivables - net | **7,161,643,823** | 5,610,614,884 |
| Advances to landowners and joint ventures | **231,054,347** | 169,383,639 |
| Land for future development | **1,905,845,064** | 2,199,780,902 |
| Available-for-sale financial assets - net | **3,623,572,887** | 4,171,234,628 |
| Investments in associates and interest in a joint venture | **9,750,908,763** | 9,220,058,258 |
| Property, plant and equipment - net | **5,150,901,571** | 5,050,957,339 |
| Investment property - net | **5,705,947,195** | 6,005,410,045 |
| Deferred tax assets - net | **245,088,259** | 241,470,542 |
| Intangible assets - net | **11,492,609,217** | 11,530,112,856 |
| Other non-current assets - net | **281,898,708** | 890,451,720 |
| Total Non-current Assets | **45,549,469,834** | 45,089,474,813 |
| **TOTAL ASSETS** | **P 99,294,436,673** | P 89,139,526,309 |

*Forward*

| | June 30, 2008 Unaudited | December 31, 2007 Audited |
|---|---|---|
| **LIABILITIES AND EQUITY** | | |
| **CURRENT LIABILITIES** | | |
| Trade and other payables | P 11,550,044,038 | P 4,919,472,043 |
| Customers' deposits | 1,309,150,264 | 789,059,627 |
| Interest-bearing loans and borrowings | 577,419,734 | 510,982,742 |
| Income tax payable | 89,815,952 | 282,440,590 |
| Advances from related parties | 79,229,502 | 92,023,859 |
| Dividends payable | 47,638,323 | |
| Reserve for property development | 1,972,520,726 | 1,658,763,404 |
| Deferred income on real estate sales | 978,997,102 | 802,714,242 |
| Other current liabilities | 1,610,708,667 | 1,212,811,608 |
| Total Current Liabilities | 18,215,524,308 | 10,268,268,115 |
| **NON-CURRENT LIABILITIES** | | |
| Interest-bearing loans and borrowings | 6,893,862,007 | 6,657,089,323 |
| Customers' deposits | 896,396,844 | 1,603,157,590 |
| Reserve for property development | 1,395,365,417 | 934,753,482 |
| Deferred income on real estate sales | 803,165,713 | 521,657,596 |
| Redeemable preferred shares | 277,653,949 | 261,271,803 |
| Retirement benefit obligations | 315,762,422 | 232,629,468 |
| Advances from related parties | 645,073,720 | 647,083,981 |
| Deferred tax liabilities | 1,446,940,005 | 1,446,479,277 |
| Other non-current liabilities | 1,128,137,408 | 1,045,289,228 |
| Total Non-current Liabilities | 13,802,357,485 | 13,349,411,748 |
| Total Liabilities | 32,017,881,793 | 23,617,679,863 |
| **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 | ( 213,469,358 ) | ( 528,101,377 ) |
| Dilution gain | 45,023,383 | 45,023,383 |
| Revaluation reserves | ( 1,410,670,432 ) | ( 284,374,735 ) |
| Retained earnings | 10,223,608,160 | 8,354,349,181 |
| | 44,928,458,700 | 43,870,863,399 |
| Minority interest | 22,348,096,180 | 21,650,983,047 |
| Total Equity | 67,276,554,880 | 65,521,846,446 |
| **TOTAL LIABILITIES AND EQUITY** | P 99,294,436,673 | P 89,139,526,309 |

ATTACHMENT 2

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

| | 2008 | | 2007 | |
|---|---|---|---|---|
| | Quarter | Year-To-Date | Quarter | Year-To-Date |
| **REVENUES** | | | | |
| Sale of goods | P 3,937,787,902 | P 7,212,291,049 | P 3,915,650,300 | P 7,370,504,486 |
| Real estate sales | 2,181,354,658 | 5,280,165,844 | 2,191,123,495.00 | 4,045,882,143 |
| Rendering of services | 504,119,553 | 984,652,119 | 393,155,510.00 | 785,348,416 |
| Interest income on real estate sales | 124,824,683 | 308,382,099 | 16,186,486.00 | 198,950,055 |
| Realized gross profit on prior years' real estate sales | 56,699,054 | 253,769,463 | 97,697,743.00 | 197,932,370 |
| | 6,804,785,850 | 14,039,260,574 | 6,613,813,534 | 12,598,617,470 |
| **COST OF GOODS SOLD AND SERVICES** | | | | |
| Cost of goods sold | 3,061,659,753 | 5,625,871,658 | 2,722,761,070.00 | 5,282,389,797 |
| Cost of real estate sales | 1,495,828,079 | 3,623,524,285 | 1,487,718,567.00 | 2,728,444,944 |
| Cost of services | 70,336,774 | 160,496,320 | 136,471,596.00 | 291,463,732 |
| Deferred gross profit on real estate sales | 304,918,077 | 711,560,440 | 411,410,467.00 | 683,098,730 |
| | 4,932,742,683 | 10,121,452,703 | 4,758,361,700 | 8,985,397,203 |
| **GROSS PROFIT** | 1,872,043,167 | 3,917,807,871 | 1,855,451,834 | 3,613,220,267 |
| **OTHER OPERATING INCOME (EXPENSES)** | | | | |
| Finance and other income | 552,377,115 | 1,228,007,330 | 768,122,053.00 | 978,773,196 |
| Equity in net earnings (losses) of associates and a joint ventur | 1,082,343 | 35,405,992 | (256,491,598.00) | (18,172,962) |
| Administrative expenses | ( 544,398,137 ) | ( 1,050,238,576 ) | (532,685,029.00) | (948,739,739) |
| Selling expenses | ( 362,458,808 ) | ( 673,615,653 ) | (367,992,293.00) | (562,319,160) |
| Others | ( 4,622 ) | 4,390,093 | 41,872,026.00 | (1,467,275) |
| | ( 353,402,109 ) | ( 456,050,814 ) | ( 347,174,841 ) | ( 551,925,940 ) |
| **OPERATING INCOME** | 1,518,641,058 | 3,461,757,057 | 1,508,276,993 | 3,061,294,327 |
| **OTHER INCOME (CHARGES)** | | | | |
| Foreign currency gains - net | 153,901,759 | 133,239,037 | 115,334,834.00 | 174,725,841 |
| Finance costs | ( 173,318,691 ) | ( 319,942,414 ) | (204,929,179.00) | (411,504,764) |
| Others - net | ( 46,439,977 ) | ( 65,043,335 ) | 9,789,434.00 | (49,666,723) |
| | ( 65,856,909 ) | ( 251,746,712 ) | ( 79,804,911 ) | ( 286,445,646 ) |
| **INCOME BEFORE TAX AND PREACQUISITION INCOME** | 1,452,784,149 | 3,210,010,345 | 1,428,472,082 | 2,774,848,681 |
| **TAX EXPENSE** | 242,483,720 | 541,580,518 | 271,959,477.00 | 563,072,606 |
| **INCOME BEFORE PREACQUISITION INCOME** | 1,210,300,429 | 2,668,429,827 | 1,156,512,605 | 2,211,776,075 |
| **PREACQUISITION INCOME** | - | - | - | (100,413,666) |
| **NET INCOME** | P 1,210,300,429 | P 2,668,429,827 | P 1,156,512,605 | P 2,111,362,409 |
| Attributable to: | | | | |
| Equity holders of the parent company | 786,346,656 | P 1,696,720,561 | P 740,157,008 | P 1,234,352,433 |
| Minority interest | 423,953,773 | 971,709,266 | 416,355,597 | 877,009,976 |
| | P 1,210,300,429 | P 2,668,429,827 | P 1,156,512,605 | P 2,111,362,409 |
| **Earnings Per Share for the Net Income Attributable to the Equity Holders of the Parent Company** | P 0.0766 | P 0.1652 | P 0.0721 | P 0.1202 |
| Based on shares outstanding at end June | | | | |

ATTACHMENT 3

**ALLIANCE GLOBAL GROUP, INC. AND SUBSIDIARIES**
**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**
**FOR THE SIX MONTHS ENDED JUNE 30**
***(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 | - | 8,064,646,979 |
| Balance at end of period | **10,269,827,979** | 10,269,827,979 |
| **Additional Paid-in Capital** | | |
| Balance at beginning of year | **27,157,647,455** | 5,232,877,999 |
| Additional issuance during the period | - | 21,946,443,760 |
| Balance at end of period | **27,157,647,455** | 27,179,321,759 |
| **Subscriptions Receivable** | | |
| Balance at beginning of year | - | ( 986,612,492 ) |
| Additional subscriptions during the period -net | - | 986,612,492 |
| Balance at end of period | - | - |
| **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 | **314,632,019** | ( 35,414,883 ) |
| Balance at end of period | **( 213,469,358 )** | ( 81,959,502 ) |
| **Share in Net Unrealized Gain on Available-for-Sale Financial Assets of an Associate** | | |
| Balance at beginning of year | - | 11,595,904 |
| Transferred to revaluation reserve | - | ( 11,595,904 ) |
| Balance at end of period | - | - |

*Forward*

ATTACHMENT 3

- 2 -

| | 2008 | 2007 |
|---|---|---|
| **Dilution Gain (Loss)** | | |
| Balance at beginning of year | 45,023,383 | ( 307,137,911 ) |
| Dilution gain (loss) recognized during the year | - | - |
| Balance at end of period | 45,023,383 | ( 307,137,911 ) |
| **Revaluation Reserves** | | |
| Balance at beginning of year | ( 284,374,735 ) | 12,261,215 |
| Revaluation reserve of a newly acquired subsidiary | - | 11,595,904 |
| Fair value gains (losses) - net | ( 1,126,295,697 ) | 16,986,601 |
| Balance at end of period | ( 1,410,670,432 ) | 40,843,720 |
| **Retained Earnings** | | |
| Balance at beginning of year | 8,354,349,181 | 5,061,762,565 |
| Effect of merger with a subsidiary | 172,538,418 | |
| Net income | 1,696,720,561 | 1,234,352,433 |
| Balance at end of period | 10,223,608,160 | 6,296,114,998 |
| | 44,928,458,700 | 43,397,011,043 |
| **MINORITY INTEREST** | | |
| Balance at beginning of year | 21,650,983,047 | 865,182,993 |
| Share in consolidated net income | 971,709,266 | 877,009,976 |
| Collection of subscriptions receivable | 1,406,250 | |
| Dividends from investee | ( 275,073,789 ) | (1,181,254) |
| Minority interest in a newly acquired consolidated entity | ( 928,594 ) | 11,807,567,878 |
| Exercise of stock rights | - | 8,502,952,117 |
| Balance at end of period | 22,348,096,180 | 22,051,531,710 |
| **TOTAL EQUITY** | P 67,276,554,880 | P 65,448,542,753 |
| **Net Losses (Gains) Directly Recognized in Equity** | P 811,663,678 | P 18,428,282 |

ATTACHMENT 4

**ALLIANCE GLOBAL GROUP, INC. AND SUBSIDIARIES**
**CONSOLIDATED STATEMENTS OF CASH FLOWS**
**FOR THE SIX MONTHS ENDED JUNE 30**
***(Amounts in Philippine Pesos)***
***Unaudited***

| | 2008 | 2007 |
|---|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | |
| Income before tax and preacquisition income | **P 3,210,010,345** | P 2,774,848,681 |
| Adjustments for: | | |
| Depreciation and amortization | **395,561,430** | 368,901,032 |
| Finance costs | **329,250,504** | 411,504,764 |
| Amortization of trademark | **50,003,638** | 41,670,305 |
| Impairment and provisions | **17,419,210** | 30,410,639 |
| *Income Before Interest, Income Tax, Depreciation and Amortizations* | **4,002,245,127** | 3,627,335,421 |
| Finance and miscellaneous income | **(898,398,683)** | (912,491,746) |
| Foreign currency gains | **(133,239,037)** | (168,963,781) |
| Equity in net losses (earnings) of an associate and a joint venture | **(35,054,555)** | 18,172,962 |
| Dividend income | **(6,182,942)** | (8,403,571) |
| Excess of carrying value of non-current assets over fair value | **-** | 4,749,929 |
| Operating income before working capital changes | **2,929,369,910** | 2,560,399,214 |
| Increase in trade and other payables | **4,573,562,250** | 1,925,651,036 |
| Increase in reserve for property development | **774,369,257** | 2,704,842,991 |
| Increase in deferred income on real estate sales | **457,790,977** | 1,209,786,457 |
| Increase in other current liabilities | **213,350,861** | 781,285,371 |
| Increase in other non-current liabilities | **198,773,407** | 652,721,330 |
| Decrease in other non-current assets other than AFS | **37,544,696** | 192,185,475 |
| Increase in retirement benefit obligations | **35,051,097** | 33,939,408 |
| Increase in advances from related parties | **443,964** | 17,713,406 |
| Increase in trade and other receivables | **(2,479,797,265)** | (8,738,031,978) |
| Increase in inventories | **(746,948,133)** | (3,308,364,802) |
| Increase in prepayments and other current assets | **(347,907,287)** | (718,331,310) |
| Increase (decrease) in customers' deposits | **(186,670,109)** | 3,885,681,363 |
| Cash generated from operations | **5,458,933,625** | 1,199,477,961 |
| Cash paid for income taxes | **(619,982,866)** | (241,929,856) |
| Net Cash From Operating Activities | **4,838,950,759** | 957,548,105 |

*Forward*

ATTACHMENT 4

*- 2 -*

| | **2008** | 2007 |
|---|---|---|
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | |
| Net reduction (addition) in investments in and advances to associates and other related parties | **414,111,052** | (4,195,799,566) |
| Net reduction (addition) in land for future development | **293,935,838** | (3,300,899,393) |
| Net reduction (addition) to other non-current assets | **1,023,721,098** | (1,995,305,423) |
| Additions to property development cost | **(2,238,265,830)** | (2,534,047,917) |
| Net increase in other receivables - non trade | **(1,319,187,101)** | (232,623,301) |
| Net increase in available-for-sale financial assets | **(1,013,009,296)** | (59,629,410) |
| Net increase in financial assets at fair value through profit or loss | **(431,657,806)** | (1,366,289,204) |
| Net additions to property, plant and equipment and investment property | **(226,919,056)** | (5,996,773,782) |
| Advances to land owners and joint ventures | **(62,626,929)** | (188,198,053) |
| Acquisition of intangible assets | **(12,500,000)** | (2,117,427,360) |
| Interest received | **570,554,311** | 606,344,142 |
| Dividends received | **5,253,217** | 4,466,058 |
| Other non-current liabilities | **-** | 30,757,546,850 |
| Net Cash From (Used in) Investing Activities | **(2,996,590,502)** | 9,381,363,641 |
| **CASH FLOWS FROM FINANCING ACTIVITIES** | | |
| Advances from related parties | **5,180,315** | 161,141,718 |
| Net collections of subscription receivable | **1,406,250** | 986,612,492 |
| Net proceeds from (payments of) interest-bearing loans and borrowi | **(75,730,324)** | 7,286,106,275 |
| Interest paid | **(302,905,801)** | (419,020,284) |
| Net proceeds from issuance of capital stock | **-** | 13,217,079,984 |
| Net Cash From (Used in) Financing Activities | **(372,049,560)** | 21,231,920,185 |
| **NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS** | **1,470,310,697** | 31,570,831,931 |
| **CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR** | **24,066,590,081** | 1,289,597,395 |
| **CASH AND CASH EQUIVALENTS AT END OF THE PERIOD** | **P 25,536,900,778** | P 32,860,429,326 |

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ATTACHMENT 5

**ALLIANCE GLOBAL GROUP, INC.**
**AGING SCHEDULE OF TRADE AND OTHER RECEIVABLES**
**UNDER CURRENT ASSETS**
**JUNE 30, 2008**
***(Amounts in Philippine Pesos)***

| | | |
|---|---|---|
| Trade Receivables | | |
| Current | P | 5,993,081,320 |
| 1 to 30 days | | 2,074,823,389 |
| 31 to 60 days | | 1,409,535,656 |
| Over 60 days | | 630,455,354 |
| Total | | 10,107,895,719 |
| Others | | 228,317,130 |
| TOTAL | | 10,336,212,849 |
| Less Allowance for Impairment | | 40,109,092 |
| Balance at end of period | P | 10,296,103,757 |