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, 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 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 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:

- 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 Before Tax	
(In Millions)	2006	2005	2006	2005
Sales:				
Food and Beverage	3,134.3	3,966.7	42.1	26.7
Glass Manufacturing	150.9	170.4	-14.3	26.8
Real Estate	220.7	199.6	31.1	10.4
	3,505.9	4,336.7	58.9	63.9

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:

	S1 2006	S1 2005
Sales growth	-19%	150%
Net income growth	40%	- 17%
Net income rate	7%	3%
Return on investment	2%	1%
Current ratio	2.8 : 1	1.7 : 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 half of the year resulted in P227 million net income, or 40% higher than P162 million reported for the same period last year. This was primarily attributed to the investment income in an associate which jumped from P119 million to P179 million this year, plus dividend income received in the second quarter this year.

Sales of goods and services were registered at 19% lower this year because the trading and distribution business is still being held in abeyance. The quick service restaurant operations, however, reported 19% increase in sales as a result of successful marketing initiatives, menu price increase in March, and additional licensees during the period. Pik-Nik canisters sold during the period likewise improved slightly because of 18% combined growth in US and Latin America, despite 9% decline in Asia. Sales of glass containers, on the other hand, went down by 11%, because there is still no production activity in the glass plant due to the ongoing furnace cold repair and machinery upgrade, and its stockpile before the shutdown has been depleted already.

Costs and expenses went down by 20% from a year ago because of the lower sales. Further, despite the rising prices of raw materials, fuel and electricity, other items remained controlled. Sales-based expenses like advertising and promotions and service fees were contained at increases of 2% and 6%, respectively. The glass plant incurred maintenance costs and depreciation during the period, although there was still no production activity.

Interest earned on money placements increased operating income by P64 million this semester and P54 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 gain (loss) 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, cars in 2006 and Playdoh, Big Mac CDs, Pokemon, prosperity lucky charm in 2005)

Income tax expense totaled P14 million this semester as compared to P26 million a year ago.

Financial Condition

Consolidated total assets amounted to P14.5 billion and P14.53 billion as of end-June and last year-end, respectively.

Cash and cash equivalents decreased by P177 million from last year-end to total P1.3 billion by end-June. The items affecting this account were presented in detail in the consolidated statement of cash flows.

Receivables went down from P1.4 billion last year-end to P871 million this end-June. The deposit on machinery and equipment at the Sta. Rosa complex had already been applied to billings during the semester.

Inventories decreased from P587 million to P403 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 sold in the first half.

Prepayments and other current assets went up from P306 million to P418 million due to additional input vat from the billing of machinery and equipment mentioned earlier, plus creditable withholding tax from stores rental income.

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.

Other non-current assets went up from P510 million to P538 million because of security deposits made on asset purchases and to lessors of the McDonald's business.

Trade and other payables went down from P1.3 billion to P1.2 billion primarily because of P61 million reduction in the accounts and accruals from the quick service restaurant business.

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.

Current ratios remain relatively the same at 3:1 as of end-June and as of last year-end. Debt-to-equity ratios remained low at 0.23:1 and 0.25:1 for end-June 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 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.

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)
August 21, 2006

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

	30-Jun-2006	31-Dec-2005 *Audited*
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	1,270,538,434	1,447,604,381
Trade and other receivables - net	871,000,379	1,434,994,261
Financial assets at fair value through profit or loss	95,567,254	97,254,103
Inventories - net	402,909,848	586,780,754
Property development costs	366,523,916	366,523,916
Prepayments and other current assets	417,994,946	305,622,811
Total Current Assets	3,424,534,777	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	3,968,632,341	3,835,690,198
Property, plant and equipment - net	1,949,030,114	1,907,210,107
Investment property - net	2,602,558,586	2,012,894,706
Deferred tax assets - net	193,113,966	193,580,145
Goodwill	1,653,165,188	1,653,165,188
Other non-current assets - net	537,720,754	509,690,160
Total Non-current Assets	11,079,767,117	10,287,776,672
TOTAL ASSETS	14,504,301,894	14,526,556,898
LIABILITIES AND EQUITY		
CURRENT LIABILITIES		
Trade and other payables	1,193,382,943	1,300,782,128
Advances from related parties	19,183,602	42,237,802
Income tax payable	19,288,353	10,903,794
Total Current Liabilities	1,231,854,898	1,353,923,724
NON-CURRENT LIABILITIES		
Long-term notes payable	961,152,118	1,061,224,157
Redeemable preferred shares	218,592,771	206,232,579
Retirement benefit obligation	94,088,634	86,685,584
Other non-current liabilities	254,152,243	243,711,969
Total Non-current Liabilities	1,527,985,766	1,597,854,289
Total Liabilities	2,759,840,664	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	23,145,684	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	4,424,020,928	4,242,723,735
	10,875,919,077	10,704,017,732
Minority interest	868,542,153	870,761,153
Total Equity	11,744,461,230	11,574,778,885
TOTAL LIABILITIES AND EQUITY	14,504,301,894	14,526,556,898

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

	2006		2005	
	QUARTER	YEAR-TO-DATE	QUARTER	YEAR-TO-DATE
			As previously reported	
REVENUES				
Sale of goods	1,584,086,136	3,285,209,556	2,017,392,450	4,137,166,257
Rendering of services	111,668,756	220,666,365	100,131,628	199,599,323
	1,695,754,892	3,505,875,921	2,117,524,078	4,336,765,580
COST OF SALES AND SERVICES				
Cost of sales	1,440,200,335	2,984,883,942	1,858,228,472	3,785,864,095
Cost of services	69,006,705	138,056,130	55,543,797	116,756,094
	1,509,207,040	3,122,940,072	1,913,772,269	3,902,620,189
GROSS PROFIT	186,547,852	382,935,849	203,751,809	434,145,391
OTHER OPERATING INCOME (EXPENSES)				
Other operating income	18,333,657	64,396,285	28,475,284	54,311,395
Administrative expenses	(114,906,852)	(219,309,997)	(107,041,988)	(227,344,678)
Selling expenses	(69,853,294)	(137,824,923)	(67,613,552)	(130,341,660)
	(166,426,489)	(292,738,635)	(146,180,256)	(303,374,943)
OTHER INCOME (CHARGES)				
Equity in net earnings of an associate and a joint venture	41,392,000	178,618,403	50,060,114	119,469,456
Finance costs	(37,587,296)	(63,839,163)	(27,563,830)	(39,988,461)
Others	27,408,680	33,842,728	(57,410,668)	(34,304,816)
	31,213,384	148,621,968	(34,914,384)	45,176,179
INCOME BEFORE TAX	51,334,747	238,819,182	22,657,169	175,946,627
TAX EXPENSE	2,366,282	14,064,729	1,534,472	26,574,350
NET INCOME	48,968,465	224,754,453	21,122,697	149,372,277
Attributable to:				
Equity holders of the parent company	61,735,181	226,973,453	43,728,078	161,723,168
Minority interest	(12,766,716)	(2,219,000)	(22,605,381)	(12,350,891)
Earnings per share for the Net Income Attributable to the equity holders of the parent company	0.03	0.10	0.02	0.07

ALLIANCE GLOBAL GROUP, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE PERIODS ENDED JUNE 30, 2006
(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	5,250,015,367	4,448,131,367
Issuance (charges) during the period	-	-	(1,297,858)	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)	(1,501,177,492)	(1,501,177,492)
Accumulated Translation Adjustments				
Balance at beginning of period	15,569,186	32,541,532	52,497,570	61,346,240
Currency translation adjustments during the period	7,576,498	(9,395,848)	(263,286)	(9,111,956)
Balance at end of period	23,145,684	23,145,684	52,234,284	52,234,284
Share in Translation Adjustments of an Associate				
Balance at beginning of period	(23,580,784)	(26,589,703)	12,321,105	12,321,105
Currency translation adjustments during the period	(3,008,919)	-	-	
Balance at end of period	(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	4,407,962,007	4,242,723,735	2,112,588,815	1,994,593,725
Change in accumulated equity share	(45,676,260)	(45,676,260)		
Net income	61,735,181	226,973,453.10	43,728,078	161,723,168
Balance at end of period	4,424,020,928	4,424,020,928	2,156,316,893	2,156,316,893
MINORITY INTEREST				
Balance at beginning of period	881,308,869	870,761,153	1,727,630,164	
Share at acquisition	-			1,717,375,674
Share in net income of subsidiary	(12,766,716)	(2,219,000)	(22,605,381)	(12,350,891)
Balance at end of period	868,542,153	868,542,153	1,705,024,783	1,705,024,783
TOTAL EQUITY	11,744,461,230	11,744,461,230	9,878,618,082	9,878,618,082

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

	2006 QUARTER	2006 YEAR-TO-DATE	2005 QUARTER	2005 YEAR-TO-DATE
			As previously reported	
CASH FLOWS FROM OPERATING ACTIVITIES				
Income before tax	51,334,747	238,819,182	22,657,169	175,946,627
Adjustments for:				
Equity in net earnings	(41,392,000)	(178,618,403)	(50,060,114)	(119,469,456)
Interest income	(18,333,657)	(64,396,285)	(40,899,915)	(54,311,395)
Depreciation and amortization	83,586,073	175,966,099	87,909,270	175,847,033
Provision for retirement obligations	3,701,525	7,403,050	3,345,650	6,491,300
Provision for inventory obsolescence	958,964	4,829,489	2,667,561	9,571,209
Provision for doubtful accounts	300,000	1,100,000	1,000,000	4,000,000
Interest expense	37,587,296	63,839,163	50,397,092	39,988,461
Translation adjustments	7,576,498	(9,395,848)	(263,286)	(9,111,956)
Foreign exchange gains			17,160,000	(480,000)
Operating income before working capital changes	125,319,446	239,546,447	93,913,427	228,471,823
Decrease (increase) in trade and other receivables	296,079,145	562,893,882	3,885,119	(469,641,146)
Decrease (increase) in inventories	19,846,303	179,041,417	(32,517,527)	(286,159,353)
Increase in property development cost			(82,059)	(82,059)
Decrease (increase) in prepayments and other current assets	(26,887,011)	(82,795,581)	31,291,454	(139,482,045)
Decrease (increase) in financial assets at FVPL	(1,300,279)	1,686,849	(2,754,831)	(997,697)
Increase (decrease) in trade and other payables	13,716,000	(107,399,185)	(93,623,712)	1,316,803,184
Increase (decrease) in advances from related parties	(18,856,638)	(23,054,200)	(2,987,781)	444,137,695
Cash generated from (used in) operations	407,916,966	769,919,629	(2,875,910)	1,093,050,402
Cash paid for income taxes	(26,779,819)	(34,708,332)	(40,023,259)	(43,972,157)
Net Cash From (Used In) Operating Activities	381,137,147	735,211,297	(42,899,169)	1,049,078,245
CASH FLOWS FROM INVESTING ACTIVITIES				
Additions to investment property	(258,640,676)	(616,112,567)	-	
Additions to property, plant and equipment	(119,764,523)	(191,337,419)	(27,791,782)	(2,594,386,652)
Interest received	18,333,657	64,396,285	28,475,284	54,311,395
Increase in other non-current assets	(30,464,006)	(28,112,807)	(155,913,698)	(478,220,272)
Increase in other non-current liabilities	1,692,042	10,440,274	178,878,834	220,620,726
Interest of other stockholders			-	1,717,375,674
Deferred tax assets acquired			68,331,456	(140,249,885)
Net Cash From (Used In) Investing Activities	(388,843,506)	(760,726,234)	91,980,094	(1,220,549,014)
CASH FLOWS FROM FINANCING ACTIVITIES				
Interest paid	(23,429,242)	(63,839,163)	(24,809,967)	(24,809,967)
Increase (decrease) in long-term notes payable	(78,400,039)	(100,072,039)	-	732,071,435
Increase in redeemable preferred shares	12,360,192	12,360,192	-	
Collections of subscriptions (charges) to capital stock			(1,297,858)	499,879,642
Net Cash From (Used In) Financing Activities	(89,469,089)	(151,551,010)	(26,107,825)	1,207,141,110
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(97,175,448)	(177,065,947)	22,973,100	1,035,670,341
CASH AND CASH EQUIVALENTS AT BEGINNING	1,367,714,272	1,447,604,381	1,479,445,464	466,748,223
CASH AND CASH EQUIVALENTS AT END OF PERIOD	1,270,538,824	1,270,538,434	1,502,418,564	1,502,418,564

ALLIANCE GLOBAL GROUP, INC. AND SUBSIDIARIES
AGING SCHEDULE OF TRADE AND OTHER RECEIVABLES
UNDER CURRENT ASSETS
JUNE 30, 2006

TRADE RECEIVABLES	
Current/not yet due	214,830,397
1 - 30 days overdue	12,619,200
31 - 60 days overdue	8,924,141
over 60 days overdue	355,059,383
	591,433,121
OTHER RECEIVABLES	331,350,370
TOTAL	922,783,491
LESS ALLOWANCE FOR IMPAIRMENT	51,783,112
NET	871,000,379