**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, 2010**

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. **7th Floor, 1880 Eastwood Avenue, Eastwood City CyberPark**
   **188 E. Rodriguez Jr. Ave., Bagumbayan, 1110 Quezon City**
   *Address of principal office*

8. **(632) 70920-38 to -41**
   *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** | **9,719,727,979** (Net of 550,100,000 shares acquired under the buy-back program |

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***

Consolidated Statements of Financial Position
Consolidated Statements of Comprehensive Income
Consolidated Statements of Changes in Equity
Consolidated Statements of Cash Flows
Aging Schedule of Trade and Other Receivables Under Current Assets

The interim consolidated financial statements have been prepared in accordance with the 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, 2009.

The accounting policies and methods used in the interim financial statements are consistent with those applied in December 31, 2009 audited annual financial statements. Some reclassifications were made to the 2009 interim financial statements to conform to 2010 presentation.

The interim consolidated financial statements comprise the financial statements of the Company and its subsidiaries, after elimination of material intercompany transactions. In addition, shares of stock of the Company acquired by any of these subsidiaries are recognized as treasury stock and presented at cost in the consolidated statements of changes in equity. The financial statements of subsidiaries are prepared for the same accounting period as the Company's, using consistent accounting policies. Adjustments are made to bring into line any dissimilar accounting policies that may exist. The consolidated financial statements are presented in Philippine pesos, the Group's functional currency and presentation currency, and all values represent absolute amounts except when otherwise indicated.

The consolidated financial statements have been prepared using the measurement bases specified by PFRS for each type of asset, liability, income and expense. These consolidated financial statements have been prepared on the historical cost basis, except for the measurement of certain financial assets and liabilities. 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, historical experience, and evaluation of relevant facts and circumstances, including expectations of future events that are believed to be reasonable under the circumstances, actual results may ultimately differ from such estimates.

For a more thorough understanding of the accounting policies used in the preparation of the financial statements, reference should be made to the last year-end audited consolidated financial statements, particularly the notes thereto. A copy of annual report filed under SEC Form 17-A may be found in the Company's website [allianceglobalinc.com] and PSE website [pse.com.ph].

In the normal course of business, there were intercompany 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 under Intangible Assets in the consolidated statements of financial position.

During the interim period, there were no other known items –such as trends, demands, commitments, events or uncertainties- affecting assets, liabilities, equity, sales, revenues, net income or cash flows that were unusual because of their nature, size, or incidents, and that will result in or that are reasonably likely to result in the liquidity increasing or decreasing in any material way, or that would have a material favorable or unfavorable impact on net sales or revenues or income from continuing operations.

*Business Segments*

The Group classifies its businesses into the following segments, each managed separately and each representing a strategic business unit that offers different products and serves different markets. Entities not classified under these main business segments are presented as part of corporate and investments.

- Food and beverage segment (F&B) includes the manufacture and distribution of distilled spirits (under the labels of Emperador Brandy, Generoso Brandy and The Bar flavored alcoholic beverage), glass containers and potato snack products (under Pik-Nik label). It also includes the distribution of consumer products under international labels. Emperador Distillers Inc. (EDI) front runs this segment.
- Real estate segment (RE) involves the investment in and development of real estate, lease of properties, and hotel development and operations. The segment is led by publicly-listed Megaworld Corporation (Megaworld or MEG) and includes Travellers International Hotel Group, Inc. (Travellers), the integrated tourism unit (which is being reported under equity method)
- Quick service restaurant business (QSR) operates under the McDonald's brand, in accordance with a master franchise agreement with McDonald's USA. Golden Arches Development Corporation represents this segment.
- Integrated tourism development involves the development and operations of leisure and resorts projects under Travellers. Maiden project is Resorts World Manila in Newport City across NAIA 3. Results of operations of this segment is presented under RE since Travellers is being reported under equity method.

Please refer to the Note 1 to the audited annual consolidated financial statements for a list of subsidiaries, associates and joint venture in each business segment category plus Alliance Global Group Cayman Islands, Inc., incorporated in the Cayman Islands with limited liability.

***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 as of and for the nine months ended September 30:

| | 2010 | 2009 |
|---|---:|---:|
| Revenue growth | 26.9% | 6.7% |
| Net income growth | 55.7% | 19.0% |
| Attributable to controlling interest | 62.7% | 32.5% |
| Net income rate | 23.4% | 19.0% |
| Attributable to controlling interest | 16.7% | 13.0% |
| Return on investment | 4.7% | 4.3% |
| Using net income attributable to controlling interest | 3.4% | 2.9% |
| | 9/30/10 | 12/31/09 |
| Current ratio [times] | 3.41 | 3.06 |

- o Revenues 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.
- o Net income growth – measures the percentage change in net income over a designated period of time
- o Net income rate– computed as percentage of net income to revenues - measures the operating efficiency and success of maintaining satisfactory control of costs
- o 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
- o 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 Nine Months*

Comparative interim results per segment were as follows:

| | Revenues | | Y-o-y | Income before tax | | Y-o-y |
|---|---:|---:|---:|---:|---:|---:|
| (In Millions) | 2010 | 2009 | % | 2010 | 2009 | % |
| F&B | 6,475 | 4,311 | 50 | 1,465 | 589 | 149 |
| RE | 16,740 | 13,215 | 27 | 6,318 | 4,217 | 50 |
| QSR | 7,994 | 7,089 | 13 | 781 | 488 | 60 |
| Corporate | 1,129 | 877 | 29 | 824 | 813 | 1 |
| Total | 32,338 | 25,492 | 27 | 9,388 | 6,108 | 54 |

| | 2010 | 2009 | % |
|---|---|---|---|
| Tax expense | (1,833) | (1,256) | 46 |
| Net income | 7,555 | 4,852 | 56 |
| Attributable to controlling interest | 5,391 | 3,313 | 63 |

AGI continued its growth momentum and broke again its records as it ended the first nine months of the year with consolidated net income of P7.55 billion and net income after non-controlling interest of P5.4 billion, up by 56% and 63%, respectively, from a year ago, These net results surpassed already last year's annual results by more than 10%.

All business segments improved on their first nine months' net results year-on-year. Net income of each of the three segment frontrunners – MEG, EDI and GADC – already exceeded last year's annual results. MEG, EDI and GADC ended the period with net income of P4.1 billion, P1.1 billion and P518 million, respectively, up by 38%, 189% and 45% year-on-year.

*Revenues* increased by 27% year-on-year to P32.34 billion from P25.49 billion on the back of growth in consumer products sales (P2.28 billion, 21%), real estate sales (P1.56 billion, 17%), service rendering (P671 million, 33%), and share in net profits of associates and joint venture (P1.25 billion). The first three mentioned are also the top three sources of revenues for the nine-month period which contributed 41%, 33% and 8%, respectively, to total revenues. Segment-wise, RE contributed the highest (52%) this year, followed by QSR (25%) and F&B (20%).

RE revenues come from sale of residential lots and condomiums, from rental/lease of office and commercial spaces, hotel operations, and finance and other income. Revenues went up by 27% during the first nine months of the year. RE sales, which comprised 64% of RE revenues, grew by 17% year-on-year from township projects including Eastwood City, McKinley Hill, Newport City and Manhattan Garden City while property rental income from office and retail tenants, which represented 13% of RE revenues, increased by 39% due to high occupancy in both the BPO offices and retail spaces, and escalation of rental prices.

RE revenues included the P1.2 billion share in net profits of Travellers, AGI's integrated-tourism vehicle. Resorts World Manila opened its gaming facilities in August 2009. There are now two hotels in the area, the five-star Marriott Hotel and the all-suite Maxims Hotel. Another one, the budget-hotel Remington, is under construction. Also, the development of a fourth hotel, four-star Hamilton, is in the offing.

F&B revenues expanded by 50% from a year ago and this was attributed to the 47% growth in sales of distilled spirit drinks. The demand for the brandy products, being premium items, was affected by competition and inflation early on but market was again captured with the introduction of The Bar, the first and only fruity-flavored alcoholic beverage in the country, in April 2009, The Bar comes in flavored gin (lemon&lime) and flavored vodka (orange, apple, and strawberry) variants. A lighter brandy, Emperador Light, was launched in December 2009. Pik-Nik sales rose by 11% this year from a year ago, with its international sales outside of USA gaining 20%. The 9-oz original shoestring potatoes are now being sold “transfat free” in the USA.

QSR revenues from McDonald’s grew by 13%. Product sales generated from company-operated restaurants, in particular, went up by 9% and revenue from franchised restaurants by 22%. The improvement came from the expansion of its store chain and business extensions (8McDo hub, 24-hour service delivery, dessert kiosks). Nine stores were opened while six were closed from a year ago, bringing the total number of stores nationwide to 300 stores by end-September this year. Product promotions were continuously launched during the first nine months to add selection variety and entice consumer patronage. Sweet Chills Desserts which included new strawberry sundae, berry mcflurry and rockin’ ruby float were promoted during the third quarter. The Everyday McSavers and value meals continued in the past three quarters.

*Costs and expenses* went up by 18%. Costs increased by 17% primarily due to the higher sales and service rendition. Despite the increase in costs, gross profit margins improved by about 28%. In F&B, for instance, the increase in the cost of molasses and sugar was partly offset by the effect of improved peso on the imported components.

The top three cost components in the manufacture of alcoholic drinks were raw materials, depreciation and amortization, and rent, comprising about 87% of cost. In the QSR, these were food and paper, rental and personnel costs, representing about 84% of cost.

Operating expenses increased by 23%. The top four components were advertising and promotions, salaries and employee benefits, royalty, depreciation and amortization.

Finance and other income went up by 39% to P2.6 billion from P1.8 billion a year ago, due to earned interest income and realized foreign currency and fair value gains on financial assets. Finance costs and other charges went up by 24% to P730 million from P587 million a year ago, due to interest accrued on the $500 million offshore bonds (issued in August).

Tax expense totaled P1.8 billion from P1.3 billion a year ago as a result of increased sales and profits.

EBITDA amounted to P9.7 billion as compared to P7.5 billion a year ago, representing 29.9% and 29.5% margin, respectively. EBITDA to finance costs ratios for comparable periods are 13.2 times and 12.8 times, respectively.

*Financial Condition*

Consolidated total assets amounted to P160 billion at end-September from P128 billion at beginning of year, primarily because of increased activity in all business segments.

Cash and cash equivalents increased by P15.7 billion - from P31 billion at the beginning to P46.8 billion at the end of the interim period. Cash flows from operating, financing and investing activities during the period were presented in the interim consolidated statements of cash flows.

Financial assets at fair value through profit or loss increased by P8.1 billion this period, from P2.1 billion to P10.2 billion, primarily due to investments in bonds and marketable securities. The Group does not actively engage in the trading of financial assets for speculative purposes.

While current trade and other receivables went down to P14.9 billion from P15.1 billion, noncurrent portion went up to P17.7 billion from P13.5 billion due to increased real estate sales.

Inventories decreased by P597 million from P7.8 billion to P7.2 billion because of brisk sales of condominium units.

Available-for-sale financial assets increased by P365 million from P967 million to P1.3 billion primarily due to appreciation in market prices of the financial assets. These financial assets include non-derivative financial assets that are either designated to this category or do not qualify for inclusion in any of the other categories of financial assets. These financial assets are reported at fair values by reference to published prices in an active market. The fair value gain during the period, which amounted to P509 million, is reported as net unrealized fair value gain under other comprehensive income in the consolidated statement of comprehensive income and under revaluation reserves in the consolidated statement of changes in equity.

The increases in property development costs, advances to landowners and joint ventures, investment property, customers' deposits, trade and other payables, advances from related parties, other current and non-current liabilities, reserve for property development, deferred tax liabilities and deferred income on real estate sales, were attributed to pumping up of development and lease activities in the RE segment. The reserve pertains to cost to complete the development of various projects while the deferred income represents unearned revenue.

Interest-bearing loans and borrowings, current and non-current combined, went up by P110 million to P10.7 billion from P10.6 billion due to net borrowings during the period. Bonds payable, current and non-current combined, increased by P21.4 billion to P30.0 billion from P8.6 billion due to the seven-year 6.5% $500 million bonds issued at 99.309% by a Cayman subsidiary in August this year. The notes are guaranteed by AGI.

Retirement benefit obligation increased by P59 million from P357 million to P416 million due to regular accrual of retirement benefits.

The changes in equity components are presented in detail in the consolidated statements of changes in equity.

Treasury shares are AGI shares acquired but not cancelled and which are carried at cost in the consolidated statements of changes in equity. These include shares held by AGI under its buy-back program and those held by certain subsidiaries. The shares are reported at cost so that fair value gains (losses) on the shares held by subsidiaries were eliminated in full and were not recognized in the consolidated financial statements

Accumulated translation adjustments represent the translation adjustments resulting from the conversion of foreign currency denominated financial statements of certain subsidiaries into the Philippine pesos, the Group's presentation currency. The P451 million translation loss represented the strengthening of the Philippine pesos during the period.

Revaluation reserves represent cumulative changes in unrealized gain or loss in fair value of available-for-sale financial assets. P509 million is the favorable change or increase in market values of these financial assets.

The Company declared cash dividends equivalent to 6 centavos per share in June 2010, The dividends were paid on August 10, 2010.

The consolidated balance sheets showed strong liquidity. Current assets as of beginning and end of the period totaled P60.8 billion and P84.5 billion, respectively, while current liabilities for the same periods remained low at P19.9 billion and P24.8 billion, respectively. Current ratios were 3.41:1 and 3.06:1 as of end and start of the current period, respectively. Debt-to-equity ratios remained low at 0.80:1 and 0.56:1 at end and beginning of the period respectively, while interest-bearing-debt-to-controlling equity ratios were 0.72:1 and 0.37:1 at the end and beginning of the period.

*Prospects for the future*

AGI remains focused on its business programs despite the global economic/financial slowdown. The higher cost of commodities, volatility of foreign currency rates, and softening of consumer spending may have affected the business environment, but AGI is committed to face challenges head-on and proves to be resilient. Management will continue to adopt prudent measures to ensure financial sustainability and look for new opportunities that will enhance the overall profitability of the group while maintaining established markets.

The healthy cash position will hold us up.

*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*
November 15, 2010

**ALLIANCE GLOBAL GROUP, INC. AND SUBSIDIARIES**
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**
**SEPTEMBER 30, 2010**
***(With Comparative Figures for December 31, 2009)***
***(Amounts in Philippine Pesos)***

| | SEPTEMBER 30, 2010 (UNAUDITED) | DECEMBER 31, 2009 (AUDITED) |
|---|---|---|
| **A S S E T S** | | |
| **CURRENT ASSETS** | | |
| Cash and cash equivalents | **P 46,829,513,202** | P 31,145,329,040 |
| Trade and other receivables - net | **14,894,765,349** | 15,088,937,770 |
| Financial assets at fair value through profit or loss | **10,248,189,233** | 2,138,671,132 |
| Inventories - net | **7,192,871,766** | 7,790,351,318 |
| Property development costs | **4,220,669,884** | 3,720,702,927 |
| Other current assets | **1,066,719,313** | 930,915,341 |
| Total Current Assets | **84,452,728,747** | 60,814,907,528 |
| **NON-CURRENT ASSETS** | | |
| Trade and other receivables | **17,662,934,443** | 13,538,300,935 |
| Advances to landowners and joint ventures | **2,708,026,496** | 1,208,026,496 |
| Land for future development | **1,269,561,000** | 1,269,561,000 |
| Available-for-sale financial assets | **1,332,062,558** | 966,756,842 |
| Investments in and advances to associates and other related parties | **25,218,016,096** | 23,748,923,803 |
| Property, plant and equipment - net | **4,894,588,298** | 4,953,385,820 |
| Investment property - net | **9,976,696,965** | 9,381,736,357 |
| Intangible assets - net | **11,298,825,427** | 11,378,085,052 |
| Deferred tax assets - net | **280,394,101** | 265,760,166 |
| Other non-current assets - net | **844,276,579** | 811,272,952 |
| Total Non-current Assets | **75,485,381,963** | 67,521,809,423 |
| **TOTAL ASSETS** | **P 159,938,110,710** | P 128,336,716,951 |

| | SEPTEMBER 30, 2010 (UNAUDITED) | DECEMBER 31, 2009 (AUDITED) |
|---|---|---|
| **LIABILITIES AND EQUITY** | | |
| **CURRENT LIABILITIES** | | |
| Interest-bearing loans and borrowings | **P 1,502,554,052** | P 2,266,848,820 |
| Bonds payable | **3,416,918,413** | |
| Trade and other payables | **11,713,072,761** | 11,014,010,815 |
| Customers' deposits | **1,088,532,252** | 967,358,726 |
| Income tax payable | **229,388,965** | 237,832,123 |
| Reserve for property development | **3,048,438,257** | 2,468,349,023 |
| Deferred income on real estate sales | **2,040,413,646** | 1,515,687,720 |
| Other current liabilities | **1,736,720,534** | 1,398,259,397 |
| Total Current Liabilities | **24,776,038,880** | 19,868,346,624 |
| **NON-CURRENT LIABILITIES** | | |
| Interest-bearing loans and borrowings | **9,212,087,361** | 8,337,348,304 |
| Bonds payable | **26,558,522,907** | 8,608,407,826 |
| Customers' deposits | **1,325,055,438** | 913,800,498 |
| Advances from related parties | **734,951,722** | 661,008,979 |
| Retirement benefit obligation | **415,717,597** | 356,762,247 |
| Reserve for property development | **1,889,407,088** | 2,023,028,273 |
| Deferred tax liabilities - net | **3,339,951,149** | 2,672,496,931 |
| Redeemable preferred shares | **361,275,121** | 330,916,959 |
| Deferred income on real estate sales | **1,111,201,113** | 1,217,863,024 |
| Other non-current liabilities | **1,354,692,272** | 1,245,831,397 |
| Total Non-current Liabilities | **46,302,861,768** | 26,367,464,438 |
| Total Liabilities | **71,078,900,648** | 46,235,811,062 |
| **EQUITY** | | |
| Equity attributable to owners 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 | **( 4,133,110,388 )** | ( 4,334,613,117 ) |
| Revaluation reserves | **538,721,038** | 29,487,721 |
| Accumulated translation adjustments | **( 524,945,026 )** | ( 73,570,226 ) |
| Dilution gain | **1,196,566,827** | 1,196,566,827 |
| Retained earnings | **21,867,292,135** | 17,059,492,891 |
| | **56,372,000,020** | 51,304,839,530 |
| Non-controlling interest | **32,487,210,042** | 30,796,066,359 |
| Total Equity | **88,859,210,062** | 82,100,905,889 |
| **TOTAL LIABILITIES AND EQUITY** | **P 159,938,110,710** | P 128,336,716,951 |

# ALLIANCE GLOBAL GROUP, INC. AND SUBSIDIARIES
## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
## FOR THE PERIODS ENDED SEPTEMBER 30, 2010 AND 2009
*(Amounts in Philippine Pesos)*
(UNAUDITED)

| | Nine Months 2010 | Third Quarter 2010 | Nine Months 2009 | Third Quarter 2009 |
|---|---|---|---|---|
| **REVENUES** | | | | |
| Sale of goods | P 13,187,287,964 | P 4,354,353,239 | P 10,902,298,052 | P 3,792,021,656 |
| Real estate sales | 10,654,841,278 | 4,554,100,441 | 9,093,931,441 | 3,028,383,367 |
| Finance and other income | 2,598,914,862 | ( 114,483,771 ) | 1,865,453,343 | 135,349,673 |
| Rendering of services | 2,703,808,686 | 911,453,623 | 2,032,864,441 | 691,066,772 |
| Realized gross profit on prior years' real estate sales | 1,085,424,149 | 370,569,877 | 888,333,600 | 225,604,153 |
| Share in net profits of associates and joint ventures - net | 1,334,274,866 | 678,259,242 | 84,420,096 | 17,643,631 |
| Interest income on real estate sales | 773,594,887 | 323,596,368 | 624,934,772 | 191,832,510 |
| | 32,338,146,692 | 11,077,849,019 | 25,492,235,745 | 8,081,901,762 |
| **COSTS AND EXPENSES** | | | | |
| Cost of goods sold | 9,601,363,063 | 3,141,112,454 | 8,231,720,770 | 2,846,021,103 |
| Cost of real estate sales | 7,015,564,957 | 2,999,189,993 | 5,829,470,596 | 1,799,634,008 |
| General and administrative expenses | 2,107,032,888 | 729,688,913 | 1,708,216,103 | 550,777,273 |
| Finance costs and other charges | 730,694,264 | ( 353,680,739 ) | 586,664,651 | 128,839,032 |
| Selling expenses | 1,434,692,793 | 417,973,659 | 1,164,667,873 | 442,605,873 |
| Deferred gross profit on real estate sales | 1,503,488,163 | 589,397,429 | 1,403,823,575 | 420,423,387 |
| Cost of services | 557,560,577 | 175,072,122 | 459,562,404 | 158,672,730 |
| | 22,950,396,705 | 7,698,753,831 | 19,384,125,972 | 6,346,973,406 |
| **INCOME BEFORE TAX** | 9,387,749,987 | 3,379,095,188 | 6,108,109,773 | 1,734,928,356 |
| **TAX EXPENSE** | 1,833,230,226 | 649,077,793 | 1,256,063,647 | 438,981,442 |
| **NET INCOME** | 7,554,519,761 | 2,730,017,395 | 4,852,046,126 | 1,295,946,914 |
| **OTHER COMPREHENSIVE INCOME** | | | | |
| Translation adjustments | ( 451,374,800 ) | ( 465,555,262 ) | ( 5,162,950 ) | ( 81,904,204 ) |
| Net unrealized fair value gains (losses) on available-for-sale financial assets | 509,233,317 | 514,244,349 | 1,570,386,743 | 537,963,342 |
| | 57,858,517 | 48,689,087 | 1,565,223,793 | 456,059,138 |
| **TOTAL COMPREHENSIVE INCOME** | P 7,612,378,278 | P 2,778,706,482 | P 6,417,269,919 | P 1,752,006,052 |
| **Net income attributable to:** | | | | |
| Owners of the parent company | P 5,390,982,923 | P 1,704,023,135 | P 3,312,639,254 | P 731,916,729 |
| Non-controlling interest | 2,163,536,838 | 1,025,994,260 | 1,539,406,872 | 564,030,185 |
| | P 7,554,519,761 | P 2,730,017,395 | P 4,852,046,126 | P 1,295,946,914 |
| **Total comprehensive income attributable to:** | | | | |
| Owners of the parent company | P 5,448,841,440 | P 1,752,712,222 | P 4,877,863,047 | P 1,187,975,867 |
| Non-controlling interest | 2,163,536,838 | 1,025,994,260 | 1,539,406,872 | 564,030,185 |
| | P 7,612,378,278 | P 2,778,706,482 | P 6,417,269,919 | P 1,752,006,052 |
| **Earnings Per Share for the Net Income Attributable to Owners of the Parent Company - Basic and Diluted** | P 0.555 | P 0.175 | P 0.340 | P 0.075 |

**ALLIANCE GLOBAL GROUP, INC. AND SUBSIDIARIES**
**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**
**FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2010 AND 2009**
***(Amounts in Philippine Pesos)***
**(UNAUDITED)**

| | 2010 | 2009 |
|---|---|---|
| **EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT COMPANY** | | |
| **Capital Stock** | P 10,269,827,979 | P 10,269,827,979 |
| **Additional Paid-in Capital** | 27,157,647,455 | 27,157,647,455 |
| **Treasury Shares - at cost** | | |
| Balance at beginning of period | ( 4,334,613,117 ) | ( 3,487,548,482 ) |
| Net purchases of treasury shares | 201,502,729 | ( 163,060,690 ) |
| Balance at end of period | ( 4,133,110,388 ) | ( 3,650,609,172 ) |
| **Revaluation Reserves** | | |
| Balance at beginning of period | 29,487,721 | ( 1,997,417,235 ) |
| Fair value gains (losses) - net | 509,233,317 | 1,570,386,743 |
| Balance at end of period | 538,721,038 | ( 427,030,492 ) |
| **Accumulated Translation Adjustments** | | |
| Balance at beginning of period | ( 73,570,226 ) | 59,561,516 |
| Currency translation adjustments during the period | ( 451,374,800 ) | ( 5,162,950 ) |
| Balance at end of period | ( 524,945,026 ) | 54,398,566 |
| *Balance carried forward* | P 33,308,141,058 | P 33,404,234,336 |

| | Notes | 2010 | 2009 |
|---|---|---|---|
| *Balance brought forward* | | **P 33,308,141,058** | P 33,404,234,336 |
| **Dilution Gain** | 29 | | |
| Balance at beginning of period | | **1,196,566,827** | 45,023,383 |
| Dilution gain recognized during the period | 15 | **-** | 1,151,543,444 |
| Balance at end of period | 29 | **1,196,566,827** | 1,196,566,827 |
| **Retained Earnings** | | | |
| Appropriated for capital expenditures | | **446,297,286** | 446,297,286 |
| Unappropriated | | | |
| Balance at beginning of period | | **16,613,195,605** | 11,816,885,859 |
| Net income for the period | | **5,390,982,923** | 3,312,639,254 |
| Cash dividends declared during the period | 29 | **( 583,183,679 )** | - |
| Balance at end of period | | **21,420,994,849** | 15,129,525,113 |
| Total Retained Earnings | | **21,867,292,135** | 15,575,822,399 |
| | | **56,372,000,020** | 50,176,623,562 |
| **NON-CONTROLLING INTEREST** | | | |
| Balance at beginning of period | | **30,796,066,359** | 32,971,852,114 |
| Share in consolidated net income | | **2,163,536,838** | 1,539,406,872 |
| Dividend from investee | | **( 472,393,155 )** | ( 306,013,739 ) |
| Non-controlling interest in disposed investments | | **-** | ( 3,315,484,644 ) |
| Effects of decrease in ownership interest | | **-** | ( 1,139,542,163 ) |
| Non-controlling interest in additional investments | | **-** | 275,420,124 |
| Balance at end of period | | **32,487,210,042** | 30,025,638,564 |
| **TOTAL EQUITY** | | **P 88,859,210,062** | P 80,202,262,126 |
| **Total comprehensive income attributable to:** | | | |
| Owners of the parent company | | **P 5,823,514,728** | P 4,877,863,047 |
| Non-controlling interest | | **2,163,536,838** | 1,539,406,872 |
| | | **P 7,987,051,566** | P 6,417,269,919 |

**ALLIANCE GLOBAL GROUP, INC. AND SUBSIDIARIES**
**CONSOLIDATED STATEMENTS OF CASH FLOWS**
**FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2010 AND 2009**
***(Amounts in Philippine Pesos)***
**(UNAUDITED)**

| | 2010 | 2009 |
|---|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | |
| Income before tax | P 9,387,749,987 | P 6,108,109,773 |
| Adjustments for: | | |
| Depreciation and amortization | 879,827,853 | 863,673,330 |
| Interest expense | 730,694,264 | 604,265,909 |
| Impairment losses | 10,426,836 | 18,162,600 |
| Share in net profits of associates and joint venture | ( 1,334,274,866 ) | ( 84,420,096 ) |
| EBITDA | 9,674,424,074 | 7,509,791,516 |
| Interest income | ( 921,594,251 ) | ( 710,963,708 ) |
| Fair value gains | ( 278,633,343 ) | ( 950,978,960 ) |
| Dividend income | ( 73,031,219 ) | |
| Unrealized foreign currency loss (gains) | ( 23,535,398 ) | 83,570,949 |
| Operating income before working capital changes | 8,377,629,863 | 5,931,419,797 |
| Increase in trade and other receivables | ( 3,846,659,613 ) | ( 5,753,698,571 ) |
| Decrease (increase) in inventories | 590,952,716 | ( 1,096,422,550 ) |
| Decrease (increase) in property development costs | ( 499,966,957 ) | 757,811,166 |
| Decrease (increase) in financial assets at fair value through profit or loss | ( 7,830,884,758 ) | 277,668,373 |
| Increase in other current assets | ( 287,185,075 ) | ( 221,711,768 ) |
| Increase in trade and other payables | 1,155,759,139 | 4,388,774,420 |
| Increase in reserve for property development | 446,468,049 | |
| Increase (decrease) in other liabilities | ( 4,052,788 ) | 325,893,331 |
| Increase in deferred income on real estate sales | 418,064,015 | 515,656,599 |
| Increase (decrease) in retirement benefit obligation | 58,955,350 | ( 5,062,476 ) |
| Increase (decrease) in customers' deposits | 532,428,466 | ( 126,345,022 ) |
| Cash generated from operations | ( 888,491,593 ) | 4,993,983,299 |
| Cash paid for taxes | ( 1,037,471,998 ) | ( 746,914,018 ) |
| Net Cash from (Used in) Operating Activities | ( 1,925,963,591 ) | 4,247,069,281 |
| *Balance carried forward* | ( P 1,925,963,591 ) | P 4,247,069,281 |

| | 2010 | 2009 |
|---|---|---|
| *Balance brought forward* | ( P 1,925,963,591 ) | P 4,247,069,281 |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | |
| Net increase in advances to land owners and joint ventures | ( 1,500,000,000 ) | ( 614,258,275 ) |
| Net increase in investments in and advances to associates and other related parties | ( 607,210,582 ) | ( 1,705,399,110 ) |
| Interest received | 890,786,337 | 956,185,263 |
| Reductions (additions) to: | | |
| Property, plant and equipment and investment property | ( 1,339,731,314 ) | ( 2,825,440,655 ) |
| Available-for-sale financial assets | 143,927,601 | 3,424,483,082 |
| Cash dividends received | 73,031,219 | |
| Increase in other non-current assets | ( 33,003,627 ) | ( 7,327,898 ) |
| Net decrease in land for future development | - | 540,182,589 |
| Net Cash Used in Investing Activities | ( 2,372,200,366 ) | ( 231,575,004 ) |
| **CASH FLOWS FROM FINANCING ACTIVITIES** | | |
| Net increase (decrease) in interest-bearing loans and borrowings | 21,477,477,783 | ( 329,718,970 ) |
| Interest paid | ( 1,187,391,457 ) | ( 953,749,432 ) |
| Dividends paid | ( 583,183,679 ) | |
| Net increase (decrease) in advances from related parties | 73,942,743 | ( 201,541,070 ) |
| Reduction in (additions to) treasury shares | 201,502,729 | ( 163,060,690 ) |
| Net Cash From (Used in) Financing Activities | 19,982,348,119 | ( 1,648,070,162 ) |
| **NET INCREASE IN CASH AND CASH EQUIVALENTS** | 15,684,184,162 | 2,367,424,115 |
| **CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD** | 31,145,329,040 | 27,601,662,533 |
| **CASH AND CASH EQUIVALENTS OF A DECONSOLIDATED SUBSIDIARY** | - | ( 6,326,056,393 ) |
| **CASH AND CASH EQUIVALENTS AT END OF PERIOD** | P 46,829,513,202 | P 23,643,030,255 |

**ALLIANCE GLOBAL GROUP, INC. AND SUBSIDIARIES**
**AGING SCHEDULE OF TRADE AND OTHER RECEIVABLES**
**UNDER CURRENT ASSETS**
**SEPTEMBER 30, 2010**
***(Amounts in Philippine Pesos)***

| | | |
|---|---|---|
| Receivables | | |
| Current | P | 7,454,254,170 |
| 1 to 30 days | | 4,221,592,371 |
| 31 to 60 days | | 2,196,537,227 |
| Over 60 days | | 1,099,801,028 |
| Total | | 14,972,184,796 |
| Less Allowance for Impairment | | 77,419,447 |
| Balance at end of period | P | 14,894,765,349 |