

SEC Number **152249**

File Number \_\_\_\_\_

**ARANETA PROPERTIES INCORPORATED**

Company's Full name

**21<sup>st</sup> Floor Citibank Tower, Paseo de Roxas, Makati City**

Company's Address

**(632) 848-1501**

Telephone Number

**December 31**

Fiscal Year Ending  
(month & day)

**17-Q (1st Quarter)**

Form Type

\_\_\_\_\_  
Amended Designation (if applicable)

**March 31, 2006**

Period Ended Date

**Registered and Listed**

Secondary License Type and File Number

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q

QUARTERLY REPORT PURSUANT TO SECTION 17 OF THE SECURITIES REGULATION  
CODE AND SRC RULE 17(2) (b) THEREUNDER

1. For the quarterly period ended March 31, 2006
2. SEC Identification No. 152249 3. BIR Tax Identification No. 050-000-840-355
4. Exact name of issuer as specified in its charter: ARANETA PROPERTIES, INC.

5. \_\_\_\_\_  
Province, country or other jurisdiction of incorporation or organization

6. Industry Classification Code:  (SEC Use Only)

7. 21<sup>st</sup> Floor Citibank Tower Paseo de Roxas, Makati City  
Address of issuer's principal office Postal Code

8. (632) 848-1501  
Registrant's telephone number, including area code

9. \_\_\_\_\_  
Former name, former address, and former fiscal year, if changed since last report

10. Securities registered pursuant to Sections 8 and 12 of the Code, or Section 4 and 8 of the RSA  
**As of March 31, 2006**

<u>Title of Each Class</u>	<u>Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding</u>
	1,561,110,296

11. Are any or all of these securities listed on the Philippine Stock Exchange?  
Yes [**X**] No [ ]

12. Indicate by check mark whether the registrant:

(a) has filed all reports required to be filed by Section 17 of the Code and SRC Rule 17 thereunder or Sections 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 (or for such shorter period that the registrant was required to file such reports):

Yes [**X**] No [ ]

(b) has been subject to such filing requirements for the past 90 days.

Yes [**X**] No [ ]

## PART I -- FINANCIAL INFORMATION

### Item 1. Financial Statements

The financial statements of Araneta Properties Incorporated (“ARA” or the “Company”) are filed as part of this Form 17-Q.

### Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations; Plan of Operation

#### Plan of Operation

As at end of March 31, 2006, the Company continued to experience a deficit caused mainly by its pre-operating status.

On January 24, 2005 the ARA entered into a contract of lease with Platinum Group Metals Corporation (PGMC for brevity), as lessee, for the lease of land where the non-operating smelter plant of the Company is located. The lease contract shall be for a period of ten (10) years subject to renewal upon the mutual agreement of the parties. The contract called for an initial payment of ₱0.6 million, which included one (1) month advance rental, deposit amounting to P0.2 million and security deposit of amounting to ₱0.4 million.

Aside from the above discussed contract of lease, it also entered into a contract of sale with PGMC on January 24, 2005 for the sale of its non-operating smelter plant for a total consideration of ₱150.0 million. In accordance with the agreement, the Company received ₱2.0 million on the initial signing of contract together with checks dated April 24, 2005, and July 24, 2005 amounting to ₱3.0 million and ₱5.0 million, respectively. The remaining balance was and will be received in monthly installments of ₱2.0 million every month that started on January 24, 2005 and until October 24, 2011. The sale of the non-operating properties resulted in a gain amounting to ₱37.6 million. The same was reported in the Company’s Income Statement in year 2005.

Not precluding any future income from operation, the regular cash flow requirements of the Company for the next twelve (12) months and until October 24, 2011, can be funded by the above regular monthly rental income as well as the monthly amortization of the above mentioned sale of non-operating property.

As disclosed, on June 5, 2003 the ARA signed a Joint Venture Agreement with Sta. Lucia Realty & Dev., Inc. (SLRDI) to develop the Company’s property in San Jose, Del Monte, Bulacan consisting of 2,364,082 square meters. The development is embodied in the master plan which originally consisted of development of Class A Residential and Commercial Subdivision with Country Club and a proposed implementation of an 18-hole golf course, has resulted into the conversion of the proposed golf course into additional residential and commercial development.

Additionally, on December 15, 2004, the Company entered into a Memorandum of Agreement with the Philippine Judges Association (PJA) for the creation and development of the PJA Subdivision on the portion of a property of the Company also in Bulacan.

### ***Management's Discussion and Analysis***

The Company has yet to commercially launch its project with SLRDI pending approval of the latter's application for License to Sell (LS) which is to be obtained from the Housing and Land Use Regulatory Board (HLURB). Upon the release of the LS, the Joint Venture shall immediately launch its commercial take-off. The PJA Subdivision project in accordance with the above discussed memorandum of agreement, may start implementation as soon the said LS is released.

In spite of the fact that the Company incurred losses since 1997, the Company remains to be liquid. Total liability as at end March 31, 2006 is only 33% of the total assets of the Company. Additionally, 86% of the total value of the Company's assets amounting to P1.86 billion represents the cost of Real Estate for Sale and Development. The Company is optimistic that when it launches its commercial operation, the value of the land shall dramatically increase and eventually give the Company a profit margin.

The Company posted a net loss for the 2006 first quarter of ₱15.9 million compared to last year's first quarter net loss of P14.6 million.

	<i>For the Quarter Ended</i>	
	<i>March 31, 2005</i>	<i>March 31, 2004</i>
<b><u>Revenue</u></b>	<b>P0.537 million</b>	<b>none</b>
<b><u>Direct Costs</u></b>	<b>None</b>	<b>none</b>
<b><u>Gross Profit Margin</u></b>	<b>None</b>	<b>None</b>
<b><u>Operating Expenses</u></b>	<b>P16.451 million</b>	<b>P14.626 million</b>
<b><u>Net Income/(Loss)</u></b>	<b>(P15.914 million)</b>	<b>(P14.626 million)</b>

Revenue generated for the first quarter of 2006 represents rental income from its land located at Manticao Misamis Oriental, while the increase in operating expenses for the first quarter of 2006 compared with the first quarter of 2005 is brought about mainly with the implementation of Value Added Tax (VAT) and regional increase in basic commodities.

### **Liquidity and Capital Resources**

As mentioned above, in spite of the losses incurred by the Company due to prolonged pre-operating state the Company, ARA remains to be stable because of its large amount of resources not only in terms of assets but also the support from its stockholders.

	<i>For the Quarter Ended</i>	
	<u>March 31, 2005</u>	<u>March 31, 2004</u>
<b>Total assets as at end of</b>	<b>P1.606 billion</b>	<b>P1.555 billion</b>
<b>Total Liabilities as at end of</b>	<b>P0.558 billion</b>	<b>P0.481 billion</b>
<b>Ration of assets to liability</b>	<b>34%</b>	<b>30%</b>

**Financial Condition**

<b>Cash and cash equivalent</b>	<b>P0.855 million</b>	<b>P0.962 million</b>
<b>Receivables -net</b>	<b>P165.398 million</b>	<b>P054.235 million</b>
<b>Real Estate for Sale and Dev't</b>	<b>P1.389 billion</b>	<b>P1.389 billion</b>
<b>Property and Equipment</b>	<b>P37.106 million</b>	<b>P44.895 million</b>
<b>Other Assets</b>	<b>P13.548 million</b>	<b>P65.388 million</b>
<b>Notes Payable</b>	<b>P231.220 million</b>	<b>P231.220 million</b>
<b>Accounts Payable &amp; Accruals</b>	<b>P317.388 million</b>	<b>P249.372 million</b>
<b>Stockholders' Equity</b>	<b>P1.048 billion</b>	<b>P1,074 billion</b>

The decrease in cash and cash equivalent is attributable to the net cash flows used by the Company in its operating activities.

The significant increase in receivables is attributable to the recognition of current and non-current receivable from PGMC from the sale of non-operating property.

The decrease in property and equipment is brought about by the normal provision for an estimated depreciation using straight line method.

The decrease in other assets is attributed to the sale of non-operating property to smelter plant.

The increase in accounts payable and accruals is attributed to regular accrual of deferred payment of interest and as well as advances from the Joint Venture with SLRDI.

The decrease in Stockholder's Equity is attributed to normal operational losses due to the Company's pre-operating status.

**Capital Expenditure**

There was no capital expenditure for the period under review.

**Other Matters**

No disclosures nor discussions were made for the following since these did not affect the past and present operations of the Company:

- (a) Known trends, demands, commitments, events or uncertainties that will have a material impact on the Company's liquidity other than those mentioned in the Plan of Operation above;
- (b) Known trends, events or uncertainties that have significant impact on net sales or income rather than what was mentioned in the Plan of Operation.
- (c) Significant elements of income or loss that did not arise from the Company's continuing operations other than what was mentioned in the Revenues.
- (d) Seasonal aspects that have material effect on the financial condition or results of operations.

**PART II - OTHER INFORMATION**

**As of this date, the Company filed the following reports on SEC Form 17-C:**

Date of Report	Item Reported
December 31, 2005	Certification of Compliance with code of Corporate governance - Submitted to SEC on Jan. 6, 2006
March 31, 2006	Appointment of Atty. Base as the OIC of ARA



**SIGNATURES**

Pursuant to the requirements of the Securities Regulation Code, the issuer has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized

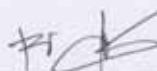
**ARANETA PROPERTIES, INC.**

Issuer

By:



**GREGORIO MA. ARANETA III**  
President and Principal Executive Officer  
Date : **May 19, 2006**



**ROY B. ALCID**  
Principal Financial Officer  
Date : **May 19, 2006**



COVER SHEET

1 5 2 2 4 9  
S.E.C.Registration Code

A R A N E T A P R O P E R T I E S I N C  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

(Company's Full Name)

2 1 F L O O R C I T I B A N K T O W E R P A S E O  
D E R O X A S M A K A T I C I T Y  
\_\_\_\_\_  
\_\_\_\_\_

(Business Address: No. Street City/Town/Province)

Gerardo D. Deloso  
Contact Person

(632) 848 1501 UP TO 04  
Company Telephone Number

1 2 3 1  
Month Day  
Fiscal Year

1 7 - Q  
FORM TYPE

\_\_\_\_\_  
Month Day  
Annual Meeting

\_\_\_\_\_  
Second License Type, If applicable

\_\_\_\_\_  
Dept. Requiring this Doc.

\_\_\_\_\_  
Amended Articles Number/Section

\_\_\_\_\_  
Total No. of Stockholders

\_\_\_\_\_  
Total Amount of Borrowings  
Domestic Foreign

To be accomplished by SEC Personnel concerned

\_\_\_\_\_  
File Number

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**ARANETA PROPERTIES, INC.****BALANCE SHEET**

		AS OF MARCH 31, 2006 Un-audited		AS OF DECEMBER 31, 2005 Audited		CHANGES INCREASE (DECREASED)
<b>ASSETS</b>						
Cash and cash equivalents	P	855,091	P	427,253	P	427,838
Receivables		165,398,212		168,579,648		(3,181,436)
Real Estate for Sale and Development		1,389,963,735		1,389,963,735		0
Property, plant and equipment		37,106,292		37,785,026		(678,734)
Other assets		13,548,476		13,520,943		27,533
<b>TOTAL ASSETS</b>	<b>P</b>	<b>1,606,871,805</b>	<b>P</b>	<b>1,610,276,605</b>	<b>P</b>	<b>(3,404,800)</b>

**LIABILITIES AND STOCKHOLDERS' EQUITY****Current Liabilities**

Accounts Payable and Accrued Expenses	P	317,388,872	P	304,879,460	P	12,509,412
Notes Payable		231,220,826		231,220,826		-
Out-put VAT payable		8,573,047		8,573,047		-
Income Tax Payable		146,981		146,981		-
Accrued retirement benefit obligation		1,210,800		1,210,800		-

**Stockholders' Equity**

## Capital Stock:

Issued and Paid						
(Authorized - 5 Billion shares at P1.00 par value)		1,561,110,296		1,561,110,296		-
Capital Surplus		154,395,374		154,395,374		-
Unrealized valuation of gain AFS investments		30,000		30,000		-
Deficit		(667,204,391)		(651,290,180)		(15,914,212)
Total		1,048,331,279		1,064,245,490		(15,914,212)

<b>TOTAL LIABILITIES and STOCKHOLDERS' EC</b>	<b>P</b>	<b>1,606,871,805</b>	<b>P</b>	<b>1,610,276,605</b>	<b>P</b>	<b>(3,404,799)</b>
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Net Book Value per Share	P	1	P	1	P	-
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**ARANETA PROPERTIES, INC.**  
BALANCE SHEET

	AS OF		AS OF		CHANGES	
	MARCH 31, 2006		MARCH 31, 2005		INCREASE	
	Un-audited		Un-audited		(DECREASED)	
<b>ASSETS</b>						
Cash and cash equivalents	P	855,091	P	962,211	P	(107,120)
Receivables		165,398,212		54,235,141		111,163,071
Real Estate for Sale and Development		1,389,963,735		1,389,963,735		0
Property, plant and equipment		37,106,292		44,895,000		(7,788,708)
Other assets		13,548,476		65,388,311		(51,839,836)
<b>TOTAL ASSETS</b>	<b>P</b>	<b>1,606,871,805</b>	<b>P</b>	<b>1,555,444,398</b>	<b>P</b>	<b>51,427,407</b>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>						
<b>Current Liabilities</b>						
Accounts Payable and Accrued Expenses	P	317,388,872	P	249,372,809	P	68,016,063
Notes Payable		231,220,826		231,220,826		-
Out-put VAT payable		8,573,047		-		8,573,047
Income Tax Payable		146,981		25,659		121,322
Accrued retirement benefit obligation		1,210,800		-		1,210,800
<b>Stockholders' Equity</b>						
<b>Capital Stock:</b>						
Issued and Paid						
(Authorized - 6 Billion shares at P1.00 per value)		1,561,110,296		1,561,110,296		-
Capital Surplus		154,395,374		154,395,374		-
Unrealized valuation of gain AFS investments		30,000		-		30,000
Deficit		(667,204,391)		(640,680,566)		(26,523,825)
<b>Total</b>		<b>1,048,331,279</b>		<b>1,074,825,104</b>		<b>(26,493,825)</b>
<b>TOTAL LIABILITIES and STOCKHOLDERS' EQUITY</b>	<b>P</b>	<b>1,606,871,805</b>	<b>P</b>	<b>1,555,444,398</b>	<b>P</b>	<b>51,427,407</b>
<b>Net Book Value per Share</b>	<b>P</b>	<b>1</b>	<b>P</b>	<b>1</b>	<b>P</b>	<b>-</b>

05/11/05



**ARANETA PROPERTIES, INC.**  
**STATEMENT OF INCOME AND DEFICIT**

	FOR THE THREE (3) MONTHS ENDED	
	MARCH 31, 2006	MARCH 31, 2005
<b>REVENUES</b>		
Interest	1,521	-
Rent	535,714	-
	P 537,235	P -
<b>EXPENSES</b>		
Interest	11,386,755	8,765,451
Security Costs	702,940	1,186,184
Depreciation expense	678,734	685,590
Profesional fees	285,000	926,326
Salaries & Wages	1,035,456	343,870
Building Dues & Other Charges	314,326	314,326
Telecommunication	118,082	109,859
Taxes & Licenses	16,060	8,997
Transporation & Travelling	9,611	8,900
Printing and Office Expenses	125,507	21,611
Repairs & Maintenance	157,669	129,546
Representation	741,470	813,470
Gasoline, Oil & Lubes	90,523	62,735
Other operating costs	789,313	1,249,148
	16,451,447	14,626,011
<b>NET LOSS</b>	<b>15,914,211</b>	<b>14,626,011</b>
<b>WEIGHTED AVERAGE NUMBER OF SHARE</b>	<b>1,561,110,296</b>	<b>1,561,110,296</b>
<b>NET LOSS PER SHARE</b>	<b>P 0.0102</b>	<b>P 0.0094</b>

05/10/05



**ARANETA PROPERTIES, INC.**  
STATEMENT OF CHANGES IN EQUITY

	FOR THE THREE (3) MONTHS ENDED	
	MARCH 31, 2006	MARCH 31, 2005
Balance at December 31,	1,561,110,296	1,561,110,296
Add: Capital surplus:	154,395,374	154,395,374
Unrealized valuation of gain on AFS Investments	30,000	
Total	1,715,535,670	1,715,505,670
Deficit as at December 31,	(651,290,180)	(626,054,555)
Net Loss for the three (3) months Ending March 31,	(15,914,211)	(14,626,011)
Balance at end of March 31,	1,048,331,279	1,074,825,104



**ARANETA PROPERTIES, INC.**  
**COMPARATIVE CASH FLOWS**

( In Ph Pesos)	FOR THE THREE (3) MONTHS ENDING	
	MARCH 31, 2006	MARCH 31, 2005
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net Income (Loss)	(15,914,211)	(14,626,011)
Add: Back Non-cash items		
Interest expense	11,386,755	8,766,387
Depreciation	678,734	685,590
Provision for doubtful accounts and other losses	-	-
Changes in operating assets and liabilities:		
Decrease (Increase) in:		
Receivables	(111,163,071)	2,612,912
Inventories	-	-
Other current assets	-	(40,840)
Increase (Decrease) in:		
Accounts Payable & Accruals	88,841,232	962,536
Net cash provided by (used in) operating activities	(26,170,561)	(1,639,426)
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Decrease (Increase) in Property, Plant & Equipment	7,788,708	(8,091)
Decrease (Increase) in other assets	23,733,293	-
Net cash provided by (used in) investing activities	31,522,001	(8,091)
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Net availments of short-term borrowings	-	-
Advances from Officers	(4,923,602)	2,161,729
Net availments of long-term borrowings	-	-
Net cash provided by (used in) financing activities	(4,923,602)	2,161,729
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>427,838</b>	<b>514,212</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF QUARTER</b>	<b>427,253</b>	<b>447,999</b>
<b>CASH AND CASH EQUIVALENTS AT QUARTER END</b>	<b>855,091</b>	<b>962,211</b>

05/1005



**ARANETA PROPERTIES, INC.**  
CASH AND CASH EQUIVALENT  
AS OF MARCH 31, 2006

	AMOUNT
<b>Cash on Hand</b>	
Petty Cash fund	31,252
Revolving Fund	21,843
<b>Total</b>	<u>53,095</u>
<b>Cash in Banks</b>	
Cash in Bank - China Bank	21,121
Cash in Bank - CBC SFCDA	166,004
Cash in Bank - Equitable	31,388
Cash in Bank - Banco de Oro	583,482
<b>Total</b>	<u>801,996</u>
<b>TOTAL</b>	<u>855,091</u>



## ARANETA PROPERTIES, INC.

## Receivables

	AS OF MARCH 31, 2006	AS OF MARCH 31, 2005
Advances to Stockholders	69,659,932.71	53,038,856
Installment Receivable, Inclusive of Interest (see Note 6)		
Current	14,857,773.29	-
Non-Current	64,289,067.62	-
Advances for liquidation	17,919,685.52	329,364
Advances to suppliers and Others	683,064.85	2,832,615
	<u>167,409,523.99</u>	<u>56,200,835</u>
Less: provision for doubtful account	2,011,311.83	1,965,694
Net	<u>165,398,212.16</u>	<u>54,235,141</u>





ARANETA PROPERTIES, INC.  
 SCHEDULE OF RECEIVABLE  
 AS OF MARCH 31, 2006

PARTICULARS	AMOUNT	COLLECTION/REQUIREMENT			
		1 Month	15 Days	Overdue	Other
Advances from officers	69,659,932.71				69,659,932.71
Heritage Mining Corporation	1,867,442.86			1,867,442.86	-
Platinum Group Metals-Current	14,857,773.29	2,000,000.00			12,857,773.29
Platinum Group Metals-Non Current	64,289,067.62				64,289,067.62
Invitech	52,333.33				52,333.33
Executive Cars, Inc.	150,577.00				150,577.00
Zhendong Trading	42,304.95				42,304.95
Citibank Contractors	36,191.92				36,191.92
National Steel Corporation	31,237.96				31,237.96
Zamnia Liza	180,754.30	23,211.73		137,542.57	-
Lunguy, Marcial	192,475.04	15,000.00		177,475.04	-
Others	16,089,433.61				16,089,433.61
TOTAL	167,409,523.99	2,038,211.73		1,867,442.86	163,188,851.79
ALLOW FOR DOUBTFUL ACCT	2,011,311.83				2,011,311.83
NET RECEIVABLE	165,398,212.16	2,038,211.73		1,867,442.86	161,177,539.96



Annex 58 (M/a 4.2)

**ARANETA PROPERTIES, INC.**  
**SCHEDULE OF REAL ESTATE FOR SALE and LAND DEVELOPMENT COSTS**

	As of March 31, 2006	As of March 31, 2005
Land: Cost of 2,478,386 sq.m.	1,138,428,782	1,138,428,782
Doc. Stamp Payment with the BIR	17,095,938	17,095,938
Treasurer of Bulacan-Registration	16,470,041	16,470,041
Cost of 2,751 sqm Ciudad Real Lot	9,628,500	9,628,500
<b>Total</b>	<b>1,181,623,261</b>	<b>1,181,623,261</b>
<b>Land Development Costs</b>		
Bank Interest Charges	190,701,896	190,701,896
Professional Fees	33,937,216	33,937,216
Security Services	14,098,449	14,098,449
Salaries & Wages	3,414,506	3,414,506
Contractual Costs	3,130,271	3,130,271
Land Imprts (water deepwell/fundacion & Makalip)	2,148,000	2,148,000
Registration Fees	115,531	115,531
Building Dues & Other Charges	1,499,377	1,499,377
Telecommunications	1,459,068	1,459,068
Construction Materials & Supplier	963,203	963,203
Stationeries, Printing & Supplies	966,084	966,084
Repairs & Maintenance	937,888	937,888
Representation	841,323	841,323
Advertising Expenses	596,694	596,694
Transporation & Travelling	549,273	549,273
Taxes & Licenses	116,147	116,147
Depreciation Expenses	8,387,809	8,387,809
Others	5,841,196	5,841,196
<b>Total</b>	<b>269,703,932</b>	<b>269,703,932</b>
Less: Interest Income	(10,034,173)	(10,034,173)
Provision for loss on Dacion	(44,248,925)	(44,248,925)
Charges to Preoperating	(7,080,359)	(7,080,359)
<b>Total (net)</b>	<b>208,340,474</b>	<b>208,340,474</b>
<b>TOTAL</b>	<b>1,389,963,735</b>	<b>1,389,963,735</b>



**ARANETA PROPERTIES, INC.**  
**PROPERTY PLANT & EQUIPMENT**

	AS OF DEC 31, 2005	YEAR 2006			AS OF MARCH 31, 2006
		ACQUISITION/ DEPRECIATION	TRANSFERRED	RETIRED OR SOLD	
<b>PPE COSTS DATA</b>					
Building	46,047,003.73				46,047,003.73
Building Improvements	10,439,778.79				10,439,778.79
Building and Plant Structures	3,146,943.13				3,146,943.13
Transportation Equipment	3,502,219.83				3,502,219.83
Heavy Machinery Equipment	4,486,928.72				4,486,928.72
Other Tools & Equipment	352,661.01				352,661.01
Communication Equipment	2,006,431.22				2,006,431.22
Office Furniture & Equipment	4,060,154.38				4,060,154.38
Total	74,042,120.81	-	-	-	74,042,120.81
<b>DEPRECIATION DATA</b>					
Building	14,705,808.51	460,470.03			15,166,278.54
Building Improvements	6,988,208.91	104,397.78			7,092,606.69
Building and Plant Structures	754,145.39	31,469.43			785,614.82
Transportation Equipment	3,298,192.54	39,852.19			3,338,044.73
Heavy Machinery Equipment	4,486,928.76	-			4,486,928.76
Other Tools & Equipment	318,570.09	2,418.20			320,988.29
Communication Equipment	1,934,416.65	17,703.24			1,952,119.89
Office Furniture & Equipment	3,770,823.91	22,423.47			3,793,247.38
Total	36,257,094.76	678,734.34	-	-	36,935,829.10
<b>NET BOOK VALUE</b>					
Building	31,341,195.22	(460,470.03)	-	-	30,880,725.19
Building Improvements	3,451,569.88	(104,397.78)	-	-	3,347,172.10
Building and Plant Structures	2,392,797.74	(31,469.43)	-	-	2,361,328.31
Transportation Equipment	204,027.29	(39,852.19)	-	-	164,175.10
Heavy Machinery Equipment	(0.04)	-	-	-	(0.04)
Other Tools & Equipment	34,090.92	(2,418.20)	-	-	31,672.72
Communication Equipment	72,014.57	(17,703.24)	-	-	54,311.33
Office Furniture & Equipment	289,330.47	(22,423.47)	-	-	266,907.00
Total	37,785,026.05	(678,734.34)	-	-	37,106,291.71



SCHEDULE OF FINANCIAL REPORT  
SCHEDULE OF OTHER ASSETS

	AS OF:	2006 TRANSACTION		AS OF
	DEC. 31, 2005	DEBIT	CREDIT	MARCH 31, 2006
<b>Tax Debit and Tax Credit Certificate</b>				
TCC / TDM on Hand	1,122,092.91			1,122,092.91
TCC w/ application for Cash refund	2,496,772.49			2,496,772.49
<b>Total</b>	<b>3,618,865.40</b>	<b>-</b>	<b>-</b>	<b>3,618,865.40</b>
<b>Recoverable tax</b>				
1990 - 1994 Evat	12,133,741.73			12,133,741.73
1995 & Evat w/ on going claims at One stop shop-drawback taxes of Department of Finance	1,582,145.66			1,582,145.66
1998 & todate input tax	953,194.83	91,818.28		1,045,013.11
VAT from sale of Smelter Plant	(7,931,716.88)		64,285.71	(7,996,002.59)
<b>Total</b>	<b>6,737,365.34</b>	<b>91,818.28</b>	<b>64,285.71</b>	<b>6,764,897.91</b>
<b>Others</b>				
Inchrome old accounts	2,049,742.44			2,049,742.44
Investment (Tagaytay & Subic)	2,500,000.00			2,500,000.00
Advances from mineral royalties	1,498,854.27			1,498,854.27
Prepayments	11,566.58			11,566.58
Manila Polo club	10,000.00			10,000.00
Chrome Ore Inventory	568,445.00			568,445.00
Property at Manticao "Parcel of land"	5,444,076.65			5,444,076.65
	12,082,684.94	-	-	12,082,684.94
<b>Total</b>	<b>22,438,915.68</b>	<b>91,818.28</b>	<b>64,285.71</b>	<b>22,466,448.25</b>
Less: Provision for Doubtful Account	8,917,972.66			8,917,972.66
<b>NET</b>	<b>13,520,943.02</b>	<b>91,818.28</b>	<b>64,285.71</b>	<b>13,548,475.59</b>



ARANETA PROPERTIES, INC.  
SCHEDULE OF LOANS & NOTES PAYABLE

	AS OF MARCH 31, 2006	AS OF MARCH 31, 2005
<b>Bank Loans</b>		
China Banking Corporation	192,720,826	192,720,826
Philippine National Bank	38,500,000	38,500,000
<b>TOTAL</b>	<b>231,220,826</b>	<b>231,220,826</b>



ARANETA PROPERTIES, INC.  
SCHEDULE OF ACCOUNTS PAYABLES & ACCRUALS

	AS OF MARCH 31, 2006	AS OF MARCH 31, 2005
<b>ACCOUNTS PAYABLE:</b>		
Accounts Payable to Suppliers	21,005,462	21,667,478
SSS Salary Loan Payable	4,876	4,876
Pag-ibig Fund Contribution	88,100	87,500
SSS, Medicare & EC Payable	706,457	698,050
Withholding Tax Payable	1,246,009	1,123,118
Account Payable Others	1,619,664	1,410,040
Retentions & Deposits	35,816,298	18,188,163
	<u>60,486,867</u>	<u>43,179,223</u>
<b>ACCRUED EXPENSES</b>		
Accrued Payroll	278,268	280,487
Accrued Operating	25,902,291	12,515,821
Accrued Interest	230,721,447	193,397,277
	<u>256,902,005</u>	<u>206,193,584</u>
<b>TOTAL</b>	<u>317,388,872</u>	<u>249,372,809</u>



**Quarterly Income Tax Return**

BIR Form No. **1702Q**  
August 2002 (EACB)

Republika ng Pilipinas  
Pagpapalaganap ng Pansamantalang  
Kawanihan ng Rentas Internas

For Corporations and Partnerships

Fill in all applicable spaces. Mark all appropriate boxes with an "X".

1 For file:  Calendar  Fiscal  Quarter  
2 Year Ended (MM/YYYY): **12 2006**  
3 Quarter:  1st  2nd  3rd  
4 Amended Return?   X  
5 No. of sheets attached: **1 2**

**Part I Background Information**

6 TIN: **008 840 355 000** 7 RDO Code: **000** 8 Line of Business: **Real Estate Development**  
9 Taxpayer's Name: **ARANETA PROPERTIES, INC.** 10 Telephone No.: **8481501**  
11 Registered Address: **21/F Citibank Tower, Paseo de Roxas, Makati City** 12 Zip Code: **1227**  
13 Are you availing of tax relief under Special Law / International Tax Treaty?  Yes  No If yes, specify: \_\_\_\_\_ MATC: \_\_\_\_\_

**Part II Computation of Tax**

Declaration This Quarter		EXEMPT		Special Rate		TAXABLE		Regular Rate
15 Sales/Revenues/Receipts	15A		15B		15C		15D	537,235.00
16 Less: Cost of Sales/Services	16A		16B		16C		16D	-
17 Gross Income	17A		17B		17C		17D	-
18 Add: Other Income	18A		18B		18C		18D	-
19 Total Gross Income	19A		19B		19C		19D	-
20 Less: Deductions	20A		20B		20C		20D	16,451,447.00
21 Taxable Income This Quarter	21A		21B		21C		21D	(15,914,211.00)
22 Add: Taxable Income from Previous Quarter(s)	22A		22B		22C		22D	-
23 Total Taxable Income to Date	23A		23B		23C		23D	NONE
24 Tax Rate	24A		24B		24C		24D	-
25 Tax Due	25A		25B		25C		25D	NONE
26 Less: Share of Other Agencies (RA 7916 / 8748 etc.)	26A		26B		26C		26D	-
27 Tax due to the BIR on transaction under Special Rate (Item 25A less 26)	27A		27B		27C		27D	-
28 [Aggregate Tax Due - (Sum of Items 27 and 25B)]	28A		28B		28C		28D	-
29 Less: Tax Credits/Payments	29A		29B		29C		29D	-
29A Prior Year's Excess Credits	29A		29B		29C		29D	-
29B Tax Payment(s) for the Previous Quarter(s)	29B		29C		29D		29E	-
29C Creditable Tax Withheld for the Previous Quarter(s)	29C		29D		29E		29F	-
29D Creditable Tax Withheld Per BIR Form No. 2307 for this Quarter	29D		29E		29F		29G	-
29E Tax paid in Return Previously Filed, if this is an Amended Return	29E		29F		29G		29H	-
29F Total Tax Credits/Payments (Sum of Items 29A, 29B, 29C, 29D and 29E)	29F		29G		29H		29I	-
30 Tax Payable (Overpayment) (Item 28 less Item 29F)	30A		30B		30C		30D	NONE
31 Add: Penalties	31A		31B		31C		31D	-
31A Surcharge	31A		31B		31C		31D	-
31B Interest	31B		31C		31D		31E	-
31C Compromise	31C		31D		31E		31F	-
32 Total Amount Payable (Overpayment) (Sum of Items 30 and 31D)	32A		32B		32C		32D	NONE

We declare, under the penalties of perjury, that this return has been made in good faith, verified by us, and to the best of our knowledge and belief, is true and correct, pursuant to the provisions of the National Internal Revenue Code, as amended, and the regulations issued under authority thereof.

33 **CRISANTO ROY B. ALCO**  
President/Vice President or Authorized Agent  
(Signature over Printed Name)  
107 973 163  
TIN of Tax Agent (if applicable)

34 **Gerardo D. Delgado**  
Treasurer/Agent-Treasurer or Authorized Agent  
(Signature over Printed Name)  
104 609 002  
Tax Agent Accreditation No. (if applicable)

**Part III Details of Payment**

Particulars	Drawee/Bank Agency	Number	Date	TIN	Amount	Stamp of Receiving Office and Date of Receipt
35 Cash/Bank						
36 Check	36A	36B	36C	36D	36E	
37 Tax Debit Memo		37A	37B	37C	37D	
38 Others	38A	38B	38C	38D	38E	

Machine Validation/Revenue Official Receipt Details (if not filed with the bank)

MAY 12 2006  
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