COVER SHEET

AS094-8752

S.E.C. Registration Number

EVER GOTESCO RESOURCES & HOLDINGS, INC. & SUBSIDIARY

(Company's Full Name)

12 FLR. GOTESCO CORP. CTR. 1958 C.M. RECTO, QUIAPO, MANILA

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

ATTY. VICENTE V. CANONEO

Contact Person

735-69-01 LOCAL 329

Company Telephone Number

12 31

Month *Day*

Fiscal Year

SEC FORM 17Q

FORM TYPE

August - Last Friday

Month *Day*

Annual Meeting

Secondary License Type, If Applicable

CRMD

Dept. Requiring this Doc.

Amended Articles Number/Section

6,365

Total No. of Stockholders

Total Amount of Borrowings

Domestic	Foreign
P50,000,000.00	

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I.D.

Cashier

STAMPS

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q

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

1. For the Quarter ended March 31, 2006

2. SEC Identification Number AS 094-8752 3. BIR Tax Identification No. 032-004-817-595

4 Exact name of issuer as specified in its charter EVER GOTESCO RESOURCES & HOLDINGS, INC.

5. Philippines
Province country code or other jurisdiction of incorporation or organization

6. [ ] (SEC Use Only)
Industry Classification Code:

7. 12F Ever Gotesco Corporate Center
1958 C.M. Recto Ave. Quiapo, Manila
Address of registrant's principal office

1200
Postal Code

8. 735-69-01; 735-02-71 loc. 366/248
Issuer's telephone number, including area code

9. Former name, former address and former fiscal year, if changed since last report - None

10. Securities registered pursuant to Sections 8 and 12 of the SRC, or Sec.4 and 8 of the RSA

Title of Each Class	Number of shares of common stock outstanding and amount of debt outstanding
Common Stock, P 1.00 par value	5,000,000,000

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

If yes, state the name of such stock exchange and the classes of securities listed therein:
Philippine Stock Exchange – Common Stock

12. Indicate by check mark whether the registrant:

(a) 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 (or for such shorter period that the registrant was required to file such report);

Yes [X] No [ ]

(b) Had been subject to such filing requirements for the past ninety (90) days.
Yes [X] No [ ]

PART 1 - FINANCIAL INFORMATION

Item 1. Financial Statements

EVER GOTESCO RESOURCES AND HOLDINGS, INC. AND SUBSIDIARY

UNAUDITED CONSOLIDATED BALANCE SHEETS
MARCH 31, 2006 & DECEMBER 31, 2005
(In Philippine Peso)

	CONSOLIDATED		PARENT COMPANY	
	MARCH 31, 2006	DEC. 31, 2005 *	MARCH 31, 2006	DEC. 31, 2005 *
ASSETS				
CURRENT ASSETS	516,646,700	434,380,955	284,152,635	227,399,297
PROPERTY AND EQUIPMENT, NET	17,249,269	17,753,354	14,288,684	14,687,189
INVESTMENTS IN SUBSIDIARY	-	-	1,124,514,770	1,124,970,006
INVESTMENT IN PROPERTIES, NET	2,906,802,532	2,950,625,887	1,406,466,493	1,435,472,280
RECEIVABLES FROM RELATED PARTIES	434,441,386	401,285,122	224,141,042	203,308,469
OTHER NONCURRENT ASSETS	19,553,825	19,726,982	13,496,654	13,479,885
TOTAL ASSETS	**3,894,693,712**	**3,823,772,300**	**3,067,060,278**	**3,019,317,126**
LIABILITIES AND STOCKHOLDERS' EQUITY				
CURRENT LIABILITIES	2,055,062,239	2,023,097,927	447,930,808	439,780,931
DEFERRED TAX LIABILITY	20,980,762	20,980,762	-	-
PAYABLES TO AFFILIATES	-	636,175	-	-
RETIREMENT BENEFITS LIABILITY	636,500	636,500	374,800	374,800
TOTAL LIABILITIES	**2,076,679,501**	**2,045,351,364**	**448,305,608**	**440,155,731**
STOCKHOLDERS' EQUITY	1,818,014,211	1,778,420,936	2,618,754,670	2,579,161,395
TOTAL LIABILITIES & STOCKHOLDERS' EQUITY	**3,894,693,712**	**3,823,772,300**	**3,067,060,278**	**3,019,317,126**

* Based on Audited Financial Statements

See accompanying notes to Unaudited Financial Statements

EVER GOTESCO RESOURCES AND HOLDINGS, INC. AND SUBSIDIARY
UNAUDITED CONSOLIDATED STATEMENTS OF INCOME AND RETAINED EARNINGS
For the Three-Month Period ended March 31,
(In Philippine Peso)

	CONSOLIDATED			PARENT		
	First Quarter Ended March 31			First Quarter Ended March 31		
	2006	2005	2004	2006	2005	2004
RENTAL REVENUE	80,757,147	78,273,674	82,447,608	45,510,538	39,700,017	42,580,904
OPERATING COSTS AND EXPENSES	55,632,811	58,703,088	53,831,215	31,991,015	34,600,032	30,545,387
INCOME FROM OPERATIONS	**25,124,336**	**19,570,586**	**28,616,393**	**13,519,523**	**5,099,985**	**12,035,517**
OTHER INCOME (EXPENSE)-NET						
Equity in net earnings of a 100% owned subsidiary	-	-	-	1,003,453	(4,217,786)	(2,307,931)
Accretion of Interest due PAS 32 & 39, net	33,156,265			25,059,187		
Interest-net	(18,687,326)	(18,657,098)	(18,836,250)	11,112	31,289	52,557
INCOME BEFORE INCOME TAX	**39,593,275**	**913,488**	**9,780,143**	**39,593,275**	**913,488**	**9,780,143**
PROVISION FOR INCOME TAX	-	-	-	-	-	-
NET INCOME (LOSS)	**39,593,275**	**913,488**	**9,780,143**	**39,593,275**	**913,488**	**9,780,143**
RETAINED EARNINGS AT BEGINNING OF PERIOD	(3,221,579,064)	(2,423,158,106)	(2,101,133,420)	(2,420,838,605)	(2,423,158,106)	(2,101,133,420)
RETAINED EARNINGS AT END OF PERIOD	**(3,181,985,789)**	**(2,422,244,618)**	**(2,091,353,277)**	**(2,381,245,330)**	**(2,422,244,618)**	**(2,091,353,277)**
EARNINGS PER SHARE:						
BASIC EARNINGS PER SHARE (A/B)	0.0079	0.0002	0.0020	0.0079	0.0002	0.0020
Computation -						
Net Income (Loss) for the Period (A)	39,593,275	913,488	9,780,143	39,593,275	913,488	9,780,143
Weighted Ave. No. of Common Shares Outstanding during the Period (B)	5,000,000,000	5,000,000,000	5,000,000,000	5,000,000,000	5,000,000,000	5,000,000,000
DILUTED EARNINGS PER SHARE	*	*	*	*	*	*

* There are no factors that would have dilutive effects on Earnings per Share of the Common Shares, thus, no computation.
See accompanying notes to unaudited financial statements

EVER GOTESCO RESOURCES AND HOLDINGS, INC. AND SUBSIDIARY
UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS
(In Philippine Peso)

	CONSOLIDATED			PARENT		
	First Quarter Ended March 31			**First Quarter Ended March 31**		
	2006	**2005**	**2004**	**2006**	**2005**	**2004**
CASH FLOWS FROM OPERATING ACTIVITIES						
Net Income (Loss)	39,593,275	913,488	9,780,143	39,593,275	913,488	9,780,143
Adjustments to reconcile net income to net						
cash provided by operating activities:						
Equity in net earnings of a 100% ownedsubsidiary				(1,003,453)	4,217,786	2,307,931
Depreciation and amortization	44,338,509	43,569,168	43,012,132	29,404,291	28,623,075	28,335,344
Deferred income tax expense	-	-	-			
Changes in operating assets and						
liabilities	(98,115,649)	(44,929,858)	(51,340,138)	(73,920,154)	(34,753,567)	(39,038,288)
Net cash provided by(used in) operating activities	**(14,183,865)**	**(447,202)**	**1,452,137**	**(5,926,041)**	**(999,218)**	**1,385,130**
CASH FLOWS FROM INVESTING ACTIVITIES						
Additions to property and equipment	(11,069)	(431,114)	(951,294)	-	(197,717)	(946,295)
Net cash provided by (used in) investing activities	**(11,069)**	**(431,114)**	**(951,294)**	**-**	**(197,717)**	**(946,295)**
CASH FLOWS FROM FINANCING ACTIVITIES						
Proceeds from:						
Capital stock subscription						
Loans	-	-	-	-	-	-
Repayment of long-term debt	-	-	-	-	-	-
Net cash provided by(used in) financing activities	**-**	**-**	**-**	**-**	**-**	**-**
NET INCREASE (DECREASE) IN CASH	**(14,194,934)**	**(878,316)**	**500,843**	**(5,926,041)**	**(1,196,935)**	**438,835**
CASH AT BEGINNING OF PERIOD	21,990,689	3,773,748	3,180,896	10,039,624	2,441,619	1,547,398
CASH AT END OF PERIOD	7,795,755	2,895,432	3,681,739	4,113,583	1,244,684	1,986,233

see accompanying notes to unaudited financial statements

EVER GOTESCO RESOURCES AND HOLDINGS, INC. AND SUBSIDIARY
UNAUDITED CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
(In Philippine Peso)

	CONSOLIDATED			PARENT		
	First Quarter Ended March 31			First Quarter Ended March 31		
	2006	2005	2004	2006	2005	2004
CAPITAL STOCK	5,000,000,000	5,000,000,000	5,000,000,000	5,000,000,000	5,000,000,000	5,000,000,000
RETAINED EARNINGS, BEGINNING	(3,221,579,064)	(2,423,158,106)	(2,101,133,420)	(2,420,838,605)	(2,423,158,106)	(2,101,133,420)
Net Income (Loss) for the period	39,593,275	913,488	9,780,143	39,593,275	913,488	9,780,143
RETAINED EARNINGS, ENDING	(3,181,985,789)	(2,422,244,618)	(2,091,353,277)	(2,381,245,330)	(2,422,244,618)	(2,091,353,277)
TOTAL STOCKHOLDERS' EQUITY	**1,818,014,211**	**2,577,755,382**	**2,908,646,723**	**2,618,754,670**	**2,577,755,382**	**2,908,646,723**

see accompanying notes to unaudited financial statements

SCHEDULE A

EVER GOTESCO RESOURCES AND HOLDINGS, INC. AND SUBSIDIARY
BALANCE SHEET SCHEDULES
As of March 31, 2006

	CONSOLIDATED	PARENT
CURRENT ASSETS		
Cash on Hand and in Banks	7,795,755	4,113,583
Accounts Receivable - Trade, net (Affiliate)	320,200,012	155,773,117
Accounts Receivable - Trade, net (Non-Affiliate)	9,782,814	2,825,292
Advances to Affiliates	55,192,636	35,496,097
Accounts Receivable - Non-Trade, net	53,130,192	45,177,593
Other Current Assets, net	70,545,291	40,766,953
	516,646,700	284,152,635

CURRENT LIABILITIES		
Loans Payable (Pls. refer to Schedule B for details)	665,384,619	50,000,000
Accrued Interest & financing charges	780,515,356	71,353,472
Accounts Payable - Trade (Contractors)	92,564,301	49,347,415
VAT Payable	190,407,740	78,255,311
Operating Lease Payable	62,265,737	62,265,737
Other Accounts Payable & Accrued Expenses	263,924,486	136,708,873
	2,055,062,239	447,930,808

Note:
Other Accounts Payable and Accrued Expenses includes accrual for operating expenses like:
utilities, security & janitorial expenses, realty taxes and other government payables.

STOCKHOLDERS' EQUITY		
Capital Stock		5,000,000,000
Retained Earnings		
Beginning	(3,221,579,064)	
Net Income for the period	39,593,275	(3,181,985,789)
		1,818,014,211

SCHEDULE B

EVER GOTESCO RESOURCES & HOLDINGS, INC. AND SUBSIDIARY
SCHEDULE OF LOANS PAYABLE
As of March 31, 2006

Date of Loan/ Credit Line Granted	Name of Bank	Type of Loan	Terms	Collateral/ Security	Loan Purpose	Interest Rate	Outstanding Balance
EVER GOTESCO RESOURCES & HOLDINGS, INC. (PARENT CO.)							
December 24, 1998	Land Bank	short term	1 year		add'l. working capital		50,000,000.00
TOTAL							50,000,000.00
GOTESCO TYAN MING DEVELOPMENT, INC. (SUBSIDIARY)							
April 7, 1995	PNB	Syndicated Loan	3 years inclusive of	land, bldg., chattel	Partly finance		307,692,307.83
	MBTC		2 years grace period	under MTI agreement	Ever Gotesco		153,846,154.62
	UCPB			Assignment of rec'ble	Ortigas Complex		76,923,078.41
	CITYTRUST/BPI						76,923,078.41
TOTAL							615,384,619.27
EGRHI & GTMDI TOTAL							665,384,619.27

EVER GOTESCO RESOURCES & HOLDINGS, INC. AND SUBSIDIARY COMPANY

SCHEDULE C

Consolidated Aging Schedule of Accounts Receivable - Trade

As of March 31, 2006

			PAST DUE ACCOUNTS			
	TOTAL	Current	31-60 Days	61-90 Days	91-120 Days	120 Days & Over
CONSOLIDATED						
Trade Receivable -Affiliate	320,200,012	36,726,727	8,381,582	7,865,353	9,944,817	257,281,533
Trade Receivable -Non Affiliate	9,782,814	4,083,478	2,520,553	1,705,053	411,527	1,062,203
TOTAL	**329,982,826**	**40,810,205**	**10,902,135**	**9,570,406**	**10,356,344**	**258,343,736**
PARENT						
Trade Receivable -Affiliate	155,773,117	30,556,550	2,177,200	1,618,074	9,944,817	111,476,476
Trade Receivable -Non Affiliate	2,825,292	1,421,487	837,833	444,854	80,561	40,557
TOTAL	**158,598,409**	**31,978,037**	**3,015,033**	**2,062,928**	**10,025,378**	**111,517,033**

Note: The Accounts are presented in the Balance Sheet under Current Assets

EVER GOTESCO RESOURCES & HOLDINGS, INC.
Notes to Unaudited Consolidated Financial Statements
First Quarter ending March 31, 2006

PART 1 - FINANCIAL INFORMATION

1 The accompanying Financial Statements were prepared from the records of Ever Gotesco Resources & Holdings, Inc. (EGRHI) and its wholly owned subsidiary - Gotesco Tyan Ming Development, Inc. (GTMDI), and in the opinion of management, included all necessary adjustments to present fairly the consolidated Financial position of the company as of March 31, 2006 and the results of operations and cash flows for the quarter ended March 31, 2006. The Balance Sheets as of December 31, 2005 have been prepared from the audited financial statements, by its auditors, Sycip, Gorres, Velayo & Co. The Balance Sheets for the current year ending December 21, 2006 will likewise be audited by Sycip, Gorres, Velayo & Co. - the appointed auditors of the Company.

2 The Company's Financial Statements were prepared in accordance with generally accepted accounting principles in the Philippines.

3 The following information, as required, were considered in the Company's interim Financial Statements -

a) Accounting policies and methods of computation applied in the interim financial statements were constistent with that of the most recent annual audited financial statements.

b) The company's operations is not affected by seasonality or cyclicality because it generates revenues from contracts with tenants. However, results of operations during the first quarter does not necessarily establish a trend to indicate the expected year-end results as operations could be affected by external factors like economic development in the Country, competitions and major uncontrollable operating expenses.

c) There were no other transactions of unusual nature or materiality that affected the Company's assets, liabilities, equity, net income or cash flows except those mentioned in the Management's Discussion and Analysis of Financial Condition and Results of Operations.

d) There were no changes in estimates of amounts as reported in prior financial years that have material effect in the current interim period report.

g) During the first quarter of 2006, Gotesco Tyan Ming Development, Inc. (GTMDI) a wholly owned subsidiary of the Company, has contributed P35.25 million or 44% of the total revenues and a net income of P1.003 million during the same period.

h) There were no material events subsequent to the end of the interim period that have not been reflected in the financial statements for the interim period.

j) As of this report, there are no known factors that would give rise to changes in contingent liabilities or contingent assets since the last annual balance sheet date.

k) As of this report, there is no knowledge of existing material contingencies and other events or transactions that are material to an understanding of the current interim period.

Other information and footnote disclosures normally included in the annual financial statements prepared

EVER GOTESCO RESOURCES & HOLDINGS, INC.
Notes to Unaudited Consolidated Financial Statements
First Quarter ending March 31, 2006

PART 1 - FINANCIAL INFORMATION

in accordance with generally accepted accounting principles in the Philippines are omitted from these interim financial statements.

4 Breakdown of Current Assets, Current Liabilities and Stockholders' Equity as required are shown under Schedule A accompanying herewith.

5 Principal bank loans payable included under current liabilities amounting to P665.4 million is shown under Schedule B accompanying herewith.

PART 11 - OTHER INFORMATION

There are no required disclosures that were not made under SEC Form 17-C.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Discussion on the consolidated results of operations and financial condition of Ever Gotesco Resources and Holdings, Inc. (EGRHI) and its wholly owned subsidiary, (GTMDI) as of and for the quarter ended March 31, 2006.

Results of Operations

Revenue – Total rental revenue generated during the first quarter amounted to P80.757 million higher by P2.484 million as compared to the same quarter in 2005 level of P78.273 million due to increase on cinema ticket sales and modest improvement in occupancy rate on rentable spaces. Current quarter total revenue is slightly lower by P1.69 million from same quarter in 2004 level of P82.447 million was primarily due to: (a) deferment in rental rates increase; (b) reduction in rental rates of major and anchor tenants. These actions were resorted to by management in order to induce/retain the company's tenant base in view of the continuing effect of the economic crisis which affected the tenant's ability to sustain the pre-crises rental rates level; (c) limited occupancy for the exhibit areas; (d) lower occupancy rate on rentable spaces; and (e) closures of cinemas at GTMDI and EGHRI.

In 2002, the proliferation of movie piracy has taken its toll on the cinema industry. Gotesco Investments, Inc. (GII) a major industry player and anchor tenant of Gotesco Tyan Ming Devt., Inc. (GTMDI), a wholly-owned subsidiary of EGRHI, closed five (5) out of the ten (10) cinemas it operates. GII, however, failed in its expectation to consolidate movie traffic in its five (5) remaining cinemas. Towards the end of the 3rd quarter of 2003, GII closed all its cinema operations and turned over the same to GTMDI. To preserve the contributions of the Cinemas to the mall's customers' traffic and to lessen the impact of rental revenue loss, management has decided to consolidate the Cinema operations to GTMDI.

GII cinema operation at Commonwealth suffered the same fate as in GTMDI that resulted to turn over nine cinemas in 2004 and three cinemas in 2003 to the Parent Company. EGRHI generates an average monthly rental revenue of P1.2 million or P14.7 million annually for the said cinemas. The closure translates to an annual rental revenue loss for EGRHI by P14.7 million or 9% of its total annual revenue generation, and 4.6% to the consolidated rental revenue.

With the goal of putting the company and its subsidiary parallel to the market leaders' performance, image and better profitability, management will continue to pursue its relatively aggressive but focused and sustained promotional support to its tenants to strengthen the company's economic base.

Operating Costs and Expenses – Net operating costs and expenses during the first quarter of 2006 amounted to P55.633 million lower by P3.070 million from 2005 level of P58.703 million. The decrease from previous year's amount was the result of management review on the operations cost efficiency. Various cost savings measures were implemented by the company such as decrease in agency manpower requirement, energy consumptions savings, among other things, without sacrificing the operations efficiency. Current quarter operating costs and expenses is higher by P1.802 from 2004 level of P53.831 million was primarily due to relative increases in the major costs particularly the oil and energy based items.

Interest Expense – The Company applied PFRS 1 and Philippine Accounting Standards (PAS) 32 and PAS 39. Adoption of this standard resulted to adjustment on Interest Income and Expense charged to current operations amounted to P33.156 million net.

Cost of borrowings during the first quarter of 2006 remain at P18 million from its same level in 2005 and 2004.

Net Income (Loss) – The Company posted a net income of 39.593 million during the first quarter of year 2006 compared to P0.913 million of year 2005 and P9.780 million of year 2004. The marginal net income was substantially a result of the positive net effect of the accretion of interest arising from the fair valuation of financial instruments.

Earnings Per Share (EPS) –The Company has posted an EPS of P0.0079 during the first quarter of year 2006 compared to P0.0002 and P0.0020 earnings per share in the same periods in 2005 and 2004, respectively. The weighted average number of shares outstanding was 5,000,000,000 shares for all those periods.

The Company as well as the Mall Tenants continues to strive to recover from the effect of the adverse economic conditions. The company's desire to put EGRHI and its subsidiary company parallel to the market leaders' performance, image, better profitability and increase customer traffic, Management will continue to enhance its two pronged thrust – increasing revenue sources and containing costs to minimum effective levels. Difficulty in implementing rental rate hikes will be experienced in 2006 as management brings to fore its interest in retaining its regular tenants in the malls.

Moreover, the company's management will continue to pursue its relatively aggressive but focused and sustained promotional support to its tenants to strengthen the company's economic base.

The result of the operations during the quarter under review does not necessarily establish a trend to indicate the expected year-end results. The results of operations for the next three (3) quarters will be significantly influenced by a number of factors including the economic development in the region particularly in the domestic front, competitions and the behavior of major uncontrollable operating costs.

Financial Condition

Current ratio - As of March 31, 2006, the company's current ratio slightly improve to P0.25 of current asset to every peso of current liability from its level of P0.21 as of December 31, 2005. This was due to the operating income generated by the company during the quarter under review and was the result of the prudence exerted over cash management.

The company's liquidity come's solely from internally generated funds – rental collections. Improvement in liquidity largely depends on the tenants' profitable operations and healthy cash flows. The economic reverses, however, continue to affect tenants operations and affected their ability to sustain upward adjustments in rental rates. The Company and its subsidiary are currently experiencing difficulties in generating sufficient cash flows to meet their obligations and sustain their operations.

Property and equipment and Investment Properties – The adoption of PAS 40 resulted in the reclassification of certain properties from Property and equipment and Other Noncurrent Assets to Investment Properties.

Net property and equipment remain strong at P2.93 billion in 2006 from its levels of P2.97 billion in 2005. The decreased in 2006 over 2005 figures was mainly accounted for by the periodic depreciation charges.

EGMP Mall was used as collateral to the bank loans of certain affiliates. In December 2001, the land owned by the said affiliates where EGMP stands, together with the said commercial complex and the related machinery and equipment, were foreclosed by the lender bank of these affiliates due to the default in loan payment by these affiliates. The net book value of the said foreclosed properties amounted to P280.9 million as of December 31, 2001.

Property and equipment include the property of GTMDI in Pasig City (land and mall), which secure certain loans from a syndicated lender banks led by PNB. The company has defaulted in its loan obligations, which led to the foreclosure and sale through public auction in July 30, 1999. GTMDI is currently in possession and in complete control of the properties. It continues to operate the mall and draws rental income there from. Management remains confident that it can reach a workable solution to retain the property.

Receivables from affiliates – Receivables from affiliated companies' increased to P434 million in March 2006 from its levels of P401 million in December 2005. The increased was accounted for by the unpaid rental receivables from affiliated anchor tenants and the net cash advances granted to other affiliated companies. Rental receivables were classified to this account due to the difficulties being experienced by these affiliates in generating sufficient cash flows to sustain their operations.

Other Assets – Other assets decreased to P19.554 million in March 2006 from P19.727 million in Dec 2005 primarily due to amortization of prepayments.

Current Liabilities – which consist of principal loan and related obligations and other accounts payable and accrued expenses increased to P2.055 billion as of March 2006 from its level of P2.023 billion as of December 2005.

The consolidated principal loan obligation as of March 2006 stood flat at P665 million from the same level in 2005.

The increased of about P32 million was primarily due to increased in accruals of interest expense and other payables.

The adoption of PAS 17 resulted in the recognition of lease payments under operating leases on a straight-line basis.

The company's anchor tenants account about 33% of the total rental revenue. The realizability of such receivables is dependent upon the affiliates' abilities to generate sufficient cash flows to settle their obligations on a timely basis.

The Notice of Garnishment on lease rental receivables was issued on January 27, 2000 by the RTC of Manila against the parent company, its subsidiary and certain affiliates in relation to a civil complaint by the Banko Sentral ng Pilipinas was served to various tenants. This has substantially impaired collection effort on lease rental receivables and added to the company's cash flow problems. The Garnishment Notice limited the company's collections to tenants' utility dues and other assessments, which were exempted from the Garnishment. Cash Flows from these collections, however, allow the continuity of the mall operations and sustain the company's going concern. The company's counsels file a Motion to Dismiss on the grounds, among others, that (a) summons were improperly served such that the Court did not acquire jurisdiction over the Company and certain affiliates, and (b) the complaint states no cause of action or if it does so state, it is founded on illegality. The said Motion to Dismiss was consolidated with a Motion to Dissolve the Writ of Preliminary Attachment. In 2003, the Group together with their co-defendants, on the garnishment case, entered into an extra-judicial settlement with the plaintiff. As a result, the RTC lifted the garnishment of lease payments on January 14, 2004. The Company collected subsequently from RTC.

The company's liquidity position is not expected to deteriorate further. The company's management, however, believes that the liquidity problem is temporary. It will continue to focus its effort its negotiation with lender banks for the redemption of the foreclosed properties, with emphasis on the revenue generating properties (GTMDI land and mall) and/or the restructuring of the collateralized debt obligations. Management is highly optimistic that with the solution to the debt problems and improve operations and sustain its going concern. However, with the lifting of the garnishment on lease payments and levy made upon receivables or sum of money arising from rentals and other revenues of the company and certain related parties on January 14, 2004, management is making the necessary arrangement to normalize the collection of lease receivables from its mall tenants.

Due to the continued tight liquidity position, the company has not nor does it intend to enter into any material commitment for capital expenditures within the next twelve (12) months.

The Mall business continues to bring shopping convenience nearer to its customers. This is particularly true to the establishment of Shopping Malls in the plush and densely populated villages in the metropolis, in the nearby provinces and major cities by the major players in the industry. This major thrust, while expected to create new market, is expected to narrow the market radius of the shopping centers in the metropolis.

Regular tenants of shopping centers in the metropolis have established their respective outlets in these new centers and, as an offshoot, requests for down-sizing of area occupied and reduction in rental rates continue to be experienced.

These trends are expected to adversely affect tenants' revenues and profitability and ultimately rental revenue and profitability of shopping centers' owners in the metropolis.

The current characterization of the political climate coupled by the feel of the election season is expected to bring about uncertainties in the relationship between costs and revenues towards the end of 2006. Legislated wages, increase in oil prices and energy based items and the impact on cost foreign currency-based items due to the weakening of the peso are expected to increase cost. Prices are expected to follow suit, however, it is not expected to increase in the same proportion as the costs.

Disclosure on the pull out of Anchor Tenant (Cinema)

The adverse impact of movie piracy has taken its toll on the movie industry. Gotesco Investments, Inc. (GII), a major player in the cinema business and an anchor tenant of the Company, was no exception. GII originally occupied and operated ten (10) cinemas at GTMDI, a wholly owned subsidiary of EGRHI, and twelve (12) cinemas at EGRHI, the parent company. Towards the end of 2002, GII closed five (5) out of ten (10) cinemas at GTMDI and expected to consolidate patrons in its five (5) remaining cinemas. However, GII continued to experience a deteriorating traffic of movie-goers and the consequential drop of its ticket revenues. As a result, GII management decided to totally close the five (5) remaining cinemas and three (3) cinemas in 2003 and turned over the same to GTMDI and EGRHI, respectively.

GTMDI, a wholly owned subsidiary of Ever Gotesco Holdings and Resources, Inc. (EGRHI), generates an average monthly rental revenue of P0.606 million or P7.272 million annually for the remaining five (5) cinemas. While EGRHI, the parent company, generates an average monthly rental revenue of P0.409 million or P4.909 million annually for the three (3) cinemas. The closure translates to an annual rental revenue loss of P12.181 million or 3.73% to the consolidated rental revenue of EGRHI.

The cinemas are structurally designed for cinema and similar purposes and may not be altered for other purposes. Alteration of the structure for other purposes may weaken the structural strength and the architectural design of the mall – and, aside from that, the Company is not prepared for its financial consequences. Moreover, the Cinemas are considered as a one of the major amenities of, and basic to, mall operations. Minus the Cinemas, low customers' traffic may be experienced.

Realizing the economic contributions of the cinemas to the mall as a whole and to lessen the impact of its rental revenue loss in particular, GTMDI management, with the corresponding approval of its Board of Directors, decided to retain and takeover the operation of the five (5) cinemas.

In 2004, GII turned over nine (9) remaining cinemas to EGHRI, the parent company. EGRHI generates an average monthly rental revenue of P1.227 million or P14.727 million annually for the said remaining cinemas. The closure translates to an annual rental revenue loss for EGRHI by P14.7 million or 9% of its total annual revenue generation, and 4.6% to the consolidated rental revenue.

FIVE (5) KEY PERFORMANCE INDICATORS

The key operating performance indicators which remain to be the profit and loss determinants, earnings/losses per share and liquidity position of the Company and its wholly owned subsidiary are discussed hereunder.

1. ***Revenue*** – The increase in rental income is due to factors mentioned above under the item Revenue. The adverse impact of movie piracy has taken its toll on the movie industry. Cinema continued experience a deteriorating traffic of movie-goers and the consequential drop of its ticket revenues. However, during the current quarter the cinema ticket sales slightly improve due to more blockbuster films compared to same quarter of 2005.

	(In Million Pesos)		
	March-06	March-05	March-04
Rental Income	77.746	76.094	78.336
Cinema Ticket Sales	3.011	2.179	4.111
Total	80.757	78.273	82.447

2. ***Cost Effective Measures*** - During the first quarter of 2006, cost and expenses decreased by 5% over the same period in 2005. The Company, in general, has successfully contained and maintained costs to reasonable levels despite of the relative increases in the major costs particularly the labor and energy based items.

	(In Million Pesos)		
	March-06	March-05	March-04
Mall Operations	51.306	54.743	48.960
Cinema Operations	4.327	3.960	4.871
Total	55.633	58.703	53.831

3. ***Net Operating Profit*** – Income from operations of the Company has increase in the first quarter of 2006 by 28% compared to 2005.

	(In Million Pesos)		
	March-06	March-05	March-04
Revenue	80.757	78.273	82.447
Income from Operations	25.124	19.571	28.616
Percentage	31%	25%	12%

4. ***Earnings Per Share*** – Earnings per share during the first quarter is P0.0079 as compared to P0.0002 and P0.0020 in 2005 and 2004, respectively. The earnings per share were calculated by dividing the Net Income before tax by the weighted number of shares outstanding. There were no factors that would have dilutive effects on the Earnings per share.

5. ***Liquidity Position*** – Current ratio as of March 31, 2006 improved to P0.25 of current assets to every peso of current liabilities or about 19% from P0.21 as of December 31, 2005.

Other relevant discussions

Discussion and analysis of material event/s and uncertainties known to management that would address the past and would have impact on future operations

Except as discussed in the foregoing results of operations and financial conditions and the disclosure on the pull-out of Anchor tenant of a wholly owned subsidiary under this item, there is/are no known:

a. event/s that will trigger direct or contingent financial obligations that is/are material to the Company nor is/are there any other obligations in which the company may incur default or the acceleration thereof during the first quarter;

b. material off-balance sheet transaction, arrangements, obligations real or contingent, nor was there any relationship/s of the company with unconsolidated entities, or other persons entered into or created during the quarter under review.

that would have a material impact on future operations of the company.

SIGNATURES

Pursuant to the requirements of section 17 of the Securities Regulation Code (SRC) and section 141 of the Corporation Code, this report signed on behalf of the Issuer by the undersigned, thereunto duly authorized, in the City of Manila.

EVER GOTESCO RESOURCES AND HOLDINGS, INC.
Issuer

____
JOSE C. GO
Chairman of the Board & President

Date 5/19/06

____
(VACANT)
Chief Finance Officer

Date______________

____
AMY B. PUCHERO
AVP – Controller

Date 5-19-06

____
JOSE RAYEL M. DE GUIA
Officer -in -charge

Date 5/19/06