COVER SHEET

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GLOBAL EQUITIES, INC.

(Company's Full Name)

2F Jannov Plaza 2295 Pasong Tamo Ext. Makati City

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

ARSENIO C. CABRERA, JR.	(632) 813 7111
Contact Person	Company Telephone Number

1 2	3 1	SEC FORM 17-Q	0 4	2 5
Month	***Day***	FORM TYPE	***Month***	***Day***
Fiscal Year			Annual Meeting	

Secondary License Type, If Applicable

Dept. Requiring this Doc.

Amended Articles Number/Section

Total Amount of Borrowings

7 2 3		
Total No. of Stocholders	Domestic	Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I.D.

Cashier

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. Commission identification number **41004** 3. BIR Tax Identification No **000-000-718-626**

4. Exact name of issuer as specified in its charter **GLOBAL EQUITIES, INC.**

5. Province, country or other jurisdiction of incorporation or organization **Philippines**

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

7. Address of issuer's principal office Postal Code

   2295 Pasong Tamo Ext. Makati City, 1231

8. Issuer's telephone number, including area code **(632)-843-92-91**

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

   NOT APPLICABLE

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

Title of each Class	Number of shares of common stock outstanding and amount of debt outstanding
Common stock , ₱1.00 par value	**1,961,637,701**

11. Are any or all of the securities listed on a Stock Exchange?

    Yes [**X**] No [ ]

    If yes, state the name of such Stock Exchange and the class/es 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 Code and SRC Rule 17 thereunder or Sections 11of 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 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 [ ] No [**X**]

PART I--FINANCIAL INFORMATION

Item 1. Financial Statements.

Consolidated Financial Statements for the first quarter ending March 31, 2006 was presented in conformity with accounting principles generally accepted in the Philippines. This Financial Statements meeting the requirements of SRC Rule 68, is furnished as specified therein.

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

FINANCIAL PERFORMANCE AND RESULTS OF OPERATION

Financial Performance
In Pesos Thousands

Key Financial Indicator	March 2006			%	March 2005			%
	Real Estate	Manufacturing	Total		Real Estate	Manufacturing	Total	
Gross Revenues	-	102	102	100	-	944	944	100
Cost and Expenses	9,690	1,172	10,862	10,649	10,296	2,647	12,943	1,371
Net Income (Loss)	(9,690)	(1,070)	(10,760)	(10,549)	(10,296)	(1,703)	(11,999)	(1,271)
Minority Interest	(733)		(733)		(773)		(773)	
Segment Current Assets	5,059	904	5,963		2,949	2,467	5,416	
Unallocated Current Assets	4,392	2,865	7,257		6,792	2,861	9,653	
Total Current Assets	9,451	3,769	13,220	1	9,741	5,328	15,069	1
Segment Assets	860,792	2,986	863,778		1,118,938	7,574	1,126,512	
Unallocated Assets	4,392	2,865	7,257		6,792	3,682	10,474	
Total Assets	865,184	5,851	871,035	100	1,125,730	11,256	1,136,986	100
Current Liabilities	784,884	85,730	870,614	100	921,344	82,880	1,004,224	88
Segment Liabilities	952,426	144,092	1,096,518		1,061,090	135,722	1,196,812	
Unallocated Liabilities	16,794		16,794		16,794	-	16,794	
Total Liabilities	969,220	144,092	1,113,312	128	1,077,884	135,722	1,213,606	107
Total Stockholders' Equity			(242,277)	(28)			(76,620)	(7)
Current Ratio	0.0120	0.0440	0.0152		0.0106	0.0643	0.0150	
Debt to Equity			(4.60)				(15.84)	
Gross Profit Margin	NA	NA			NA			
Net Operating Margin	NA	NA			NA			
Return on Assets	(0.01)				-0.01			

Cost and expenses and net income are computed as a percentage of Gross Revenues.
Current asset, current liabilities, total liabilities and stockholders equity are computed as a percentage of total assets.
Manufacturing operations resulted to a net loss of ₱1.070 million, while real estate posted a total loss of ₱9.690 million from a non-operation related transaction. Hence, gross profit margin and net operating margin are not applicable
Return on Assets is derived by dividing net income from total assets.

Financial results showed ₱ 0.102 million revenue from trading operations of its manufacturing subsidiary, Adamson & Adamson, Inc. while total expenses for the same period is ₱ 10.862 million. These expenses are brought about by the following transactions:

a) ₱ 10 million interest accrued for the quarter;
b) Parent company shows a ₱0.572 million operating expenses attributable to
    - b.1 Payment of PSE Membership fee for year 2006
    - b.2 Accrual of professional fees (legal counsel and transfer agent)
    - b.3 Accrual of rent expense
    - b.4 Other expenses
c) Subsidiaries reported total operating expenses of around ₱0.287 million

In terms of Total Assets, March 2006 as against March 2005;

(1) Decrease in receivable due to write-off of uncollectible accounts;
(2) Decrease in other current assets is the net effect of decrease in creditable tax due to application against tax due for the year 2006 amounting to ₱ 2.460 million and increase in input tax;
(3) Decrease in land and development of ₱ 260.872 million is due to additional provision for impairment loss of ₱ 184.750 million and the results of negotiation with the landowners – the undivided interest over the property amounting to ₱ 76.122 million; and
(4) Decrease in refundable deposits due to the refund of deposit with Clark Development Corporation as discussed in note 11.

In terms of total liabilities, the difference is attributable mainly on the following:

a) accrual of interest on bank loans;
b) additional advances made by the Principal Stockholder to fund various expenses; and
c) in relation to item no. 3 above, the corresponding liability to land owners of ₱152.243 million was extinguished.

The Company is still in the process of completing the requirements of the conditional dacion-en-pago agreement with EPCIB amounting to ₱116 million (please refer to note 9 of the consolidated financial statements).

Discussion and analysis of material events and uncertainties known to management that would address the past and would have an impact on future operation of the following:

a. Any known trends, demands, commitments, events or uncertainties that will result in or that are reasonably likely to result in the registrant's liquidity increasing or decreasing in any material way.

On April 25, 2005, a Memorandum of Agreement (MOA) was signed by the Parent Company with the former land owners of the Soro-soro properties in Batangas for a joint undertaking, The MOA included the non-payment of the remaining balance of the liability of the Parent Company to the former land owners of ₱ 152.242 million resulting to an undivided interest over the property of 80% to the Parent Company and 20% to the land owners.

In the remaining five-hectare property located at NAIA airport, the Company is in negotiation with its creditor bank, United Overseas Bank (UOB), regarding its outstanding loan amounting to ₱ 231.5 million with the entry of a third-party investor on a straight –sale basis.

The Company's 70% equity interest in Mountain Ridge Executive Resort and Conference Center, Inc. (MRECCI) is currently the subject of a joint venture arrangement with the Sta. Lucia Realty, Inc. (Sta. Lucia). This 16-hectare property has a mortgage with Rizal Commercial Banking Corporation (RCBC) in the amount of ₱ 70 million. In the joint venture agreement, MRERCCI and Sta. Lucia will share 50/50 on the estimated sales proceeds ranging from ₱ 190 million to ₱ 280 million, with Sta. Lucia contributing the construction of the site development for the residential community.

After implementation of the above actions, GEI will only have its 20% equity in Sacobia Hills Development Corporation as debt free. The Principal Stockholder has a first mortgage on the following assets namely: (1) leasehold rights over 87.3274 hectares in Clark adjacent to Mimosa, (2) Batangas City Central of 68 hectares net, (3) 2,432 sq.m.property located at Paranaque and second mortgage on the 50,481 sq.m. property located at Paranaque City .

For the first three months of 2006, the Company's liquidity has remained restricted. However, with the above-mentioned transactions in progress, the issue of interest burden will eventually be resolved.

The Company remains obligated to pay its outstanding trade and non-trade payables particularly in AAI. The Company intends to pay through income from its trading operations when it normalizes.

b. Any events that will trigger direct or contingent financial obligation that is material to the company, including any default or acceleration of an obligation

As it is, the manufacturing subsidiary of the Company is still in the process of normalizing its sales operations hence, it cannot in anyway settle its outstanding payables. Non- settlement of liabilities would result to additional penalties and surcharges.

c. All material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the company with unconsolidated entities or other persons created during the reporting period.

The negotiations between the Company's subsidiary (70% owned) Mt. Ridge Executive Resort & Corporate Center, Inc. which has been finalized would result to positive cash flows which the Company intends to use in settlement of its loan obligation with RCBC amounting to ₱ 70 million .

d. Any material commitments for capital expenditures, the general purpose of such commitments and the expected sources of funds for such expenditures.

The Company does not have any material commitments for capital expenditures. The Company remains in a consolidation strategy of its investments, either through outright sale or joint venture with a financial partner.

e. Any known trends, events or uncertainties that have had or that are reasonably expected to have a material favorable or unfavorable impact on net sales/revenues/income from continuing operations:

The shutdown of AAI's operations continuous to have a material effect in the Company's revenues and income. Similar to prior years, the Company's revenues and income are substantially, if not all attributed to its investment in AAI.

f. Any significant element of income or loss that did not arise from the issuer's continuing operations:

There are no other sources of income or loss other than from the Company's continuing operations.

g. The causes for any material change from period to period which shall include vertical and horizontal analyses of any material item:

As discussed in the first paragraph of item (a) above, the MOA resulted in the reduction of the Parent Company's ownership over the property by 20% and corresponding decrease in the land and development by ₱ 76.121 million in exchange for the extinguishment of the remaining balance of the liability of ₱ 152.242 million. Gain on the extinguishment of liability for purchased of land amounted to ₱ 76.121 million.

The additional provision for impairment loss on land and development of ₱ 184.750 million in December 2005 resulted to a considerable decline in Land and Development account and liabilities from March 2005 to March 2006.

The continuous advances of the Principal Stockholder to fund the various expenses increase the Payable to Stockholders account from March 2005 to March 2006.

PART II--OTHER INFORMATION

The issuer may, at its option, report under this item any information not previously reported in a report on SEC Form 17-C. If disclosure of such information is made under this Part II, it need not be repeated in a report on Form 17-C which would otherwise be required to be filed with respect to such information or in a subsequent report on Form 17-Q.

NOT APPLICABLE

SIGNATURES

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

Signature/Date:

NORA A. BITONG
Chairman of the Board
Date signed: 5/9/06

VINCENT R. BITONG
Director/VP for Finance & Business Development
Date signed: 5/09/06

GLOBAL EQUITIES, INC.
INDEX TO FINANCIAL STATEMENTS

FORM 17-Q, Item 1

Consolidated Financial Statements

GLOBAL EQUITIES, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

		Unaudited March 31, 2006		Audited December 31, 2005
ASSETS				
Current Assets				
Cash and cash equivalents	₱	3,126,410	₱	114,247
Accounts receivable - net (Note 3)		2,836,699		2,734,384
Other current assets (Note 4)		7,256,984		8,284,628
Total Current Assets		13,220,093		11,133,259
Noncurret Assets				
Land and Development (Notes 5 and 9)		829,728,185		829,728,185
Investment in an associate		4,999,900		4,999,900
Property and Equipment - net (Notes 7)		-		-
Refundable Deposits & Others		23,087,262		26,142,833
Total Noncurrent Assets		857,815,346		860,870,918
	₱	871,035,439	₱	872,004,177
LIABILITIES & STOCKHOLDERS' EQUITY				
Current Liabilities				
Bank loan	₱	-	₱	-
Accounts payable and other current liabilities (Note 8)		449,671,378		472,180,418
Restructured long-term debt (Note 9)		417,500,000		417,500,000
Total Current Liabilities		867,171,378		889,680,418
Noncurrent Liabilities				
Payables to a stockholder and affiliates (Note 10)		227,772,647		195,471,865
Deferred Tax Liabilities - net		18,368,568		18,368,567
Total Noncurrent Liabilities		246,141,215		213,840,432
Stocholder's Equity				
Equity attributable to equity holder of the parent				
Capital Stock - P1 par value				
Authorized - 3,500,000,000 shares				
Issued - 1,961,637,701 shares		1,961,637,701		1,961,637,701
Deficit		(2,227,076,232)		(2,217,048,627)
		(265,438,531)		(255,410,926)
Equity attributable to minority interests		23,161,376		23,894,253
Total Stockholders' Equity		(242,277,154)		(231,516,673)
	₱	871,035,439	₱	872,004,177

GLOBAL EQUITIES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME
For the quarter ended March 31
(Unaudited)

		2006		2005
REVENUES				
Net sales	₱		₱	745,653
Interest Income		66		145
Others		101,811		198,214
		101,877		944,012
EXPENSES				
Cost of goods sold				767,713
Selling, General and administrative		859,952		1,450,972
Gain on extinguishment of liability				
Provision for impairment loss on land & development				
Interest and other charges		10,002,405		10,723,986
Other income (charges)				
		10,862,357		12,942,671
INCOME (LOSS) BEFORE NET EARNINGS (LOSSES) APPLICABLE TO MINORITY INTEREST		(10,760,480)		(11,998,659)
PROVISION FOR INCOME TAX		-		
NET INCOME (LOSS)	₱	(10,760,480)	₱	(11,998,659)
ATTRIBUTABLE TO:				
EQUITY HOLDERS OF THE PARENT		(10,027,605)		(11,225,619)
MINORITY INTEREST - INCOME (LOSS)		(732,875)		(773,040)
TOTAL	₱	(10,760,480)	₱	(11,998,659)
WEIGHTED AVE. NUMBER OF COMMON SHARES		1,961,637,701		1,961,637,701
Loss Per Share		(0.005)		(0.006)

Note: No dividends declared during the period

GLOBAL EQUITIES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY

	Unaudited March 31, 2006	Audited December 31, 2005	Unaudited March 31, 2005	Audited December 31, 2004
CAPITAL STOCK - P 1 par value				
Authorized - 3,500,000,000 shares				
Issued - 1,961,637,701 shares	₱ 1,961,637,701	₱ 1,961,637,701	₱ 1,961,637,701	₱ 1,961,637,701
DEFICIT				
Balance at beginning of period	2,217,048,627	2,053,125,341	2,053,125,341	2,092,287,958
Net Income (loss)	(10,027,605)	(163,923,286)	(11,225,619)	39,162,617
Balance at end of period	2,227,076,232	2,217,048,627	2,064,350,960	2,053,125,341
MINORITY INTEREST	(23,161,376)	(23,894,253)	(26,092,419)	(26,865,459)
STOCKHOLDERS' EQUITY, END	₱ (242,277,155)	₱ (231,516,673)	₱ (76,620,840)	₱ (64,622,181)

GLOBAL EQUITIES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CASH FLOWS
(Unaudited)

		Jan 1 to March 31, 2006 (Three Months)		Jan 1 to March 31, 2005 (Three Months)
CASH FLOWS FROM OPERATING ACTIVITIES				
Income (loss) before income tax	₱	(10,760,480)	₱	(11,998,659)
Adjustment to reconcile net loss to net cash provided by operating activities				
Depreciation and amortization		-		-
Amortization of goodwill		-		-
Net earnings (loss) applicable to minority interest		-		-
Changes in operating assets and liabilities				
Decrease (increase) in :				
Accounts receivable		(102,315)		1,378,839
Inventories		-		-
Other current assets		1,027,644		796,598
Increase (decrease) in :				
Accounts payable and accrued expenses		(22,509,040)		6,892,147
Deferred Tax Liablity		1		-
Net cash provided by operating activities		(32,344,190)		(2,931,075)
CASH FLOWS FROM INVESTING ACTIVITIES				
Investment and advances		-		-
Disposals (acquisitions) of property and equipment		-		-
Decrease (increase) in other assets		3,055,571		11,992
Net cash used in investing activities		3,055,571		11,992
CASH FLOWS FROM FINANCING ACTIVITIES				
Bank loans		-		-
Payables to stockholders and affiliates		32,300,782		2,881,958
Long-term borrowings		-		-
Net cash provided by (used in) financing activities		32,300,782		2,881,958
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		3,012,163		(37,125)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD		114,247		117,909
CASH AND CASH EQUIVALENTS AT END OF PERIOD	₱	3,126,410	₱	80,784

GLOBAL EQUITIES, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

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1. General

Global Equities, Inc. (Parent Company) is incorporated in the Philippines. The Parent Company and its subsidiaries (collectively, the " Company") are involved in the purchase, development and sale of real estate properties and the production and distribution of personal, health and baby care products. The Parent Company has one (1) employee. On a consolidated basis, there is only one employee to handle the financial reports. The registered office address of the parent company is 2nd Floor, Jannov Plaza, 2295 Pasong Tamo Extension, Makati City.

The accompanying consolidated financial statements have been prepared assuming that the Company will continue as a going concern. The operations of the parent company and subsidiaries have been affected by the downturn in the real estate industry. As a result, the parent company and subsidiaries have a recorded negative stockholders' equity of ₱ 242.277 million as of March 2006 and ₱ 76.621 million in March 2005 and their current liabilities exceeded their current assets by ₱853.951 million as of March 31, 2006 and ₱ 989.154 million in March 2005. Consequently, the Company was not able to settle its maturing obligations.

To address these difficulties, the Company continuously (a) negotiates with the creditor banks for loan restructuring or settlement through dacion en pago arrangements; (b) disposes of saleable assets; (c) implements cost-cutting programs; and (d) negotiates with third party investors to jointly develop real estate properties.

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2. Summary of Significant Accounting Policies

Basis of Preparation

The accompanying consolidated financial statements have been prepared in compliance with accounting principles generally accepted in the Philippines as set forth in Philippine Financial Reporting Standards (PFRS). PFRS includes both PFRS and Philippine Accounting Standards (PAS), including interpretations, as issued by the Philippine Accounting Standards Council.

The consolidated financial statements have been prepared on historical cost basis and are presented in Philippine Peso, which the Company's presentation and functional currency, and all amounts are rounded to the nearest peso, except when otherwise indicated.

Basis of Consolidation

The consolidated financial statements comprised of the financial statements of the Parent Company and its subsidiaries as of March 31 of each year. Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. All significant intercompany balances and transactions, including intercompany profits and losses are eliminated.

Minority interests represent the interest of Mountain Ridge Executive Resort & Corporate Center, Inc. (MRERCCI) not held by the Company.

The subsidiaries are as follows:

	Percentage of Ownership	
	Mar. 31, 2006	December 31, 2005
Real Estate-in preoperating and development stage:		
Clark Field Medical Services, Inc. & subsidiary *	100.00%	100.00%
Global Airport Business Park, Inc. *	100.00%	100.00%
GEI Assets Corporation (formerly Global Airport Container Yard, Inc.) *	100.00%	100.00%
Global Airport Facilities, Inc. *	100.00%	100.00%
Global Airport Storage Co., Inc. *	100.00%	100.00%
Global Business Park Ventures, Inc. *	100.00%	100.00%
Global Clark Assets Corp. (GCAC)	100.00%	100.00%
The Villages of Mt. Ridge	100.00%	100.00%
MRERCCI **	70.00%	70.00%
Manufacturing: Adamson & Adamson, Inc.	99.99%	99.99%

** under liquidation* *** In preoperating and development stage*

Subsidiaries are consolidated from the date in which control is transferred to the Parent Company and cease to be consolidated from the date in which the control is transferred out of the Parent Company.

Receivables

Trade receivables are carried at original invoice amounts less allowance for any uncollectible amounts. Other receivables are stated at face value less allowance for any doubtful accounts. An estimate for doubtful accounts is made when collection of the full amount is no longer probable.

Land and Development

Land and development are carried at the lower of cost or net realizable value. Costs include costs incurred for development and improvement of the properties, including capitalized borrowing costs. Net realizable value is the selling price in the ordinary course of business, less the estimated cost to complete and sell. A valuation allowance is provided when net realizable value is less than its carrying cost.

Impairment of Assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pretax discount rate that reflects current market assessment of the time value of money and the risks specific to the asset. Impairment losses are recognized in the consolidated statements of income in those expense categories consistent with the function of the impaired asset.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increase to its recoverable amount.

Investments in an Associate

Investment in shares of stock of a 20%-owned associate, which is still under preoperating stage, is carried at cost less any impairment in value.

Property Plant and Equipment

Property, plant and equipment are stated at cost, excluding the costs of day-to-day servicing, less accumulated depreciation and impairment in value. Such cost includes the cost of replacing part of such property and equipment when that cost is incurred if the recognition criteria are met.

Manufacturing facility and equipment under installation represent structures under installation and are stated at cost less any impairment in value, These includes cost of installation and other direct costs, and are not depreciated until such time the relevant assets are completed and put into operational use.

The carrying values of property and equipment are reviewed for impairment when events or changes n circumstances indicate that the carrying value may not be recoverable.

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated statements of income in the year the asset is derecognized.

The asset's residual values, useful lives and methods are reviewed, and adjusted if appropriate, at each balance sheet date.

When each major inspection is performed, its cost is recognized in the carrying amount of the property and equipment as replacement if the recognition criteria are satisfied.

Provisions

Provisions, if any, are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

Revenue

Revenue is recognized when it is probable that the economic benefits associated with the transaction will flow to the Company and the amount of revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognized.

Sale of real estate. Revenue from sale of real estate is recognized under the full accrual method.

Sale of goods. Revenue from sale of goods is recognized when the significant risks and rewards of ownership of the goods have passed to the buyer.

Interest. Revenue is recognized as the interest accrues.

Operating Leases

The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement and required an assessment of whether the fulfillment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

Lease payments under operating lease are recognized as expense on a straight-line basis over the terms of the lease agreements.

Borrowing Costs

Borrowing costs are generally expensed as incurred. Borrowing costs are capitalized if they are directly attributable to the acquisition, construction or production of a qualifying asset. Capitalization of borrowing costs commences when the activities to prepare the asset are in progress and expenditures and borrowing costs are being incurred. Borrowing costs are capitalized until such time the assets are ready for their intended use. If the carrying amount of the asset exceeds its recoverable amount, an impairment loss is recorded.

Taxes

Current Taxes. Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that enacted or substantively enacted at the balance sheet date.

Deferred Tax. Deferred tax is provided using the balance sheet liability method on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax liabilities are recognized for all taxable temporary differences, except when the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting income nor taxable income or loss.

Deferred tax assets are recognized for all deductible temporary differences and carryforward benefits of minimum corporate income tax (MCIT) and net operating loss carryover (NOLCO) to the extent that it is probable that taxable income will be available against which the deductible temporary differences and the carryforward benefits of MCIT and NOLCO can be utilized except when the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting income nor taxable income or loss.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable income will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are reassessed at each balance sheet date and are recognized to the extent that it has become probable that future taxable income will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rate that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the balance sheet date.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to offset current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Contingencies
Contingent Liabilities are not recognized in the consolidated financial statements. These are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is not recognized in the consolidated financial statements but disclosed when an inflow of economic benefits is probable.

Subsequent Events
Post year-end events that provide additional information about the Company's position at the balance sheet date (adjusting events) are reflected in the consolidated financial statements. Post year-end events that are not adjusting events are disclosed in the notes to consolidated financial statements when material.

Basic Earnings (Loss) Per Share
Basic earnings (loss) per share is computed by dividing net income (loss) by the weighted average number of shares issued and outstanding during the year, after retroactive adjustments for any stock dividends declared.

Segment Information
For management purposes, the Parent Company and its subsidiaries are organized into two major operating entities namely, real estate and manufacturing. The entities are the bases upon which primary segment information is reported. Financial information on business segments is presented in Note 14.

3. Receivable

This account consists of:

	March 31, 2006	December 31, 2005
Trade	₱1,920,763	₱1,920,763
Suppliers and contractors	0	0
Officers and employees	24,744	24,744
Others	2,164,601	2,062,286
	4,110,108	4,007,793
Less allowance for doubtful accounts	1,273,409	1,273,409
	₱2,836,699	₱2,734,384

4. Other Current Assets

This account consists of:

	March 31, 2006	December 31, 2005
Creditable withholding tax	₱5,599,145	₱5,599,145
Input value added tax	1,657,839	2,572,268
Others	0	113,215
	₱7,256,984	₱8,284,628

5. Land and Development

This account consists of:

	March 31, 2006	December 31, 2005
Balance at beginning of the year	₱ 1,701,902,514	₱ 1,778,023,958
Movement during the year		(76,121,444)
Balance at end of the year	₱ 1,701,902,514	₱ 1,701,902,514
Less impairment loss	872,174,329	872,174,329
	₱ 829,728,185	₱ 829,728,185

An appraisal of the land and development was made in 2005 to estimate the net realizable value. The appraisal which was based on fair market value resulted to recognition of impairment loss amounting to ₱ 184.8 million in 2005. The fair market value was based on an open market value, supported by market evidence in which assets could be exchanged between a knowledgeable willing buyer and a knowledgeable willing seller in an arm's-length transaction.

Accumulated capitalized interest included as part of land and development amounted to ₱ 52.5 million as of March 31, 2006. There was no interest capitalized in 2005 and 2004.

Development activities on the land has been suspended since 2001 due to the downturn in the real estate industry. As discussed in Note 9, certain portion of land and development is a subject of a dacion en pago arrangement with EPCIB. Other land and development are also being offered for dacion en pago to settle other long-term debt..

6. Investment in an Associate

Investment in an associate, which is carried at cost, represents investment in Sacobia Hills Development Corporation (SHDC), a 20% -owned associate and still in pre-operating stage.

7. Property, Plant and Equipment

As of March 31, 2006 and December 31, 2005, property and equipment substantially consisting of machinery and equipment and manufacturing facility and equipment under installation of AAI have been fully disposed.

On February 23, 2004, the Parent Company, AAI and EPCIB agreed on a dacion en pago arrangement of AAI's manufacturing facility and equipment under installation with carrying value of ₱195.5 million as of December 31, 2003, as settlement of the Parent Company's long term debt amounting to ₱169.3 million and AAI's bank loans amounting to ₱26.2 million.

8. Accounts Payable and Accrued Expenses

This account consists of:

	March 31, 2006	December 31, 2005
Trade	140,219,231	139,828,890
Accrued Interest	273,873,887	260,844,211
Nontrade	18,786,828	54,564,444
Others	16,794,432	16,942,873

	₱ 449,671,378	₱ 472,180,418

9. Long-term Debt

	March 31, 2006	December 31, 2005
Parent Company:		
Equitable PCI Bank (EPCIB)		
Payable in thirteen equal quarterly installments up to March 2004 with interest based on prevailing market rate and subject to quarterly review	₱116,000,000	₱ 116,000,000
United Overseas Bank		
Restructured bank loans with interest rate based on 91-day Treasury Bills reference rate plus 4%, 25% of the outstanding principal is payable over 48 equal quarterly installments starting Oct. 31, 2000. The remaining 75% shall be paid lump sum on the 48th month.	231,500,000	231,500,000
Subsidiaries:		
Payable in eight (8) equal quarterly installments up to 1999 with interest at prevailing market rates	70,000,000	70,000,000
	₱ 417,500,000	₱ 417,500,000

As of March 31, 2006, the Parent Company and a subsidiary are in default in the payment of principal and interest due. Accordingly, the related loans are presented in the "Current Liabilities" section of the consolidated balance sheets.

As mentioned in Note 7, on February 23, 2004, the Parent Company, AAI and EPCIB agreed on a dacion en pago arrangement of AAI's manufacturing facility and equipment under installation with carrying value of ₱195.5 million as of December 31, 2003 for settlement of the Parent Company's long term debt amounting to ₱169.3 million and AAI's bank loans amounting to ₱26.2 million.

The remaining loan with EPCIB has been considered for settlement through a dacion en pago arrangement under a Memorandum of Agreement (MOA) entered into between the Parent Company and EPCIB on April 23, 2002. Under the MOA, the loan of the Parent Company will be settled in exchange for land and development with carrying value of ₱ 108.9 million as of March 31, 2006 and December 31, 2005. The MOA also included the waiver of accrued interest expense. Also, as agreed with EPCIB, interest expense on the loan has not been recognized starting 2002. As of April 30, 2006, the dacion en pago arrangement has not yet been finalized pending the transfer of land titles to the Parent Company of the land and development that are subject of dacion en pago arrangement.

The remaining other loan of the Parent Company is secured by a mortgage on land and development with a carrying value of ₱ 334.2 million as of March 31, 2006 and December 31, 2005. Shares of stock owned by the Parent Company and Parent Company's shares of stock owned by a principal stockholder are also pledged to secure the loan. Also, the loan is covered by a continuing guarantee from a principal stockholder.
The ₱ 70.0 million-loan is collateralized by a mortgage of the subsidiary's land and development with a carrying value of ₱ 208.1 million as of March 31, 2006 and December 31, 2005.

10. Related Party Disclosures

Transactions with related parties include the following:

a. Significant transactions with principal stockholders and related parties, which consist mainly of interest-bearing cash advances for working capital requirements, are as follows:

Related Party		Payables to Stockholders and Subsidiaries
Principal stockholders	March 2006	183,046,463
	Dec. 31, 2005	159,585,342
Mountain Ridge Resort & Dev. Corporation	March 2006	42,965,595
	Dec. 31, 2005	34,125,934
Others	March 2006	1,760,589
	Dec. 31, 2005	1,760,589

On March 1, 2004, the BOD approved the proposal of a principal stockholder to waive accrued interest payable of the Parent Company amounting ₱ 83.1million. The principal stockholder did not charge interest on its advances to parent company in 2005 and 2004.

The Parent Company rents an office space from Jannov Holdings Corporation, a related company. Rent expense amounted to ₱45,000 for the period Jan to March 2006, ₱ 180,000 in 2005 and ₱45,000 in 2004.

The key management personnel of the Company are not receiving any compensation directly or indirectly for any services provided.

11. Long-term Leases

On January 31, 1997, GCAC entered into a lease agreement with Clark Development Corporation covering a land with an area of 200 hectares (subsequently amended to 140 hectares) situated at Clark Special Economic Zone. The lease is for a maximum period of 50 years from January 31, 1997, renewable for another 25 years upon mutual agreement of the parties. GCAC may sub-lease the leased property provided it has secured prior written consent of CDC. The rentals will be based on a minimum guaranteed lease or a certain percentage of gross revenues whichever is higher. The lease agreement provides, among others, the payment of security deposit amounting to ₱ 24.0 million, which is included under "Other noncurrent assets" account in the consolidated balance sheets.

As defined in the lease agreement, GCAC is entitled to non-payment of lease rentals until the leased property is made available for its use. GCAC has not made any lease payments in 2005 and 2004, in accordance with the lease agreement.

On February 21, 2006, the lease agreement was amended to reduce the leased area from 140 hectares to 87.3274 hectares. Under the amended lease agreement, lease payments shall commence after grace periods of twelve months to thirty-six months from approval by CDC of the development plan or upon start of commercial operations, whichever comes first. Also, under the amended lease agreement, portion of the security deposit amounting to ₱ 15.7 million is to be applied against the rental for the first six months after expiration of the grace period. On March 30, 2006, a partial refund of ₱3 million was received by GCAC, representing excess of initial deposit of ₱ 24.0 million over revised security deposit of ₱ 5.2 million and advance rental of ₱ 15.7 million.

12. Contingencies

The Company is a party to certain cases and claims arising in the ordinary course of business. Management and the Company's legal counsel believe that the liabilities, if any, that may result from the outcome of the cases and claims will not materially affect the Company's financial positions as of March 31, 2006 and the results of its operations for the quarter ended.

13. Other Matters

In 2004, a subsidiary and Sta. Lucia Realty Development, Inc. (the Developer) entered into a joint development agreement to develop and convert the subsidiary's land into an exclusive subdivision. It was agreed that the Developer shall, at its own expenses, develop the property, including preparing the survey plans and engineering designs, securing governmental permits, licenses and clearances, providing materials, equipment, labor and services and procurement of conversion or exemption clearance from the Department of Agrarian Reform.

The land is subject to a mortgage executed in favor of a bank in connection with an outstanding loan of P 70.0 million. However, the bank interposes no objection to the execution of the joint agreement.

Also, the subsidiary and the Developer agree to a fifty-fifty percent sharing of the net proceeds from the sale of the residential lots constituting the net saleable area. The subsidiary's share in the proceeds of any sale or disposition shall be applied to the payment of the obligation secured by the mortgage until the same shall be fully paid or extinguished.

14 Segment Information

As discussed in Note 1 to the consolidated financial statements, the Parent Company is involved in the purchase, development and sale of real properties and the production and distribution of personal, heal th and baby care products. Information with regard to the Parent Company's significant business segments is shown below:

	Real Estate		Manufacturing		Eliminations		Consolidated	
	2006	2005	2006	2005	2006	2005	2006	2005
Revenues			101,811	943,867			101,811	943,867
Net Income (Loss)	(9,689,700)	(10,295,769)	(1,070,780)	(1,702,890)			(10,760,480)	(11,998,659)
Other Information								
Segment Assets	1,324,004,139	1,598,919,019	5,850,880	7,573,764	(466,076,564)	(479,980,830)	863,778,455	1,126,511,953
Input Tax	1,657,839	1,597,668		820,993			1,657,839	2,418,662
Creditable Tax	2,734,375	5,194,116	2,864,770	2,860,690			5,599,145	8,054,806
Unallocated Corporate Assets	4,392,214	6,791,784	2,864,770	3,681,683	-	-	7,256,984	10,473,467
Consolidated Total Assets	1,328,396,353	1,605,710,803	8,715,651	11,255,447	(466,076,564)	(479,980,830)	871,035,439	1,136,985,420
Segment Liability	1,224,248,986	1,357,980,933	682,496,918	677,021,618	(811,801,878)	(838,190,409)	1,094,944,025	1,196,812,142
Deferred Income Tax	18,368,568	16,794,118					18,368,568	16,794,118
Minority Interest							-	-
Unallocated Corporate Liabilities	18,368,568	16,794,118	-	-	-	-	18,368,568	16,794,118
Consolidated Total Liabilities	1,242,617,554	1,374,775,051	682,496,918	677,021,618	(811,801,878)	(838,190,409)	1,113,312,593	1,213,606,260

GLOBAL EQUITIES, AND SUBSIDIARIES
AGING OF ACCOUNTS RECEIVABLE
AS OF MARCH 31, 2006

	Current	1 to 30 Days	31 to 60 Days	61 to 90 Days	Over 90 Days	Total
Trade					1,920,763	1,920,763
Officers and Employees				-	24,745	24,745
Others					2,164,601	2,164,601
Total	-	-	-	-	4,110,108	4,110,108
Less: Allowance for doubful accounts					(1,273,409)	(1,273,409)
						-
Accounts Receivable - Net	-	-	-	-	2,836,699	2,836,699