COVER SHEET

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S.E.C. Registration Number

P R I M E T O W N P R O P E R T Y G R O U P , I N C .

A N D S U B S I D I A R I E S

(Company's Full Name)

2 8 / F C I T A D E L I N N M A K A T I , 5 0 0 7

P . B U R G O S S T . , M A K A T I C I T Y

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

Thelma C. Rodriguez

Contact Person

7 5 1 1 9 5 7

Company Telephone Number

1[st] Quarter

1 2	3 1	S E C 17- Q	
Month	*Day*	FORM TYPE	*Month* *Day* Annual Meeting

Secondary License Type, If Applicable

Dept. Requiring this Doc.

Amended Articles Number/Section

Total Amount of Borrowings

Total No. of Stockholders

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I.D.

Cashier

S T A M P S

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 ...163494.....

3. BIR Tax Identification No. 000-060-833

4. Exact name of issuer as specified in its charter.
   PRIMETOWN PROPERTY
   GROUP, 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
   5007 P. Burgos St., Bel-Air, Makati City. — ......1200...........

8. Issuer's telephone number, including area code
   (632) 751 19 57

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

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	865,824,000

11. Are any or all of these securities listed on the Philippine 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 (PMT) 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 there under or section 11 of the RSA and RSA Rule 11(a)-1 there under, and Sections 26 and 141 of The Corporation Code of the Philippines during the preceding 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.

As attached.

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

As attached.

PART II - OTHER INFORMATION

None to report.

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.

THELMA C. RODRIGUEZ
Executive Vice-President

Signature, Title and Date

PRIMETOWN PROPERTY GROUP, INC.
and ITS SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
(Amounts in thousands, except for number of shares)

				Audited
		March 31		December 31
		2006		2005
ASSETS				
Cash	₱	8	₱	338
Receivables-net		39,059		39,538
Real Estate Projects		263,470		263,939
Investments		8,737		8,737
Property and Equipment- net		-		-
Other Assets		15,175		15,175
		326,448		327,726
LIABILITIES & CAPITAL DEFICIENCY				
LIABILITIES				
Bank Loans	₱	358,479	₱	358,479
Accounts Payable and Accrued Expenses		637,308		637,308
Syndicated Loans		120,025		120,025
		1,115,812		1,115,812
CAPITAL DEFICIENCY				
Capital Stock- one peso a share				
Authorized- 1billion shares				
Issued- 865,824,000 shares		865,824		865,824
Additional Paid in Capital		908,797		908,798
Deficit		(2,563,986)		(2,562,708)
		(789,364)		(788,086)
	₱	326,448	₱	327,726

PRIMETOWN PROPERTY GROUP, INC.
and ITS SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME
AND DEFICIT
FOR THE THREE MONTHS ENDED
March 31, 2006
(Amounts in thousands)

		2006		2005
REVENUES	₱	778	₱	114
COST AND EXPENSES				
Real Estate		469		-
Operating Expenses		1,587		2,005
		2,056		2,056
LOSS BEFORE INCOME TAX		(1,278)		(1,891)
PROVISION FOR INCOME TAX		-		-
NET INCOME (LOSS)		(1,278)		(1,891)
DEFICIT AT BEGINNING OF PERIOD		(2,562,708)		(2,492,994)
DEFICIT AT END OF THE PERIOD	₱	(2,563,986)	₱	(2,494,885)
Income (Loss) Per Share	₱	(0.0015)	₱	(0.0022)

PRIMETOWN PROPERTY GROUP, INC.
and ITS SUBSIDIARIES

CONSOLIDATED STATEMENTS OF
CHANGES IN EQUITY
(Capital Deficiency)
For the Quarter Ended March 31, 2006
(Amounts in thousands, except for number of shares)

		2006		2005
CAPITAL STOCK- one peso a share				
Authorized- 1 billion shares				
Issued- 865,824,000 shares	₱	865,824	₱	865,824
ADDITIONAL PAID- IN CAPITAL		908,798		908,798
		1,774,622		1,774,622
DEFICIT				
Balance at Beginning of Period		(2,562,708)		(2,492,994)
Net Income (Loss)		(1,278)		(1,891)
Balance at End of Period		(2,563,986)		(2,494,885)
	₱	(789,364)	₱	(720,263)

PRIMETOWN PROPERTY GROUP, INC.
and ITS SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE 3 MONTHS ENDED MARCH 31, 2006
(Amounts in thousands)

		2006		2005
CASH FLOWS FROM OPERATING ACTIVITIES				
Net Income/(Loss)	₱	(1,278)	₱	(1,891)
Adjustments for :				
Depreciation		-		-
Operating Loss before working capital changes		(1,278)		(1,891)
Changes in operating assets and liabilities				
Receivables		479		1,825
Real Estate projects		469		-
Other Assets		-		(1)
Accounts Payable and accrued expenses		-		12
Cash used in operations		(330)		(55)
CASH FLOWS FROM INVESTING ACTIVITIES				
Decrease (increase) in investments		-		-
Decrease (increase) in other assets		-		-
Disposal of property and equipment		-		-
Cash provided by Investing Activities		-		-
NET CASH (DECREASE) IN CASH		(330)		(55)
CASH- AT BEGINNING OF PERIOD		338		88
CASH - AT END OF PERIOD	₱	8	₱	33

PRIMETOWN PROPERTY GROUP, INC. AND ITS SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Amounts in Thousands, Except for Amounts Expressing Per Share Data, Number of Shares, Percentages and Number of Units)

1. Organization, Operation & Industry Information

Primetown Property Group, Inc. (the Company) was Incorporated and registered with the Securities and Exchange Commission (SEC) on May 16, 1989, primarily to engage in the buying, development and selling of real estate. The Company completed its first project in 1993, the Century Citadel Inn Makati, the first condominium-hotel (condotel) project in the country. The company has since then completed another condotel project (Makati Prime Century Tower) and launched several residential and commercial development projects within the Makati Central Business District, Fort Bonifacio, Cebu City, Tagaytay City and Boracay Island.

In December 1995, the Company went public when listed its shares of stock in the Philippine Stock Exchange and was able to raise about P1,300,000 from selling its shares to the public. With listing, the Company became one of the major players in the Philippine real estate industry.

The unprecedented economic turmoil in the Asian Pacific region that adversely affected the Philippines has resulted in continuously declining demand in the real estate industry. The unfavorable market conditions, exacerbated by the volatile interest rates, the significant devaluation of the Philippine currency and increasing cost of development and construction, have adversely affected the industry. Although economic conditions started to stabilize, the real estate industry is not expected to recover immediately and return to its pre-crisis growth levels.

2. Summary of Significant Accounting Policies

Basis of Financial Statements Presentation

The accompanying financial statements are prepared in accordance with accounting principles generally accepted in the Philippines. The accounting policies and methods of computation adopted in the interim financial statements were consistent with the December 31, 2002 audited financial statements.

Basis of Consolidation and Investments
Investment in Billion Land, Inc., a wholly-owned company, where the Company exercises significant influence, is accounted for using the equity method.

On December 15, 2003, the Board of Directors and stockholders approved the shortening of term of corporate existence of the company's subsidiaries up to December 31, 2003, thereby dissolving the corporations, except Billion Land, Inc. These subsidiaries have not yet started operations since their incorporation in 1997.

Real Estate Projects
Real estate projects are carried at cost less valuation allowance for decline in value of inventories. Cost consists of acquisition cost and expenditures for the development and improvement of land, and construction of the condominium units and townhouses. Interest on loans for the development and construction of the real estate projects are also capitalized as part of the cost of the projects, to the extent of interest incurred during the development and construction period.

Property and Equipment
Property and equipment are carried at cost less accumulated depreciation. Depreciation is computed on a straight-line method over the estimated useful lives of assets.

The cost of maintenance and minor repairs is charged to operations as incurred; significant renewals and improvements are capitalized. When assets are retired otherwise disposed of, the cost and the related accumulated depreciation and removed from the accounts and any resulting gains or losses are credited of charged to operations.

Revenue Recognition
Sales of real estate projects, which include the sale of land and condominium units, are accounted for under the percentage of completion method where the Company has material obligations under sales contract to provide improvements after the property is sold, or the full accrual method when the collectibility of the sales price is reasonably assured and the earnings process is virtually complete. Under the percentage of completion method, the gain on the sale is realized as the related obligations are fulfilled.

Cost of real estate projects sold before completion of the contemplated development and construction is determined based on the actual cost incurred to date plus estimated cost to complete for the condominium units and townhouses. The estimated expenditures for the Company's technical staff and contractor, are charged proportionately to the cost condominium units and townhouses sold with a corresponding credit to “Estimated Liability for Real Estate Project Development.”

Income Tax

Deferred Tax assets and liabilities are recognized for the: (1) future tax consequences attributable to temporary differences between the financial reporting bases of assets and liabilities and their related tax bases; (2) minimum corporate income tax (MCIT); and (3) net operating loss carryover (NOLCO). Deferred tax assets and liabilities are measured using the tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled and MCIT and NOLCO are expected to be applied. A valuation allowance is provided when it is more likely than not that some portion or all of the deferred tax assets will not be realized.

Loss Per Share

Loss per share is computed based on the weighted average number of issued and outstanding common shares during the period.

Pension Plan

Under the Accounting Standards Council’s (ASC) Statement of Financial Accounting Standards (SFAS) No. 24, “Retirement Benefit Costs,” the cost of defined retirement benefits, including those mandated under Republic Act No. 7641, should be determined using an accrued benefits valuation method or a projected benefit valuation method. Both methods require an actuarial valuation which the Company did not undertake. Management believes, however, that the effect on the financial statements of the difference between the pension expense determined under current method used by the Company and an acceptable actuarial valuation method is not significant.

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3. Stockholders’ Equity

On May 8, 1997, the stockholders approved the declaration of 75% stock dividends out of additional paid-in capital to all stockholders as of record date determined by the SEC. On the same date, the stockholders also approved the proposed increase in the Company’s authorized capital stock from P1,000,000, divided into 1 billion shares, to P1,750,000, divided into 1.75 billion shares, with a par value of one peso per share.

The SEC has not yet approved the foregoing transactions.

4. Loss Per Share Computation

Loss per share is computed as follows:

	March 31, 2006	March 31, 2005
Loss	(1,278)	(1,891)
Weighted-average number of common shares outstanding	865,824	865,824
Loss per share	(0.0015)	(0.0022)

5. Contingencies and Commitments

A. There are pending lawsuits and claims filed by third parties against the Company, the outcome of which are not presently determinable. In the opinion of the management and its legal counsel, the eventual dispositions of lawsuits and claims will not have a material effect on the Company's consolidated financial statements.

B. The Company is potentially liable for claims that may be filed by the buyers who have entered into Contracts to Sell/Reservation Agreements covering condominium units to be constructed on land foreclosed by the creditor banks. In view of the significant decline in the real estate prices, most buyers are expected to settle for simply the return of payment made. Also, the Company is currently negotiating with the creditor banks for the replacement of the sold collateralized assets to be transferred to the banks.

C. The Company is potentially liable for claims that may be filed by suppliers in connection with the supply contracts for the Company's real estate projects, which were temporarily suspended.

PRIMETOWN PROPERTY GROUP, INC. AND ITS SUBSIDIARIES
DISCUSSION ON THE RESULTS OF OPERATIONS AND FINANCIAL CONDITION

1) Status of Business and Plan of Operation

For the past years the Company was confronted with major challenges that had threatened its continued existence.

After launching several big projects in 1996, such as the Gold Coast Towers in Mactan, Cebu, Diamond Head International Resort in Boracay Island, PrimeCare Center (formerly known as Meditel) along Shaw Blvd near corner EDSA, and the Conservatorium in Fort Bonifacio, the Company was caught flat-footed when the Asian financial crisis hit the Philippines in July 1997 and continued through 1998, sending the Philippine peso from its pre-crisis rate of P26/US$ to an all-time low of P46/US$, before plunging further to another all-time low of P53/US$. Consequently, interest rates shot up from 14-18% to 25-30%, thereby sounding the death knell of the Philippine real estate market.

The Company's financial resources were depleted rapidly, as it continued to service more than P3 Billion in bank loans at prohibitive interest rates in the hope of averting a financial default. However, in view of its substantial debt burden and exposure in many big projects, its collapse was inevitable. The financial default finally came in January 1998.

The subsidiaries, which are either engaged in real estate industry or organized to accommodate other services related to the Company's activities, were also affected by these events and all of them except Billion Land, Inc., have not yet started commercial operations.

In response to the crisis, the Company has substantially cut down its operations - from a peak of 150 employees in 1997 to only 24 at present and from a peak asset base of over ₱ 8 billion in 1996 to only about ₱ 700 Million by the end of 2002.

Further, the Company implemented a program of gradually reducing its debt burden by entering into various restructuring and dacion en pago arrangements with its creditors. This has resulted in the reduction of its bank debts from a peak of over P3 Billion in 1998 to only P549.9 Million in principal amount at present, inclusive of P120.0 Million in disputed obligation owed to a syndicate of banks led by Urban Bank (now Export & Industry Bank).

However, in view of the continued depletion of its financial resources, the Company was unable to resume construction on its four suspended projects namely, *Gold Coast Towers, The former Meditel, Diamond Head and The*

Conservatorium, from the time it stopped construction on these projects in 1998 up to the present. After its financial collapse, the Company was able to complete only those projects that were already in the advance stage of completion when the crisis came in 1997 namely, the *Makati Prime City* which was completed in 2001 with the assistance of one of its creditor banks, and the *Trinity Plaza* and *Kiener Hills* projects in Cebu.

Consequently, the Company was faced with the problem of refunding a total of P600 Million in payments made by the buyers involved in the four suspended projects. To address this problem, the Company embarked on a program of offering alternative units and modes of settlement with the buyers and searching for third party developers which would take over the projects. The Company succeeded in getting such a developer only in the former Meditel Project in 2002, thereby solving an aggregate buyer claim of P134 Million against the Company. On the other hand, the settlement program with the buyers was able to solve about P100 Million in buyer claims. As a result of the said program, the Company was able to reduce the amount of buyer claims down to 373 Million at present.

Having suspended all construction activities since 1998 in many of its projects, the Company's operation for the last four years has been limited to the servicing of its buyers in the completed projects, settlement of claims from buyers in the uncompleted projects, search for third-party developers to take over its projects, and managing the hotel operation of its completed projects. With the adverse conditions prevailing in the country's tourism/hotel sector, the Company has further decided to terminate its two hotel operations, which has been incurring deficit in the last three years, by turning over to the association of unit owners the management of its condotel projects.

The Company has been able to sustain its operation only by collecting from receivables relating to its completed projects, and sale of its remaining marketable assets. Now that these sources of cash are about to be depleted, the Company believes that recapitalization is the only way out: retire or settle its obligations to creditors, so it can resume its real estate development business on a clean slate. However such recapitalization program cannot happen if the Company is not placed under rehabilitation before a Court of Law.

In view of the foregoing, a resolution was approved and passed authorizing the Board of Directors of the Company to place the Corporation under rehabilitation, in its annual stockholders' meeting held on July 19, 2003. On July 28, 2003, a Petition for Rehabilitation with Prayer for Suspension of Payments was filed before the Regional Trial Court of Makati City. The objective of the Company is to have a rehabilitation in order to provide a comprehensive and orderly process for the settlement by way of *dacion en pago* of all the outstanding obligations of the Company using the remaining marketable assets of the corporation, as well as the new assets to be contributed by a group of investors in behalf of the principal shareholders of the Company.

On August 15, 2003, a Stay Order was granted after the petition of the Company was found to be sufficient in form and substance. Among other things, the Court ordered the following:

A. A stay in the enforcement of all claims, against the Company, whether for money or otherwise and whether such enforcement is by Court action or otherwise, its guarantors or sureties not solidarily liable with the Company.

B. The Company is prohibited from selling, encumbering, transferring or disposing in any manner of any of its properties except in the ordinary course of business and from making any payment of its liabilities, outstanding as of the date of the filing of the petition.

C. The suppliers of goods and services of the Company are prohibited from withholding supply of goods and services in the ordinary course of business for as long as the Company makes payment of the goods supplied after the issuance of the order.

D. All administrative expenses, which refer to those expenses incurred in the ordinary course of business of the Company after the issuance of the Order, except interest payable to creditors, shall be paid in full.

In view of the filing of the Petition for Rehabilitation, the Philippine Stock Exchange issued an indefinite trading suspension of the Company's stocks.

To date, the rehabilitation plan has been approved by the Court in its order dated January 28, 2005.

In the next few years, the Company is expected to continue its real estate construction business and resume its operations as a going concern entity.

A. Results of Operations (March 31, 2006 vs. March 31, 2005)

The Company's revenue for the three months ended March 31, 2006 increases slightly by about P0.6 Million as compared to the same period last year. Current revenue consists of various rentals and others.

The company continued to post net loss mainly due to lack of revenues to cover operating expenses as a result of the continued suspension of its projects.

There were no significant elements of income or loss which did not evolve from Company's continuing operations.

B. Financial Condition (March 31, 2006 vs. December 31, 2005)

The financial condition of the Company since December 31, 2003 has been quite steady as evidenced by the slight decrease in total assets and in each of the items in the Balance Sheet.

As the Company practically suspended its project construction since 1998, it has been able to sustain its operations by collecting receivables to its completed projects and liquidating some of its assets.

Total assets decreased by about P1.3 Million due to ballooning capital deficiency (loss from operations.)

Key Performance Indicators:

Indicators	Jan-March 2006	Jan-March 2005
1. Total Debt to Equity Ratio (negative equity)	1.41. : 1	1.55 : 1
2. Total Bank Debt to Equity Ratio (negative equity)	0.61: 1	0.50 : 1
3. Return on Assets (net loss)	0.0039	0.0048
4. Return on Equity (net loss)	0.0016	0.0026
5. Equity Ratio (negative equity)	2.42	1.82

1. total liabilities / stockholders equity
2. total bank debt / stockholders equity
3. net income / total assets
4. net income / stockholders equity
5. stockholders equity / total assets

OTHER INFORMATION

Other Disclosure

1. Diluted Earnings Per Share- Not Applicable. The Company's capital structure only consists of common stock. There are no convertible securities which causes the dilution of earnings per share. Therefore, only the basic earning per share is applicable to our Company.

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

3. The Company has no debt and equity securities, hence there were no repayments, and no issuances and repurchases.

4. No dividends were paid.

5. The Company has no segment operations.

6. There were no subsequent events to the end of the interim period that have not been disclosed in the financial statements for the period.

7. The Company did not enter into business combinations. Further, there were no acquisition of long-term investments, no restructurings and discontinuing operations.

8. There were no changes in contingent liabilities or contingent assets since the last annual balance sheet date.

9. Seasonality and cyclicality of interim operations - The Company virtually stopped its real estate development in 1998 such that there was no more recurring sale from real estate inventories from any of the halted projects. The real estate sale since then was limited to that of the remaining inventories from completed projects.

10. There were no significant elements of income or loss, which did not evolve from the Company's continuing operations.

11. For the next 12 months, the Company is not expected to purchase or sell significant property and equipment and there will be no significant changes in the number of employees.

Primetown Property Group Inc. and Subsidiaries
Consolidated Aging of Receivables (in compliance with PSE Circular 2164-99)
March 31, 2006
(Amounts in Thousands)

Trade-Installment Receivables	Total	Past Due (Over 120 days)		
Tower	90,483			
Citadel	234			
Condohomes	7,668			
Townhouse	9,926			
Hongkong Tower	1,790			
Tokyo Tower	1,137			
Shanghai Tower	2,599			
Trinity Plaza	9,559			
Kiener Hills	7,979			
Interest Receivables	8,186			
Subtotal	139,546	139,546		
Non Trade Receivables				
Advances to contractors and suppliers	221,684			
Others	24,652			
Subtotal	246,336			
Grand Total	385,403			
Less: Allowance	346,344			
Net	39,059			

Contract receivables are collectible over periods ranging from 18 months to 10 years, with annual interest rates ranging from 19% to 24%.

In 1998, due to effects of the economic turmoil that adversely affected the financial condition of the company, it suspended the development of all its real estate projects. Consequently, majority of the buyers suspended their payments until construction activities are resumed.

The Company assigned its rights to ascertain outstanding contract receivables to settle its loan obligations with certain banks and creditors.

Under the terms of the contracts with various contractors and suppliers, an amount equivalent to a certain percentage of the contract price is paid in advance by the Company. These advances are recovered and applied against each billing based on the progress of work completed. Consequently, the remaining balance of the “Advances to contractors and suppliers” account refers to unapplied deposits to be recovered from future billings.