

PHILIPPINE REALTY AND HOLDINGS CORPORATION

Company's Full Name

Andrea North Complex, Balete Drive cor.

N. Domingo St., New Manila, Q.C.

Company's Address

631-3179

Company's Telephone Number

March 31, 2006
(Fiscal Year Ending)
(month & day)

(Annual Meeting)

17-Q
Form Type

N/A

Amendment Designation (if applicable)

N/A

(Secondary License Type and File Number)

LCU

Cashier

DTU

99905
S.E.C. Reg. No.

Central Receiving Unit

File Number

Document I.D.

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 99905 3. BIR Tax Identification No. 000-188-233
4. Exact name of issuer as specified in its charter

PHILIPPINE REALTY AND HOLDINGS CORPORATION

5. Province, country or other jurisdiction of incorporation or organization PHILIPPINES

6. Industry Classification Code: (SEC Use Only)

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7. Address of issuer's principal office Postal Code

Andrea North Complex, Balete Drive cor. N. Domingo, New Manila, Quezon City

8. Issuer's telephone number, including area code

(632) 636-1170

9. The Registrant has not changed its corporate name and fiscal year. Prior to its transfer to the above address the registrant held its office at 3rd Floor Magnitude Bldg., 186 E. Rodriguez, Jr. Avenue, Quezon City

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	4,686,232,266 shares

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

Yes No

If yes, state the name of such Stock Exchange and the class/es of securities listed therein:

Philippine Stock Exchange

12. Indicate by check mark whether the registrant:

(a) has filed all reports required to be filed by Section 17 of the Code and SRC Rule 17 thereunder or Sections 11 of the RSA and RSA Rule 11(a)-1 thereunder, and Sections 26 and 141 of the Corporation Code of the Philippines, during the preceding twelve (12) months (or for such shorter period the registrant was required to file such reports)

Yes No

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

Yes No

PART I--FINANCIAL INFORMATION

Item 1. Financial Statements.

A copy of the comparative statements as of and for the quarters ended March 31, 2006 and 2005, is submitted as part of this report. The financial statements were prepared in accordance with accounting standards generally accepted in the Philippines. The accounting policies and methods of computations followed in the interim financial statements are the same compared with the audited financial statements for the period ended December 31, 2005.

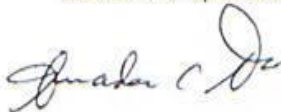
Changes affecting balance sheet and income statement items are further disclosed in the Management Discussion and Analysis. There are no material events subsequent to the end of the interim period that have not been reflected in the financial statements for the interim period. There are no changes in the composition of the issuer during the period.

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

Refer to First Quarter Analysis of Unaudited Consolidated Financial Statement attached as Exhibit II

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.



Amador C. Bacani
President
June 2, 2006



Jose Ma. Francisco
Vice President-Finance & Administration
June 2, 2006

PHILIPPINE REALTY AND HOLDINGS CORPORATION
CONSOLIDATED BALANCE SHEETS

	UNAUDITED	AUDITED
	March 31, 2006	December 31, 2005
ASSETS		
Current Assets		
Cash and cash equivalents	73,642,660	55,546,254
Trade and other receivables - net	275,564,097	335,732,001
Prepayments and other current assets - net	112,655,277	109,426,385
Real estate held for sale		
Land held for development and sale - net	1,266,998,958	1,266,998,958
Condominium units:		
Completed	405,765,210	412,387,645
In-progress - net	1,093,801,731	1,073,729,838
Total Current Assets	3,228,427,933	3,253,821,081
Non-current Assets		
Investments and advances	1,132,998,407	1,096,943,217
Investments in joint ventures - net	58,472,943	58,392,943
Available-for-sale investments	13,749,845	12,984,059
Held to maturity investments	35,373,976	34,702,629
Investment property	9,248,927	9,414,414
Property and equipment - net	26,069,779	26,752,755
Deferred tax assets - net	11,823,216	11,823,216
Goodwill - net	5,374,610	5,374,610
Other non-current assets	3,801,855	3,808,867
Total Non-current Assets	1,296,913,558	1,260,196,710
	4,525,341,491	4,514,017,791
LIABILITIES AND EQUITY		
Current Liabilities		
Trade and other payables	575,122,390	591,094,110
Loans payable	1,092,757,370	1,092,757,370
Unearned premiums	58,912,879	63,026,308
Deposits payable	- 2,810,173	- 2,810,173
	- 1,729,602,812	- 1,749,687,961
Non-current Liabilities		
Loans payable	876,691,009	876,691,009
Estimated liability for condominium development	192,306,674	192,306,674
Retirement benefit obligation	19,445,507	19,445,507
	1,088,443,190	1,088,443,190

EQUITY**Equity Attributable to Equity Holders of the Parent**

Capital stock	3,792,309,890	3,792,305,024
Reserves	275,067,704	273,496,668
Deficit	(2,215,285,466)	(2,244,884,212)
	1,852,092,128	1,820,917,480
Treasury Stock	(160,954,585)	(160,904,214)
	1,691,137,543	1,660,013,266
Minority Interest	16,539,117	15,873,374
	1,707,676,660	1,675,886,640
	P 4,525,722,661	P 4,514,017,791
	-	-

See Notes to Unaudited Consolidated Financial Statements.

PHILIPPINE REALTY AND HOLDINGS CORPORATION
CONSOLIDATED STATEMENTS OF OPERATIONS

	For the Three Months Ended March 31,	
	2006	2005
INCOME		
Sale of real estate	₱ 16,116,071	₱ -
Rent	4,544,982	7,416,382
Management Fees	2,952,699	3,798,762
Commission	1,040,643	950,107
Net underwriting income	7,328,943	4,304,918
Interest	1,432,521	1,352,995
Equity in net income of subsidiaries and associates	36,055,191	15,129,538
Other Income	1,185,579	2,439,049
	70,656,629	35,391,751
COSTS AND EXPENSES		
Cost of condominium units sold and related expenses	6,924,857	-
General and administrative expenses	22,747,383	24,474,200
Interest & financing charges	8,879,136	8,879,136
Loss on Sale Cancellation	2,102,562	-
	40,653,938	33,353,336
NET INCOME BEFORE TAX	30,002,691	2,038,415
PROVISION FOR (BENEFIT FROM) INCOME TAX	403,945	326,413
NET INCOME	29,598,746	1,712,002
ATTRIBUTABLE TO:		
Equity holders of the parent	29,217,576	1,446,907
Minority interest	381,170	265,095
	29,598,746	1,712,002
INCOME PER SHARE		
Basic	0.006341	0.000367
Diluted	0.006341	0.000367
Number of shares outstanding		
Basic (net of treasury stock 99,978,005)	4,667,510,360	4,667,510,360
Diluted (net of treasury stock 99,978,005)	4,667,510,360	4,667,510,360
	-	-

See Notes to Unaudited Consolidated Financial Statements.

PHILIPPINE REALTY AND HOLDINGS CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF EQUITY

	For three Months Ended March 31,	
	2006	2005
Capital Stock - P 1 par value		
Authorized - 8,000,000,000 shares		
Issued - 2,106,689,145 shares in 2005; 2,106,689,145 shares in 2004		
Balance, beginning	2,106,689,145	2,106,689,145
Issuance of shares		
Balance, end	2,106,689,145	2,106,689,145
Subscribed - 2,660,799,220 in 2005 2,660,799,220 shares in 2004		
Balance, beginning	2,660,799,220	2,660,799,220
Shares issued during the year	-	-
Balance, end	2,660,799,220	2,660,799,220
Less: Subscription receivable	975,178,475	975,183,341
	1,685,620,745	1,685,615,879
	3,792,309,890	3,792,305,024
Reserves		
Retained earnings - appropriated for treasury stock acquisition	250,000,000	250,000,000
Fluctuation in market values of investments in shares of stocks		788,730
Net unrealized gain on available for sale securities		(2,312,120)
	-	(1,523,390)
Available-for-sale Valuation Reserve		
Balance, beginning	23,381,917	-
Valuation gains taken to equity-net	1,571,036	-
Balance, end	24,952,953	-
Additional paid-in capital	114,751	114,751
	275,067,704	248,591,361
Deficit		
Balance, beginning	(2,244,884,212)	(2,586,367,842)
Net income(loss) for the quarter	29,598,746	1,446,906
Balance, end	(2,215,285,466)	(2,584,920,936)
	1,852,092,128	1,455,975,449
Treasury Stock - at cost, 99,978,005 shares	(160,954,585)	161,189,278
	1,691,137,543	1,294,786,171

PHILIPPINE REALTY AND HOLDINGS CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CASH FLOWS

	For the Three Months Ended March 31	
	2006	2005
Cash flows from Operating Activities		
Net Income	29,217,576	P 1,446,907
Adjustments for:		
Equity in net losses (earnings) of subsidiaries and affiliates	(36,055,191)	(15,129,538)
Depreciation and amortization	1,356,935	3,179,752
Provision for tax	403,945	-
Gain on sale of shares of stocks	(313,744)	-
Minority Interest	381,170	265,095
Gain (Loss) from operations before working capital changes	(5,009,309)	(10,237,784)
Decrease (Increase) in:		
Real estate held for sale	(13,449,458)	(366,819)
Receivables	60,167,904	(12,016,628)
Prepayments and other current assets	(3,228,892)	925,152
Increase (Decrease) in:		
Accounts payable and accrued expenses	(16,375,665)	18,760,381
Reserve for unearned premiums	(4,113,429)	7,330,489
Net cash used in operating activities	17,991,151	4,394,791
Cash Flows from Investing Activities		
Decrease (Increase) in:		
Other assets	(447,210)	(3,578,869)
Investments in joint venture	(80,000)	(60,000)
Available for sale investments	(452,042)	958,463
Held to maturity investments	(671,347)	-
Net disposals (additions) to property and equipment	(54,251)	(468,789)
Net cash from investing activities	(1,704,849)	(3,149,195)
Cash Flows from Financing Activities		
Payment of subscription	4,866	-
Reserve for fluctuation in MV of investment in stocks	1,571,036	(1,381,925)
Increase(decrease) in minority interest	284,573	14,135
Treasury stock transactions	(50,371)	285,064
Net cash from (used in) financing activities	1,810,104	(1,082,726)
Net Decrease in Cash and Cash Equivalents	18,096,406	162,870
Cash and Cash Equivalents, Beginning	55,546,254	78,520,457
Cash and Cash Equivalents, End	73,642,660	P 78,683,326

See Accompanying Notes to Consolidated Financial Statements.

MANAGEMENT DISCUSSION AND ANALYSIS
FIRST QUARTER 2006

The Company registered a consolidated net income P29.22 million, net income of P1.45 million, and net loss of P1.56 million for the first three months of 2006, 2005 and 2004 respectively. Interest and Financing charges amounted to P8.88 million, P8.88 million and P37.46 million for 2006, 2005 and 2004 respectively.

Rental income dropped by 38.72% compared to 2005 as major areas were not leased out beginning first quarter of this year. Some building management contracts were terminated thus, the decrease in management fees by subsidiary PRHC Property Managers, Inc. (PPMI) Commission was composed of brokers commission on sale of real property, on insurance and on international fare booking of our subsidiaries, PPMI, Tektite Insurance Brokers, Inc.(TIBI) and Universal Travel Corporation (JTC). Net underwriting income increased significantly due to higher bookings by Meridian Assurance Corporation (MAC). Two condominium units were sold during the first quarter contributing an income of P7.09 million.

Equity in net income of subsidiaries and associates soared by 138% from P15.13 million in 2005 to P36.06 million in 2006 due to the jump in net income registered by Ibank from P174.73 million to P403.87 million. Another affiliate, A Brown Co., Inc. registered a net income of P14.71 million.

General and administrative expenses decreased by a modest 7.06% from P24.47 million in 2005 to P22.75 million in 2006, as management continued its tight rein on expenditures.

Receivables dropped significantly due to the collection of receivable from reinsurers by P51 million.

Investment and Advances inched up due to the take up of Equity in Net Earnings of Associates amounting to P36.06 million.

Investment in Joint Venture increased by P80,000 as a result of additional capital contributed by partners to defray the cost of maintaining the Tagaytay Joint Venture Property.

Property and Equipment decreased by P.683 million due to the depreciation of assets.

Accounts payable and accrued expenses increased due to the accrual of interest by P8.88 million for the 1st quarter of 2006 and payment of claims by our subsidiary Meridian Assurance Corporation. Unearned premium decreased due to higher production.

All told, the consolidated net income pushed stockholders' equity to P1.691 billion at the end of March 2006.

Top Five Performance Indicators	2006	2005

Gross Revenue	P 31,983,338	P 16,470,168
<u>Current Assets</u>	<u>3,228,427,933</u>	<u>3,521,537,893</u>
Current Ratio = <u>Current Liabilities</u>	1,729,602,812 = 1.87	2,128,969,391=1.65
<u>Liabilities</u>	<u>2,818,046,002</u>	<u>3,382,982,512</u>
Debt-to-Equity Ratio= <u>Equity</u>	1,690,756,373 = 1.67	1,294,786,173=2.61
<u>Equity in Net Income</u>	<u>36,055,191</u>	<u>15,129,538</u>
Investment And Advances	1,132,998,407=3.18%	1,003,693,549=1.51%
Earnings Before Interest, Tax, Depreciation and Amortization	P 40,238,762	P14,097,302

Gross revenue includes sale of real estate, rent, commission, management fees and underwriting income. The increase in leased areas, rental rates and number of customers will contribute significantly to the cash inflows of the company. Other indicators include Current Ratio, Debt-to-Equity Ratio, Equity in NI of Subsidiaries over Investment and Advances, and EBITDA. The Company's current ratio is at 1.65 and 1.87 for 2005 and 2006, respectively. As at quarter end, the Company's debt-to-equity ratio stood at 1.67:1 compared to 2.61:1 of 2005. Equity in Net Income of subsidiaries and associates over Investments and Advances was at 3.18% and 1.51% in 2006 and 2005, respectively.

The Company's current financial position indicates that sufficient cash flow has to be generated to fully service its liabilities and finance its working capital requirement. The Company's management has been continuously undertaking measures to address the liquidity and profitability of the Company's future operations. Starting in 1998, the Company has offered land properties to the banks as payment for its obligations through dacion en pago (debt-asset swap) to substantially reduce its obligations.

The Company has filed with the court a petition for corporate rehabilitation with prayer for suspension of payments. The court has found merit in the company's pleading and issued a stay order, followed by another order giving due course to our petition last February 26, 2003. Negotiations are ongoing with bank creditors on the manner of settlement of our debt obligations with the preferred mode converging on dacion en pago and possibly, partial restructuring. The company has also requested for the condonation of interest. On June 10, 2004, the court approved the Receiver's recommendation on our Petition for Corporate Rehabilitation. And on June 29, 2004 our major creditor bank, Metrobank, filed a notice of appeal with the Regional Trial Court of Quezon City, Branch 93. The Company has already settled its loan with two (2) creditor banks through dacion en pago. Another loan with a creditor bank has been restructured. In its letter to PSE dated February 28, 2006, the Company decided to accept the court's adjudication issued on June 11, 2004 which provided for a partial dacion en pago and a partial restructuring scheme for the settlement of its outstanding obligations. Any material events subsequent to this interim period brought about by the Court approval will be reported to the Commission.

The Company expects to be reimbursed by Alexandra (USA), Inc. for the balance on its advances as the affiliate sells the developed lots in its Orlando, Florida project. The Company also intends to sell some of its real properties and/or its investment in International Exchange Bank, A Brown Co., Inc. and Meridian Assurance Corporation to reduce debt to a more manageable level.

In the medium term, the Company will not have the means to pursue its various high-rise real estate projects. Its strategy is to enter into joint ventures whereby it will merely contribute the

land and other pre-development expenditures while the partner will shoulder the cost of construction of the building. A joint venture agreement for the development of residential condominiums on two Bonifacio

Global City lots was signed in March 2005. The Company will contribute the two lots to the joint venture and in return, will receive about P800 million plus share in profits which may exceed P100 million. Xcell Property Ventures, Inc. shall be solely responsible for the construction of the two towers over a period of five (5) to six (6) years.

For the first tower of Andrea North, the over P800 million cost to complete will be financed through sale of remaining 99 unsold units with a current total selling price of P951 million as well as from proceeds of joint venture.

For its general and administrative expenses, the Company relies on rentals from its condominium units at PSE Centre and dividends.

PHILIPPINE REALTY AND HOLDINGS CORPORATION
AGING OF ACCOUNTS RECEIVABLE-TRADE
AS OF MARCH 31, 2006

PARTICULARS	CURRENT	OVER DUE			TOTAL
		31-60 DAYS	61-90 DAYS	OVER 91 DAYS	
PRHC				188,890,454	188,890,454
PPII	160,291	22,029	4,429	601,365	788,114
MAC	4,262,685	4,656,826	4,555,795	6,849,092	20,324,398
TIBI			4,110,751		4,110,751
UTC			379,039		379,039
GRAND TOTAL	4,422,976	4,678,855	9,050,014	196,340,911	214,492,756

Accounts Receivable - Trade	214,492,756
Accounts Receivable - Others	<u>18,381,146</u>
Total	<u><u>232,873,902</u></u>