

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, 2005
(Fiscal Year Ending)
(month & day)**

(Annual Meeting)

**17-Q/A-1
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, 2005
- 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)

- 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 [X] 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, 2005 and 2004, 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, 2004.

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
August 17, 2005

Jose Ma. R. Francisco
Vice - President
August 17, 2005

MANAGEMENT DISCUSSION AND ANALYSIS FIRST QUARTER 2005

The Company registered a consolidated net income P1.45 million, net loss of P1.56 million, and net loss of P73.07 million for the first three months of 2005, 2004 and 2003 respectively. The bulk of loss was due to Interest and Financing charges which amounted to P8.88 million, P37.46 million and P24.16 million for 2005, 2004 and 2003 respectively. There was a decrease in 2005 because the company accrued interest for Metrobank loan only at a rate of 5% as prescribed in the court-approved rehabilitation program.

Rental income rose by 128% compared to 2004 as major areas were leased out beginning second quarter of last year. Some building management contracts were terminated thus, the decrease in management fees by subsidiary 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 (UTC). Net underwriting income decreased significantly due to lower bookings by Meridian Assurance Corporation (MAC). Interest income slipped due to lower interest rates. Other Income plunged by 90.75% as last year, the Company booked a gain from dacion in the amount of P24.10 million.

Equity in net income of subsidiaries and associates declined by 9.73% from P16.76 million in 2004 to P15.13 million in 2005 due to the dilution of ownership of Ibank from 10.44% in the first quarter of 2004 to 8.19% in 2005 which negated the growth in net income of the bank from P169.64 million in 2004 to P174.73 million in 2005 and an income from A. Brown Co., Inc. of P15.73 million.

General and administrative expenses climbed by a modest 5.4% from P23.22 in 2004 to P24.47 in 2005, as management continued its tight rein on expenditures.

Receivables grew due to the increase in premiums on insurance coverage.

Investment and Advances inched up due to the take up of Equity in Net Earnings of Associates amounting to P15.13 million.

Investment in Joint Venture increased by P60,000 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 P1.62 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 2005 and as subsidiary TIBI booked payable to various insurance companies. Unearned premium increased due to higher production.

All told, the consolidated net income pushed stockholders' equity to P1.295 billion at the end of March 2005.

Top Five Performance Indicators	2005	2004
Gross Revenue	P 16,470,168	P 15,549,488
Current Ratio = $\frac{\text{Current Assets}}{\text{Current Liabilities}}$	$\frac{3,405,599,862}{3,190,660,402} = 1.07$	$\frac{3,491,321,960}{3,164,302,485} = 1.10$
Debt-to-Equity Ratio = $\frac{\text{Liabilities}}{\text{Equity}}$	$\frac{3,382,982,512}{1,294,786,173} = 2.61$	$\frac{3,356,624,595}{1,396,484,369} = 2.41$
Equity in Net Income over Investment And Advances	$\frac{15,129,538}{1,003,693,549} = 1.51\%$	$\frac{16,759,732}{981,341,352} = 1.71\%$
Earnings Before Interest, Tax, Depreciation and Amortization	P 14,097,302	P39,582,665

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 1.10 and 1.07 for 2004 and 2005, respectively. As at quarter end, the Company's debt-to-equity ratio stood at 2.61:1 compared to 2.41:1 of 2004. Equity in Net Income of subsidiaries and associates over Investments and Advances was at 1.51% and 1.71% in 2005 and 2004, 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. Any material events subsequent to this interim period brought about by the Court approval will be reported to the Commission. There are no events that will trigger direct or contingent financial obligation that is material to the company. Likewise, no material off-balance sheet transactions, arrangements, obligations and other relationships with unconsolidated entities or other persons are created during the reporting period.

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.

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
CONSOLIDATED BALANCE SHEET

	UNAUDITED		AUDITED	
	March 31, 2005		December 31, 2004	
ASSETS				
Real Estate Held for Sale				
Land held for development and sale	P	1,515,248,958	P	1,515,248,958
Condominium units:				
Completed		412,291,282		412,291,282
In-progress		1,058,804,153		1,058,437,334
		2,986,344,393		2,985,977,574
Cash and Cash Equivalents		78,683,326		78,520,457
Receivables - net		302,025,827		290,009,199
Prepayments and Other Current Assets		154,484,347		155,409,499
Deferred Income Tax		5,437,679		5,437,679
Investments and Advances		1,003,693,549		988,564,011
Investments in Joint Venture		58,202,943		58,142,943
Other Equity Investments		49,638,851		49,774,466
Property and Equipment - Net		44,906,704		46,523,588
Goodwill		3,358,381		3,358,381
Other Assets		7,302,006		3,723,137
	P	4,694,078,006	P	4,665,440,934

LIABILITIES AND STOCKHOLDERS' EQUITY

Accounts Payable and Accrued Expenses	P	972,482,922	P	953,722,541
Estimated Liability for Condominium Development		192,322,110		192,322,110
Unearned Premiums		60,143,925		52,813,436
Loans Payable		2,155,223,382		2,155,223,382
Deposits Payable		2,810,173		2,810,173

Minority Interest	16,309,322	16,306,890
Equity	1,294,786,173	1,292,242,402
	P 4,694,078,006	P 4,665,440,934

See Notes to Unaudited Consolidated Financial Statements.

PHILIPPINE REALTY AND HOLDINGS CORPORATION
STATEMENTS OF OPERATIONS AND DEFICIT

	For the Three Months Ended March 31	
	2005	2004
INCOME		
Rent	P 7,416,382	P 3,247,992
Management Fees	3,798,762	4,374,243
Commission	950,107	1,358,865
Net underwriting income	4,304,918	6,568,388
Interest	1,352,995	1,389,686
Equity in net income of subsidiaries and associates	15,129,538	16,759,732
Other Income	2,439,049	26,383,033
	35,391,750	60,081,939
COSTS AND EXPENSES		
General and administrative expenses	24,474,200	23,221,509
Interest & financing charges	8,879,136	37,461,434
	33,353,336	60,682,943
NET INCOME(LOSS)	2,038,414	(601,004)
PROVISION FOR (BENEFIT FROM) INCOME TAX	326,413	511,405
NET INCOME(LOSS) BEFORE MINORITY INTEREST	1,712,001	(1,112,409)
MINORITY INTEREST	265,095	442,744
NET INCOME(LOSS)	P 1,446,906	P (1,555,153)
EARNINGS(LOSS) PER SHARE		
Basic	0.000310	(0.000333)
Diluted	0.000310	(0.000333)

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 the Three Months Ended March 31,	
	2005	2004
Capital Stock - P 1 par value		
Authorized - 8,000,000,000 shares		
Issued - 2,106,689,145 shares in 2002; 2,106,015,643 shares in 2001; and 2,105,815,643 shares in 2000		
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 2002; 2,661,472,722 shares in 2001; and 2,661,672,722 shares in 2000		
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	975,183,341	975,183,341
	1,685,615,879	1,685,615,879
	3,792,305,024	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	1,742,255
Revaluation increment in real estate	-	-
Additional paid-in capital	114,751	114,751
Net unrealized gain on available for sale securities	(2,312,120)	1,813,447
	248,591,362	253,670,453
Deficit - Unappropriated		
Balance, beginning	(2,586,367,842)	(2,487,221,786)

Net Income(loss) as of March	1,446,906	(1,555,153)
Balance, end	(2,584,920,936)	(2,488,776,939)
	1,455,975,451	1,557,198,538
Treasury Stock - at cost, 99,978,005 shares	161,189,278	160,714,170
	1,294,786,173	1,396,484,368

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

	For the Three Months Ended March 31	
	2005	2004
Cash flows from Operating Activities		
Income (Loss) before income tax	P 1,446,906	(P 1,555,153)
Adjustments for:		
Equity in net losses (earnings) of subsidiaries and affiliates	(15,129,538)	(16,759,732)
Depreciation and amortization	3,179,752	2,722,235
Gain on sale of property and equipment	-	-
Gain on sale of shares of stocks	-	-
Prior Period adjustment	-	-
Minority Interest	265,095	442,744
Gain (Loss) from operations before working capital changes	(10,237,785)	(15,149,906)
Decrease (Increase) in:		
Real estate held for sale	(366,819)	20,949,147
Receivables	(12,016,628)	6,114,268
Deferred Income Tax	-	-
Prepayments and other current assets	925,152	3,397,177
Increase (Decrease) in:		
Accounts payable and accrued expenses	18,760,381	34,072,902
Reserve for unearned premiums	7,330,489	(3,323,764)
Net cash used in operating activities	4,394,790	46,059,824
Cash Flows from Investing Activities		
Decrease (Increase) in:		
Other assets	(3,578,869)	84,276
Investments in joint venture	(60,000)	(70,000)
Other equity investments	958,463	(682,005)
Deferred acquisition costs	-	-
Investments and advances	-	44
Net disposals (additions) to property and equipment	(468,789)	196,823
Net cash from investing activities	(3,149,195)	(470,862)

Cash Flows from Financing Activities

Proceeds (payments) of bank loans - net	-	(50,628,000)
Dividends paid	-	-
Reserve for fluctuation in MV of investment in stocks	(1,381,925)	(54)
Revaluation increment in forex	-	-
Net unrealized gain on available for sale securities	-	-
Increase(decrease) in minority interest	14,135	33,802
Treasury stock transactions	285,064	190,045
Net cash from (used in) financing activities	(1,082,726)	(50,404,207)
Net Decrease in Cash and Cash Equivalents	162,869	(4,815,245)
Cash and Cash Equivalents, Beginning	78,520,457	58,002,859
Cash and Cash Equivalents, End	P 78,683,326	P 53,187,614

See Accompanying Notes to Consolidated Financial Statements.

**PHILIPPINE REALTY AND HOLDINGS CORPORATION
AGING OF ACCOUNTS RECEIVABLE-TRADE
AS OF MARCH 31, 2005**

PARTICULARS	CURRENT	OVER DUE			TOTAL
		31-60 DAYS	61-90 DAYS	OVER 91 DAYS	
PRHC				196,054,959	196,054,959
PPMI	32,795	7,979	5,528	699,324	745,626
MAC	4,492,936	5,110,766	3,941,510	12,822,040	26,367,252
TIBI		10,178,738			10,178,738
UTC	280,487			10,120	290,607
GRAND TOTAL	4,806,218	15,297,483	3,947,038	209,586,443	233,637,181

Accounts Receivable - Trade	233,637,181
Accounts Receivable - Others	29,956,362
Total	263,593,543

