COVER SHEET

3 6 1 9 0

S.E.C. Registration Number

O M I C O   C O R P O R A T I O N

(Company's Full Name)

U N I T   4 0 1   S O L A R E   C A P R I   O A S I S

S I X T O   A N T O N I O   A V E .   P A S I G   C I T Y

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

JUANA LOURDES M. BUYSON	637-6923 to 25
Contact Person	Company Telephone Number

ANNUAL REPORT FOR 2016

Fiscal Year	FORM TYPE	Annual Meeting (Last Friday)
1 2 (*Month*) 3 1 (*Day*)	1 7 - A	0 5 (*Month*) (*Day*)

Secondary License Type, If Applicable

M S R D

Dept. Requiring this Doc.

Amended Articles Number/Section

Total Amount of Borrowings

Total No. of Stockholders	Domestic	Foreign
2 8 8 4 as of March 31, 2017	N O N E	N O N E

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I.D.

Cashier

S T A M P S

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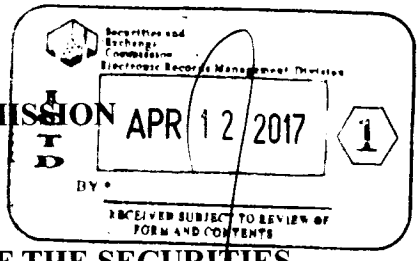

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-A

ANNUAL REPORT PURSUANT TO SECTION 17 OF THE SECURITIES REGULATION CODE AND SECTION 141 OF THE CORPORATION CODE OF THE PHILIPPINES

1. For the fiscal year ended ..... December 31, 2016

2. SEC Identification Number 36190 3. BIR Tax ID No. 000-483-136

4. Exact Name of issuer as specified in its charter:
OMICO CORPORATION

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

6. (SEC Use only)
Industry classification Code:

7. Unit 401 Capri Oasis-Solare Bldg., Dr. Sixto Antonio Ave. 1605
Maybunga,Pasig City Postal Code
Address of principal office

8. (02) 6376923 to 25
Issuer's telephone number, including area code

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

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

Title of Each Class	Number of Shares of Common Stock Outstanding
Common Stock, PhP1par value	1,050,461,673 as at December 31, 2016

11. Are any or all of these securities listed on a Stock Exchange?
Yes (x) No ( )

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

12. Check whether the issuer:

a) has filed all reports required to be filed by Section 17 of the SRC and SRC Rule 17 thereunder or Section 11 of the RSA and RSA Rule 11(a)-1 thereunder, and Sections 26 and 141 of The Corporation Code of the Philippines during the preceding twelve (12) months (or for such shorter period that the registrant was required to file such reports);
Yes (x) No ( )

b) has been subject to such filing requirements for the past ninety (90) days.
Yes ( ) No (x)

13. Aggregate market value of voting stock held by non-affiliates is PhP451,008,411.50.

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SIGNATURES

PART 1 - BUSINESS AND GENERAL INFORMATION

Item 1. BUSINESS

a) *Description of Business*

1) Business Development

i) Omico Corporation (the "Parent Company or the "Company" or "Omico") was incorporated in the Philippines and was registered with the Securities and Exchange Commission ("SEC") on August 30, 1968. Its corporate term was extended to another fifty (50) years from and after the date of expiration of its first fifty (50)-year term on August 29, 2018, as per SEC Certificate of Filing of Amended Articles of Incorporation dated October 21, 2015. It holds 100% interest both in Omico Kapital Corporation and Omico Mining Inc. *(formerly Omico-Ivanhoe Mining Inc).* The Parent Company listed its shares of stock in the Philippine Stock Exchange ("PSE") on May 2, 1969.

The Company's main business activities are mining exploration and property development. It is licensed to operate, prospect, mine, and deal with all kinds of ores, metals and minerals. The Company is also engaged in the business of real estate development.

The mining exploration segment was previously engaged in the exploration activities of mine site while the property development segment is presently engaged in the marketing and sale of real estate and evaluation of future development of other real estate properties.

ii) The Company has no bankruptcy, receivership or any similar proceedings.

iii) No material reclassification, merger, consolidation, or purchase of a significant amount of assets not in the ordinary course of business occurred during the year 2016.

2) Business of Issuer

i) Principal products, markets and revenue contribution

The Company previously held a mining agreement with Macawiwili Gold Mining and Development Co., Inc. ("Macawiwili") to operate and mine on several claim blocks located within the Baguio Gold District, in the municipality of Itogon, Benguet. The agreement which was signed on September 30, 1968 and extended on January 10, 1996 is effective until January 10, 2021. By virtue of Mineral Production and Sharing Agreement ("MPSA") issued by the Department of Environment and Natural Resources ("DENR") in 2009, the Company and its subsidiary, Omico Mining, Inc., subsequently commenced exploration works involving geologic mapping, geophysical survey and sampling. Cumulatively, total capitalized exploration and evaluation cost amounted to PhP194.82Million as of August 29, 2012.

On August 29, 2012, the Company executed a Termination of Mining Agreement with Macawiwili wherein the Company is relinquishing all its rights and obligations under the mining agreement including the MPSA. In exchange for the Company's relinquishment of its rights and obligation in the aforesaid agreements, Macawiwili will reimburse the Company the amount of twenty five Million Pesos (PhP25,000,000) in cash for expenses incurred in the exploration, drilling and upkeep of the mine site.

Other significant terms and conditions of the agreement are as follows:

- Macawiwili will also issue in favor of the Company unissued and unsubscribed common shares of Macawiwili equivalent to 2.5% of Macawiwili's outstanding common shares after the infusion of fresh equity into Macawiwili of PhP100Million up to PhP150Million.

  The issuance of 2.5% equity is based on the valuation of Macawiwili at PhP2Billion as agreed by both parties. The shares will have the same features, including the rights of stockholders to subscribe to a new issuance of shares pro rata to its shareholdings.

- Should Macawiwili pursue any equity offering based on a valuation of less than PhP2Billion within 36 months from current round of equity raising, Macawiwili will have to offer PhP50Million to the Company for the purchase of its equity stake. Acceptance by the Company of Macawiwili's offer to purchase shall not be unreasonably withheld by the former.

- When Macawiwili offers to Omico PhP50Million to purchase its entire stake, the Company has the option within a non-extendible period of 30 days, not to sell and instead invest additional capital into Macawiwili in order to prevent the dilution of equity in Macawiwili. After the lapse of the said period, the Company shall have no other right to accept the offer of Macawiwili.

Management decided to terminate the mining agreement with Macawiwili because Management would like to focus on other mining prospects/projects.

The Company is still interested in investing in mining and is scouting for other mining projects to explore, manage, operate or invest either solely or in partnership with other entities.

The Company has also expanded its business scope and diversified its operations into property investment, development of low-cost subdivision housing units and investment in joint venture projects with the Company as landowner and the JV partner as developer. The development of the housing subdivision located in Sta. Rosa, Nueva Ecija is in process and the Company is engaged in the marketing and sale of these housing units. The development of the joint venture condominium residential project with Robinsons Land Corporation ("RLC") located in Tagaytay City has been completed. Realized gross profit on real estate sales amounted to PhP8,623,755 and PhP13,720,668 for the year 2016 and 2015, respectively.

ii) Percentage of revenues and net income contributed by foreign markets
There were no revenues and net income contributed by foreign markets for the each of the last three (3) fiscal years.

iii) Marketing
For the Company's Sta. Rosa Homes project located in Brgy. Lourdes, Sta. Rosa, Nueva Ecija, the housing units are sold by in-house agents and independent brokers. For the joint venture residential project with RLC located in Tagaytay City, RLC handles the management, marketing and general operation of the project.

iv) Status of publicly announced new product or service
There's no publicly announced new product or service by the Company.

v) Competition
Among several housing projects in Nueva Ecija, the closest competitors which have the same category as the Sta. Rosa Homes being a low-priced mass housing project are Lamarville and Primavera Homes. The Company is able to compete through its commitment to offer affordable house and lot packages for a well-planned project with good location and accessibility to transportation facilities and commercial centers.

vi) Sources and availability of raw materials
Construction and other materials needed for the Sta Rosa Homes project located in Brgy. Lourdes, Sta. Rosa Nueva Ecija are sourced and available locally. The Company does not have any major existing supply contracts.

vii) Dependence on major customers
The Company is not dependent on major customers for its real estate projects. The Company does not have any major existing sales contracts.

viii) Transaction with and/or dependence on related parties
The Parent company obtained advances from its subsidiary in previous years shown as Due to a Subsidiary in the Parent Company Statements of Financial Position. The outstanding balance amounted to PhP221,084,873 as of December 31, 2016 and 2015 respectively. These borrowings from the subsidiary are non-interest bearing and payable on demand.

The Parent Company's advances to its subsidiary in previous years, is shown as part of Receivables in the Parent Company Statements of Financial Position. The outstanding balance amounted to PhP6,425,218 and PhP6,385,771 as of December 31, 2016 and 2015, respectively.

ix) Patents, trademarks, copyrights, licenses, franchises, concessions
The Housing and Land Use Regulatory Board ("HLURB") has issued five (5) License to Sell and the corresponding certificates of registration covering Phase 1 to 5 of the Company's Sta. Rosa Homes project located in Brgy. Lourdes, Sta. Rosa, Nueva Ecija. The Municipality of Sta. Rosa, Nueva Ecija approved the subdivision plan and issued the required locational clearance and development permit for said housing project on February 06, 1997.

x) Need for any government approval of principal products or services
As a real estate developer, the subdivision plans for residential and other development projects are subject to approval by the relevant local government unit in which the project is situated. The development of subdivision projects can commence only after the issuance of a locational clearance and development permit by the relevant government body. Further, all subdivision project plans are required to be filed with and approved by HLURB. Approval of such plans is conditional on, among other things, the developer's financial, technical and administrative capabilities. Subdivision units may be sold or offered for sale only after a license to sell and a certificate of registration have been issued by the HLURB.

xi) Effect of existing or probable governmental regulations on the business
As a mining company, Omico is subject to governmental regulations on its activities principally, the rules and regulations of Republic Act 7942, otherwise known as the Philippine Mining Act of 1995 of which the implementing agency is the Department of Environment and Natural Resources ("DENR").

As a property development firm, the Company is subject to rules and regulations emanating from various laws with the HLURB as the main implementing agency together with the DENR for the environmental aspect and the Department of Agriculture for the conversion clearance, if agricultural land is involved, and the Department of Agrarian Reform for the order/approval on land use conversion.

xii) Research and Development
The Company incurs minimal amounts for research and development activities which do not amount to a significant percentage of revenues.

xiii) Cost and effects of compliance with the environmental laws
For the Company's Sta. Rosa Homes project and the Brgy. Pinmaludpod, Urdaneta City, Pangasinan property wherein the Company had obtained the Environmental

Compliance Certificate ("ECC") from the DENR, the Company has consistently complied with the conditions set in the ECC and with the environmental laws and regulations of the DENR.

xv) Total Number of Employees

As of year-end 2016, the Company's total number of employees is eleven (11) – Management (4), Operations (4) and Administrative (3) - all of whom are full-time employees. The Company does not anticipate the hiring of additional employees within the ensuing twelve (12) months. The employees do not have any Collective Bargaining Agreement. The Company's employees are not on strike, or have been in the past three (3) years, or are threatening to strike. The Company has no supplemental benefits or incentive arrangements with its employees.

xvi) Major risk/s involved in each of the businesses of the company and subsidiaries

Mining Operation Risks

By its nature, the business of mineral exploration contains risks. For its part, exploration is a speculative endeavor and can be hampered by the unpredictable nature of mineral deposits, particularly with respect to predicated extrapolations to depth from known mineralization, and adverse ground conditions, flooding, inclement weather, poor equipment availability, force majeure circumstances and cost overruns from unforeseen events. Resource estimates themselves are necessarily imprecise and depend upon interpretations that can prove to be inaccurate. Any future successful mining operation will depend on exploration success, mineral resource calculations, appropriate economic circumstances, ore reserve calculations, successful statutory planning approvals, mine design and the construction of efficient processing facilities, competent operation and management and efficient financial management.

Any future exploration activities of the Company may be affected by a range of factors including geological conditions, limitations on activities due to seasonal weather patterns, unanticipated operational and technical difficulties, industrial and environmental accidents, changing government regulations and many other factors beyond the control of the Company.

Real Estate Operation Risks

The Company's real estate operation may be affected by factors, including, but not limited to the following:

- Failure to secure the necessary permits for development;
- Failure to finish the development due to disagreement with the contractor or the developer; and
- Failure to sell the constructed/ finished development due to product acceptance, sudden economic turn-down, or political instability

The Board of Directors, the Audit Committee and Management of the Company meet regularly to identify key risk areas and performance indicators and monitor these factors with due diligence and to assess and manage risks involved in the businesses of the Company.

b) Additional requirements as to certain issues or issuer

1) Debt Issues
   Not applicable
2) Investment Company Securities
   Not applicable
3) Mining and oil companies

The Company previously held a mining agreement with Macawiwili to operate and mine on several claim blocks located within the Baguio Gold District, in the municipality of

Itogon, Benguet. The agreement which was signed on September 30, 1968 and extended on January 10, 1996 is effective until January 10, 2021. On August 29, 2012, the Company executed a Termination of Mining Agreement with Macawiwili wherein the Company is relinquishing all its rights and obligations under the mining agreement including the MPSA.

Item 2. PROPERTIES

a) Real estate properties (raw land) with 156,687 square meters, more or less, situated in Barrio of Banangan, Municipality of Sablan, Province of Benguet, with spectacular views of the Cordilleras, and as far away as Lingayen Gulf, the beaches of La Union, and the South China Sea;
b) Real estate property (raw land) with 353,162 square meters, more or less, situated in Barrio of Pinmaludpod, Municipality of Urdaneta, Province of Pangasinan of which 232,540 square meters was contributed by the Company to the joint venture project with Sta. Lucia, APEDCO and Asian Empire;
c) Real estate property (raw land) with 42,333 square meters, more or less, situated in Barrio Mayapyap, City of Cabanatuan, Province of Nueva Ecija;
d) Real estate property with an area of 14.8hectares, more or less, located in Bgy. Lourdes, Municipality of Sta. Rosa, Province of Nueva Ecija, which is now being developed by the Company into a residential project named Sta. Rosa Homes with 1,071 low-cost housing units;
e) Real estate property with 2,426 square meters, more or less, of prime lot located along Pasong Tamo and EDSA, Makati City; at the fringe of the Central Business District;
f) Real estate property with 9,372 square meters, more or less, situated in the City of Tagaytay, of which 6,515 square meters was allotted for the joint venture project with RLC for the development of a residential condominium project named The Wellington Courtyard wherein the Company was entitled to twenty five (25) condominium units as its share in the joint venture, of which twenty (20) units have already been sold;
g) Office condominium unit and three (3) parking slots located at PSE Centre, Exchange Road, Ortigas Center, Pasig City; and
h) Office condominium unit located at Capri Oasis-Solare Bldg., Dr. Sixto Antonio Ave., Maybunga, Pasig City.

Said properties are wholly-owned by the Company. All properties mentioned above are free from any lien or encumbrances. The Company has no further commitments for any additions to its property, plant and equipment.

The Company has no lease commitments.

Item 3. LEGAL PROCEEDINGS

1) Omico Corp. vs. Municipality of Sto. Domingo, Nueva Ecija - Civil Case No. 66586 for a Sum of Money with Damages.

The complaint against the defendant Municipality for the recovery of the amount of PhP4,492,000.00 exclusive of interest, penalty and damages arising out of a contract entered into by the Company with the Municipality for the development of a housing project on the latter's property was filed on December 5, 1997 with the Pasig City Regional Trial Court. A decision was rendered on September 18, 2004 by Judge Librado S. Correa dismissing the case. The decision of the Pasig City Regional Trial Court was elevated by the Company's legal counsel before the Court of Appeals. On July 27, 2011, the Court of Appeals rendered a Decision partially granting the Company's appeal by ordering defendant Municipality of Sto. Domingo to pay Omico

PhP4,365,266.25 representing the value of the work accomplished. The Municipality of Sto. Domingo filed a Motion for Reconsideration and on February 08, 2012, the Court of Appeals denied the same. The Municipality of Sto. Domingo elevated the matter with the Supreme Court via a Petition for Review on Certiorari on March 16, 2012. In a Resolution dated July 06, 2015, the Supreme Court denied the instant Petition and affirmed the July 27, 2011 Decision and February 8, 2012 Resolution of the Court of Appeals ordering the Municipality of Sto. Domingo to pay Omico the amount of PhP4,365,266.25 representing the value of the work accomplished by Omico. On September 29, 2015, the Supreme Court issued an Entry of Judgment for the Resolution dated July 06, 2015. On June 22, 2016, the Records of the said case were transmitted back to the Regional Trial Court of Pasig City Branch 164. The Company's legal counsel filed a Motion for Issuance of a Writ of Execution on July 21, 2016 and the Court issued an Order dated August 12, 2016 directing the Municipality of Sto. Domingo to file their Comment/Opposition and the said Motion will be submitted for Resolution.

2) Falconeri C. Alido Jr., (former employee) vs. Omico Corporation- Civil Case No. 6758

This is a complaint for sum of money and/or specific performance and damages involving an amount of PhP2,850,000.00 filed by Falconeri Alido Jr. (former employee) against Omico Corporation on February 20, 2003 before Regional Trial Court 6th Judicial Region Branch 6 Kalibo, Aklan. A decision was rendered on September 08, 2004 by the Regional Trial Court 6th Judicial Region of Kalibo, Aklan in favor of the plaintiff ordering the defendant to pay commission for the sale of the property. A Notice of Appeal by the Company's legal counsel was submitted on September 22, 2004. The legal counsel filed a Manifestation dated October 28, 2005, to the Court of Appeals, notifying the said court that their office is waiting for an Order for them to file the Appeal Brief in this case. The legal counsel received a Brief for the Plaintiff-Appellee on April 4, 2006. On November 7, 2007, the legal counsel filed the Defendant-Appellant Brief with the Court of Appeals, Cebu City. On July 06, 2011, the plaintiff-appellee filed a motion for early resolution. On October 18, 2013 the Court of Appeals, Cebu City rendered a Decision dismissing the complaint for lack of merit. On March 05, 2015, the Court of Appeals, Cebu City denied the plaintiff-appellee's Motion for Reconsideration for lack of merit. On May 08, 2015, the CA, Cebu City issued an Entry of Judgment for the Decision dated October 18, 2013. On July 20, 2016, the CA, Cebu City issued a Resolution which states that "The Court resolved to: 1) Note that no appeal to the Supreme Court was filed as of March 30, 2016 despite due notice of the Resolution dated March 05, 2015 denying the Motion for Reconsideration filed by the plaintiff-appellee 2) For failure to assail the Court's Decision dated October 18, 2013 despite due notice, the said Decision has now become final and executory on May 08, 2015. Accordingly, the corresponding Entry of Judgment may now be issued and recorded in the Book of Entries of Judgments of the Court."

Item 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

Except for the matters taken up during the Annual Stockholders' Meeting held on May 27, 2016, there was no other matter submitted to a vote of security holders during the period covered by this report.

PART II – OPERATIONAL AND FINANCIAL OPERATION

Item 5. MARKET FOR ISSUER'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

Market information

The Company's common equity is traded in the PSE. As of March 31, 2017, the total number of shares owned by the public is 902,016,823 or 85.868% of the total issued and outstanding shares of the Company of 1,050,461,673shares.

Stock price as of April 07, 2017 was at PhP0.45 per share.

The approximate number of holders of each class of common security as of March 31, 2017 is 2,884.

The high and low share prices for the first quarter 2017 and for each quarter for fiscal years 2016 and 2015 are as follows:

Quarter	High	Low
2017		
1ST	0.540	0.410
2016		
4TH	0.560	0.420
3RD	0.640	0.500
2ND	0.700	0.520
1ST	0.590	0.440
2015		
4TH	0.680	0.540
3RD	0.680	0.500
2ND	0.740	0.550
1ST	0.850	0.660

There are no restrictions on the payment of dividends, however, there were no stock or cash dividends declared in recent years.

Recent Sales of Unregistered Securities or Exempt Securities including Recent Issuance of Securities constituting an Exempt Transaction -

- No securities sold
- No underwriters and other purchases
- No consideration
- No exemption from Registration Claimed

Holders

As of December 31, 2016, the Company has 2,886 shareholders. The top twenty (20) shareholders are the following:

Rank	Name of Stockholder	Citizenship	Number of Shares	Percentage
1	PCD Nominee Corp.	Filipino	923,709,149	87.934%
2	PCD Nominee Corp.	Non-Filipino	69,715,747	6.637%
3	Co An	Filipino	30,000,000	2.856%
4	Dexter O. Tiu	Filipino	3,673,000	0.350%
5	Agustin G. Tiu	Filipino	3,273,000	0.312%
6	Chih Hui Li	Taiwanese	1,000,000	0.095%
7	Lucio Wong Yan	Filipino	1,000,000	0.095%
8	Ruperto Tan	Filipino	750,000	0.071%
9	Tommy Kin Hing Tia	Chinese	600,000	0.057%
10	Pio R. Marcos	Filipino	560,044	0.053%

11	Horacio Rodriguez	Filipino	500,000	0.048%
12	Manuel Sy	Filipino	500,000	0.048%
13	Jandric Arvin Yao	Filipino	500,000	0.048%
14	Chang Yi Chen	Chinese	400,000	0.038%
15	Santiago Javier Ranada	Filipino	360,000	0.034%
16	Helen H. Espino	Filipino	325,440	0.031%
17	Cristino Naguiat, Jr.	Filipino	300,000	0.029%
18	Romeo C. Espino	Filipino	262,500	0.025%
19	Leslie Espino	Filipino	255,000	0.024%
20	Teresa Espino-Blankenhorn	Filipino	250,000	0.024%

Item 6. MANAGEMENT'S DISCUSSION AND ANALYSIS OR PLAN OF OPERATION

For the Last two (2) Fiscal Years

Total assets decreased by 1.697% from PhP791.45Million as of December 31, 2015 to PhP778.01Million as of December 31, 2016. Total liabilities increased by 2.257% from PhP52.94Million in 2015 to PhP54.13Million in 2016. Stockholders' Equity decreased to PhP723.88Million as of December 31, 2016 from PhP738.51Million as of December 31, 2015.

Revenues for the year 2016 amounted to PhP35.42Million representing sale of housing units in the Company's Sta. Rosa Homes project located in Nueva Ecija, income from lease, investment income and other revenues as compared to PhP41.11Million in 2015. Total cost and expenses amounted to PhP50.05Million and PhP60.80Million for the year 2016 and 2015, respectively. Net loss amounted to PhP14.63Million and PhP19.69Million for the year 2016 and 2015, respectively.

The top five (5) key performance ratios/indicators of the Company for the years ended December 31, 2016 and 2015 are as follows:

Financial Ratios:

Ratios	Formula	2016	2015
Current Ratio		28.57:1	28.82:1
	Current Assets/	385,914,687	400,254,664
	Current Liabilities	13,509,228	13,889,997
Debt to Equity Ratio		0.075:1	0.072:1
	Total Liabilities/	54,132,435	52,937,629
	Stockholders' Equity	723,882,267	738,508,486
Debt to Total Assets Ratio		0.070:1	0.067:1
	Total Liabilities/	54,132,435	52,937,629
	Total Assets	778,014,702	791,446,115
Book Value Per Share		PhP0.689	PhP0.703
	Stockholders' Equity/	723,882,267	738,508,486
	Total No. Shares	1,050,461,673	1,050,461,673
Earnings/(Loss) Per Share		(PhP.0139)	(PhP.0187)
	Net Income/ (Loss)	(14,626,219)	(19,688,725)
	Weighted Average Shares	1,050,461,673	1,050,461,673

The Company's Total Liabilities of PhP54,132,435 and PhP52,937,629 as of December 31, 2016 and 2015, respectively, include Deferred Tax Liability of PhP30,511,873 as of December 31, 2016 and 2015 which represents the tax effect of the appraisal increment recognized in the books as required by the new accounting standard SFAS 12/IAS 12, *Income Taxes*, effective January 1, 2004.

(i) Known Trends, Events or Uncertainties Affecting Liquidity

The Company does not expect any trends, demands, commitments, events or uncertainties that will result in or that are reasonably likely to result in the Company's liquidity increasing or decreasing in a material way.

The company does not anticipate any cash flow or liquidity problems.

The company is not in default or breach of any note, loan, lease or other indebtedness or financing arrangement requiring payments.

The Company is evaluating possible business ventures in which it is allowed to engage under its articles of incorporation, to invest its sizeable cash and cash equivalent to provide additional sources of revenue and maximize investor return.

(ii) Events That Will Trigger Direct or Contingent Financial Obligation

The Company does not expect any event that will trigger direct or contingent financial obligation that is material to the Company, including any default or acceleration of an obligation.

(iii) Material Off-Balance Sheet Transactions, Arrangements, Obligations

The Company has no 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.

(iv) Capital Expenditures

There are no material commitments for capital expenditures for the next twelve months. However, the Company is evaluating possible business ventures, which may require capital expenditures.

(v) Known Trends, Events or Uncertainties Affecting Sales

The Company does not expect any trends, events or uncertainties that may have material favorable or unfavorable impact on sales or income.

(vi) Significant Elements of Income or Loss

There were no significant elements of income or loss that did not arise from the Company's continuing operations.

(vii) Causes for Material Changes in the Financial Statements

Balance Sheet (Financial Position) Accounts

Decrease in Cash and Cash Equivalents-5.60%

December 31, 2016	December 31, 2015	Increase/(Decrease)
227,351,395	240,838,173	(13,486,778)

The net decrease in Cash and Cash Equivalents is mainly due to disbursements for development costs on the Company's Sta. Rosa Homes project and operating expenses which was partially offset by the proceeds from the sale of Sta, Rosa Homes housing units. Cash accounts with banks generally earn interest at rates based on prevailing bank deposit rates. Short-term placements can be pre-terminated at any time and have average interest rates ranging from 0.75% to 2.25% per annum in 2016 and 2015.

Increase in Financial Assets at Fair Value through Profit or Loss-20.21%

December 31, 2016	December 31, 2015	Increase/(Decrease)
9,311,677	7,746,476	1,565,201

The increase in Financial Assets at Fair Value through Profit or Loss is mainly due to the purchase of certain shares of stocks and the recognition of fair value gain. The Company's financial assets at fair value through profit or loss consist of shares of stocks of publicly listed companies which are classified as held for trading.

Decrease in Real Estate for Sale-2.67%

December 31, 2016	December 31, 2015	Increase/(Decrease)
114,508,924	117,646,646	(3,137,722)

The decrease in Real Estate for Sale is mainly due to the sale of Sta. Rosa Homes' housing units located in Sta. Rosa, Nueva Ecija. Real estate for sale of Sta. Rosa Homes' project, which is carried at cost, principally pertains to cost of raw land and property development and other expenses related to development and construction of the housing units.

Increase in Prepayments and Other Current Assets-5.90%

December 31, 2016	December 31, 2015	Increase/(Decrease)
14,398,241	13,596,481	801,760

The increase in Prepayments and Other Current Assets is mainly due to the increase in prepaid taxes on the sale of Sta. Rosa Homes' housing units.

Decrease in Installment Contract Receivable – net of current portion-24.71%

December 31, 2016	December 31, 2015	Increase/(Decrease)
8,321,576	11,052,567	(2,730,991)

The decrease in Installment Contract Receivable represents the decrease in the non-current portion of installment contract receivable on the sale of housing units in the Company's Sta. Rosa Homes' project.

Increase in Property and Equipment-Net-52.05%

December 31, 2016	December 31, 2015	Increase/(Decrease)
6,972,255	4,585,540	2,386,715

The increase in Property and Equipment is mainly due to the acquisition of a company vehicle.

Increase in Investment Properties-0.51%

December 31, 2016	December 31, 2015	Increase/(Decrease)
319,860,918	318,246,248	1,614,670

The increase in Investment Properties is mainly due to disbursements relative to the Company's application with the Department of Agrarian Reform ("DAR") for a DAR land use conversion from agricultural to residential/housing subdivision of the Company's Urdaneta City, Pangasinan property.

Increase in Accrued Retirement Liability-18.46%

December 31, 2016	December 31, 2015	Increase/(Decrease)
10,111,334	8,535,759	1,575,575

The increase in Accrued Retirement Liability is mainly due to the accrual of retirement benefits for the year as required by the provisions of RA No. 7641 (Retirement Law). Under RA 7641, the Company is required to provide minimum retirement benefits to qualified employees.

Revenues and Expenses

Decrease in Revenues-13.85%

December 31, 2016	December 31, 2015	Increase/(Decrease)
35,421,810	41,115,206	(5,693,396)

The net decrease in Revenues is mainly due to the decrease in real estate sales.

Decrease in Cost and Expenses-17.70%

December 31, 2016	December 31, 2015	Increase/(Decrease)
50,048,029	60,803,931	(10,761,902)

The increase in Cost and Expenses is mainly due to the decrease in cost of real estate sales and administrative expenses.

(viii) Seasonal Aspects

There are no seasonal aspects that will have material effect on the Company's financial condition or results of operations.

STATUS AND PLAN OF OPERATION

The Company's main business activities are mining exploration and property development. The Company is licensed to operate, prospect, mine, and deal with all kinds of ores, metals and minerals. The Company is also engaged in the business of real estate development.

The mining exploration segment was previously engaged in the exploration activities of mine site while the property development segment is presently engaged in the marketing and sale of real estate and evaluation of future development of other real estate properties.

The Company's businesses are organized and managed separately according to the nature of products provided, with each segment representing a strategic business unit that offers different products and serves different markets. The Company's business is segregated into mining exploration and property development.

MINING EXPLORATION SEGMENT

Omico-Macawiwili Mining Project

On August 29, 2012, the Company executed a Termination of Mining Agreement with Macawiwili wherein the Company terminated their mining agreement entered in September 30, 1968. With this Agreement, the Company has given the reins in managing the project to Macawiwili but remains an active minority investor in the venture. The salient points of the Termination of Mining Agreement are contained in prior disclosures of the Company.

PROPERTY DEVELOPMENT SEGMENT

Ongoing Project – Sta. Rosa Homes, Sta. Rosa, Nueva Ecija

In December 2005, the Company launched the Sta. Rosa Homes project located in Bgy. Lourdes, Sta. Rosa, Nueva Ecija which is a 14.8-hectare residential project. When completed, the housing project will comprise 1,071 housing units with a balanced mix of single detached, single attached, duplex and rowhouse. The project will have complete community facilities which include underground drainage system, water and electrical distribution system, concrete road network, a clubhouse, parks and playgrounds. The Company is presently engaged in the marketing and selling of the housing units and the financing options available to buyers are Pag-IBIG and In-House financing.

The estimated total development cost of the Sta. Rosa Homes project is PhP395.6Million. As of December 31, 2016, the carrying value of the Sta. Rosa Homes project representing site acquisition cost, housing unit construction, initial land development costs, land use conversion expenses, permits and licenses, net of housing units sold, amounted to PhP91.68Million. With the proceeds from the stock rights offering, the Company allocated PhP110.32Million for site preparation, road construction, drainage and power distribution system, house construction, project overhead, taxes and licenses. The balance for the completion of the development of the Sta. Rosa Homes project is expected to be sourced from internally-generated funds on the sale of the housing units and from credit facility with banks. The total sale from the Sta. Rosa Homes project when completed is estimated at PhP487Milion.

As of December 31, 2016, the Company sold or received reservation payments for 784 units, 493 units through Pag-IBIG housing scheme and 291 units through in-house financing. The total sales contract amount of the 784 units is PhP430.16Million. As of December 31, 2016, total collections on the sale of housing units amounted to PhP377.93Million including HDMF loan takeout proceeds amounting to PhP222.71Million.

The Home Development Mutual Fund (commonly known as Pag-IBIG Fund) approved a budget allocation/funding commitment line for the Company as an accredited developer in the Expanded Housing Loan Program of the Pag-IBIG Fund. On April 24, 2006, the Company was granted by the Board of Investments (BOI) a certificate of registration as a "New Developer of Mass Housing Project" for the Company's Sta. Rosa Homes project. As registrant, the Company is entitled to Income Tax Holiday (ITH) for a period of four (4) years from June 2006. The ITH expired in May 2010.

Joint Venture Project – Tagaytay City Property

On December 21, 2006, the Company entered into a Joint Venture Agreement with Robinsons Land Corporation ("RLC"), as the Developer, whereby the Company contributed three (3) parcels of land located in Tagaytay City with approximate land area of 9,372 square meters. RLC will develop a high density two-phase residential subdivision, consisting of five (5) 5-storey residential condominium buildings. Under the agreement, the Company and the Developer shall share in the development of Phase 1, consisting of 2 Medium Rise Buildings with a land area of 2,606 square meters, by dividing the saleable floor area of the Phase 1 between them, hence, the Company will be entitled to a saleable floor area of 485.04 square meters equivalent to 9 units. The development of Phase 2, consisting of 3 Medium Rise Buildings with a land area of 3,909 square meters, shall also be undertaken by the Developer.

On May 14, 2009, the Company signed the Addendum to the Joint Venture Agreement with RLC for the development of Phase 2. The Company will be entitled to a saleable floor area of 801.19 square meters which is equivalent to 16 units.

The residential project, which is located at the corner of Mahogany Avenue and Mayor's Drive, is named The Wellington Courtyard ("TWC"). As per RLC's development plan, the project has a country-inspired courtyard community with amenities like a main swimming pool, a reflecting pool and wading pool, and a multipurpose open court sprawled at the center for sports and special events. Each of the five (5) buildings has a western style design.

The carrying values of the property contributed, which pertains to parcels of land net of the cost of condominium units sold, amounted to PhP22.83Million as of December 31, 2016. The Company expects to generate PhP85.08Million from the sale of the Company's share of condominium units in Phase 1 (9 units) and Phase 2 (16 units). The development of Phase 3 or the commercial strip, which will be located in front of the residential project, shall be undertaken by the Company. RLC will have no share in Phase 3.

As of December 31, 2016, RLC has already accomplished 100% of the construction of Building A and B of Phase 1, Building C, D and E of Phase 2 and site development and amenities.

As of December 31, 2016, twenty (20) condominium units out of the total allocation of twenty five (25) units have already been sold or reserved with a total selling price of PhP58.36Million of which PhP48.45Million were collected and remitted by RLC to the Company. Management has initiated some marketing effort, in coordination with RLC, to promote and augment the sale of the Company's assigned condominium units.

RLC has officially announced that all unsold units, except the model unit, in TWC may now be offered under the Straight Lease-to-Own program to promote and augment the sale of the TWC condominium units. It is essentially a lease-to-own payment scheme wherein 100% of the Total Contract Price will be payable in equal monthly payments for as long as 120 months (10 years), at 0% interest. Since this is a lease-to-own scheme, ownership of the unit will not transfer to the lessee-buyer unless the unit has been fully paid. RLC is also working on strategic plans and TWC is one of RLC's core/priority projects for sell-out considering that it is already a completed project.

Joint Venture Project – Urdaneta Property, Pangasinan

On April 19, 2005, the Company entered into a Memorandum of Agreement on Property Development (the "Agreement") with Sta. Lucia Realty and Development, Inc., (Sta. Lucia) as developer and Asian Pacific Estates Development Corporation and Asian Empire Corporation as co-landowners, whereby Sta. Lucia will develop into residential and commercial subdivision the parcels of land situated at Pinmaludpod, Urdaneta owned by the Company and the co-landowners. For this jointly-controlled asset, the Company contributed 232,540 square meters of raw land. As part of the Agreement, Sta. Lucia is entitled to 55% of the developed saleable lots while the remaining 45% will be allocated to the Company and co-landowners. The release of the title of the developed saleable lots is subject to the terms and conditions set out in the Agreement. The carrying amount of property contributed, which pertains to the parcels of land, amounted to P73.85Million as of December 31, 2016. The Company expects to generate between PhP180Million to PhP200Million from the sale of the Company's share of JV lots.

The Company engaged the services of a consultant to process the Company's application for the DAR Land Use Conversion ("DAR LUC") for the property. On October 31, 2012, the Department of Agriculture issued the Certificate of Eligibility for Reclassification of Agricultural Lands. On April 16, 2013, the Company filed the application for DAR LUC for 4.68hectares, the initial area for development, which was approved by DAR on August 22, 2013. The residential subdivision plan/site development plan for the 4.68 hectares, which is the initial area for development, has been prepared consisting of two hundred (200) saleable lots and the Company is now considering the proposed house designs for the single detached and duplex housing units. On November 29, 2016, the DENR Environmental Management Bureau ("EMB") Region 1 issued the Environmental Compliance Certificate ("ECC") for 218,545 square meters of the Company's Urdaneta City, Pangasinan property

Proposed Project – Baguio Homes, Bgy. Banangan, Sablan, Benguet

The Company is considering the development of one (1) of the two (2) investment properties located in Bgy, Banangan, Municipality of Sablan, Province of Benguet. The project will be called Baguio Homes and has an area of 6.6217 hectares located on the slopes of mountainside terrain with the majestic view of the Cordilleras. The average sloping terrain is about 18% making the area ideal for a housing project. The project is designed to cater to the low cost housing needs of Metro Baguio. When completed, it will comprise a neighborhood of one hundred sixty (160) units of socialized houses and two hundred fifty three (253) units of single attached houses. The land had already been converted in the local level from agricultural to residential use.

The project will have complete community facilities which include concrete road network, underground and open canal drainage system, water and electrical distribution system, a clubhouse, parks and playgrounds. As of December 31, 2016, the Company had already infused in the Baguio Homes project a total amount of PhP16.37Million for land acquisition, maintenance, permits and licenses.

Other Investment Properties

Pasong Tamo, Makati Property

In 1995, the Company formed a joint venture with Guevent Industrial Development Corporation and Honeycomb Builders, Inc. for the development of the Pasong Tamo property. The Company has long prepared the feasibility study and architectural design for the proposed residential and commercial condominium project for the said property. However, considering several issues besetting the project, the project has since 2008 been rescinded by Guevent Industrial Development Corporation and Honeycomb Builders, Inc.

The carrying value of the Makati Property in the books of the Company as of December 31, 2016 is PhP170.31Million.

Omico Pine Villas - Haddad Property, Sablan, Benguet

This property, which is situated in Bgy. Banangan, Muncipality of Sablan, Province of Benguet with an area of 66,846 square meters, has a spectacular view of the Cordilleras, and as far away as Lingayen Gulf, the beaches of La Union and the South China Sea. The Haddad Property is being planned as an upscale vacation and residential community in Metro Baguio and will be named the Omico Pine Villas. The Company had commissioned Belt Collins Hawaii, a design firm based in Honolulu, in the design of the master plan of the Omico Pine Villas. The property had been granted by the DENR – Cordillera Administrative Region the ECC from agricultural to residential/commercial purposes. The carrying value of the Haddad Property in the books of the Company as of December 31, 2016 is PhP37.03Million.

Cabanatuan Property

This property, which is situated in Bgy. Mayapyap Sur, Cabanatuan City, Nueva Ecija and located along the Maharlika National Highway, has an area of 42,333 square meters. The property has been re-classified as residential area by the City Government of Cabanatuan. Development plans are being formulated for the property and it is beamed at the middle-income residential market. The carrying value of the Cabanatuan Property in the books of the Company as of December 31, 2016 is PhP19.20Million.

Sablan, Benguet – Belmonte Property

This property, which is situated in Dackes, Bgy. Banangan, Muncipality of Sablan, Province of Benguet and located along Naguilian Road, Baguio City has an area of 23,624 square meters. The carrying value of the Belmonte Property in the books of the Company as of December 31, 2016 is PhP3.10 Million.

Item 7. FINANCIAL STATEMENTS

Please refer to the attached audited financial statements and schedules listed in the accompanying Index to Supplementary Schedules (under SEC Rule 68, as amended 2011).

Item 8. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

In April 2006, R. R. Tan & Associates, CPAs was designated by the Board as the independent public accountant.

No independent accountant previously engaged by the Company has resigned or has declined to stand for re-election or was dismissed or otherwise ceased performing services.

R. R. Tan & Associates, CPAs with business address at U-1705 Antel Global Corporate Center, Julia Vargas Avenue, Ortigas Center, Pasig City is being recommended for re-election at the scheduled annual stockholders' meeting on May 26, 2017.

The representatives of R. R. Tan & Associates are expected to be present at the meeting and they will have the opportunity to make a statement if they desire to do so and such representatives are expected to be available to respond to appropriate questions.

The Company has no disagreement with R. R. Tan & Associates on any matter relating to accounting principles or practices, financial statement disclosure, or auditing scope or procedure.

Pursuant to the General Requirements of SRC Rule 68, Section 3.b.iv (Qualifications of Independent Auditors), the external auditors shall be rotated every after five (5) years of engagement. In case of a firm, the signing partner shall be rotated every after said period. The Company is in compliance with SRC Rule 68, Section 3.b.iv.

INFORMATION ON EXTERNAL AUDITOR

EXTERNAL AUDIT FEES (for the last two (2) fiscal years):

a) Audit and Audit-Related Fees	**2016**	**2015**
1) For the audit of the Company's annual financial statements or services that are normally provided by the external auditor in connection with statutory and regulatory filings or engagements for those fiscal years	PhP250,000	PhP220,000
2) For other assurance and related services by the external auditor that are reasonably related to the performance of the audit or review of the Company's financial statements.	-0-	-0-
b) Tax Fees		
For services for tax accounting compliance, advice, planning and any other form of tax services.	-0-	-0-
c) All other Fees		
For products and services rendered by the external auditor, other than the services reported under items (a) & (b) above.	-0-	-0-

d) The Audit Committee evaluates the performance of the external auditor and keeps under review the fees billed for the audit of the Company's financial statements.

PART III – CONTROL AND COMPENSATION INFORMATION

Item 9. DIRECTORS AND EXECUTIVE OFFICERS

Independent Directors

Name	Age	Citizenship	Position	Period Served
Albert Y. Yung	52	Filipino	Director	05.31.13-Present
John Edwin N. Co	37	Filipino	Director	05.31.13-Present

Messrs. Albert Yung and John Edwin Co were elected to serve as independent directors, pursuant to Section 38 of the Securities Regulation Code and SRC Rule 38.1.

Directors

The Directors of the Company are elected at the annual meeting of stockholders to hold office until the next annual meeting and until each respective successor shall have been elected and qualified. Each Board member serves for a term of one year or until his successor is duly elected and qualified.

The following are the incumbent directors of the Company and their business experience for the past five (5) years.

Name	Age	Citizenship	Position	Period Served
Tommy Kin Hing Tia	53	Chinese	Chairman Co-Vice-Chairman President/CEO Treasurer/ CFO	May 2013 – Present May 2010 – May 2013 January 2001 – May 2010 October1993 – January 2001
Anson Chua Tiu Co	47	Filipino	Vice-Chairman Director	May 2013 – Present November 2008 – May 2013
Anna Mei Nga Tia	52	Filipino	President/CEO Director – EVP	May 2010 – Present April 2004 – May 2010
Juan Jose Rodom T. Fetiza	51	Filipino	Director	April 2006 – Present
Angel Severino Raul B. Ilagan, Jr.	53	Filipino	Director	May 2012 – Present
Albert Y. Yung	52	Filipino	Independent Director	May 2013 – Present
John Edwin N. Co	37	Filipino	Independent Director	May 2013 – Present

Tommy Kin Hing Tia was elected as Chairman on May 31, 2013. He served as Co-Vice-Chairman from May 2010 up to May 2013 and was the President and Chief Executive Officer from January 2001 up to May 2010, after serving as Treasurer/CFO of the Company since 1993. He was formerly the Chairman of the Board of Federal Resources Investment Group Inc. (now LBC Express Holdings Inc.) from August 2007 up to April 2015. He has vast experience in equity market by serving as Managing Director of Angping & Associates Securities, Inc. until 1999. He was responsible for setting up branch's network of Angping & Associates Securities, Inc. Mr. Tia graduated from the De La Salle University-Manila with a BS degree in Computer Science.

Anson Chua Tiu Co was elected a Vice-Chairman on May 31, 2013. He joined the Board on November 07, 2008. Mr. Tiu Co has been the Vice President for Corporate Administration of San An Realty Development Corporation (Baguio City) since 2000, Head of the Human Resources Department of Coo YeeSan Hotel Plaza (Baguio City) since 2000 and General Manager of Shape Up Boxing and Fitness Gym (Baguio City) since 2003. He was the General Manager of Joffan Marketing (Pasay City) from 1995 to 2000 and General Manager of Promark Marketing (Pasay City) from 1992 to 1995. He

graduated from the El Camino College in Los Angeles, California, USA with a degree in Business Management. He also obtained a degree in International Business from the University of California in Los Angeles, California, USA.

Anna Mei Nga Tia was elected as President and Chief Executive Officer on May 29, 2010. She joined the Board on April 30, 2004 and served as Executive Vice President from April 2004 up to May 2010. She was formerly the President/CEO of Federal Resources Investment Group Inc. (now LBC Express Holdings Inc.) from August 2007 up to May 2015. She is the President of Hingson Food Products since 1994 and Chairman/President of Mcdolbee Commercial Corporation. She was formerly the Managing Director of Success Remittance (HK) Limited Inc. and General Manager of Hi Tech Appliances Center. Ms. Tia graduated from the Philippine School of Business Administration with a degree in Commerce major in Marketing.

Juan Jose Rodom T. Fetiza, Director, joined the Board on April 26, 2006. He is engaged in the private practice of law. He graduated from the University of the Philippines in 1993 with a Bachelor of Laws degree. He is also a Certified Public Accountant.

Angel Severino Raul B. Ilagan, Jr., Director, joined the Board on May 25, 2012. He is the President/Director of Firmware Corporation, Ohana Property Holdings Corporation and Ramar Management Corporation; Director of Hosaku International Corp. and Pinoygolfer Media, Inc.; and Independent Director of Riviera Sports and Country Club, Inc. He is a Senior Partner of Bernas Law Offices. He graduated from Ateneo de Manila University with a degree of Bachelor of Science, Major in Legal Management and Bachelor of Laws and has a Masters in Entrepreneurship from the Asian Institute of Management.

Albert Y. Yung, Independent Director, joined the Board on May 31, 2013. He is the Managing Director of Airbooks Corporation since June 2014 and the Branch Manager of Cocolife, Quezon City, NCR since August 2005. He was formerly an Independent Director of Federal Resources Investment Group Inc. (now LBC Express Holdings Inc.) from June 2013 up to April 2015. He graduated from the Mapua Institute of Technology with a degree of Bachelor of Architecture.

John Edwin N. Co, Independent Director, joined the Board on May 31, 2013. He is the Managing Director of C+G Design Group, an architectural design firm, since June 2014. He was formerly an Independent Director of Federal Resources Investment Group Inc. (now LBC Express Holdings Inc.) from July 2012 up to May 2015. He graduated from the University of Santo Tomas with a degree in Bachelor of Science, major in Architecture.

Executive Officers

Officers are appointed or elected annually by the Board of Directors during its organizational meeting following the Annual Meeting of Stockholders, each to hold office until the corresponding meeting of the Board of Directors in the next year or until a successor shall have been elected, appointed or shall have qualified.

The incumbent executive officers of the Company are the following:

a)	Tommy Kin Hing Tia	- Chairman
b)	Anson Chua Tiu Co	- Vice Chairman
c)	Anna Mei Nga Tia	- President/CEO
d)	Emilio S. Teng	- Corporate Information Officer
e)	Juana Lourdes M. Buyson	- SVP – Treasurer/Compliance Officer
f)	Maria Elena F. Alqueza	- Corporate Secretary
g)	Ma. Marry Janette M. Lescano	- Asst. Corporate Secretary

Involvement in Certain Legal Proceedings

Aside from Mr. Tommy Kin Hing Tia, the Chairman, and Ms. Juana Lourdes M. Buyson, SVP-Treasurer, no other member of the Board of Directors or any other executive officer of the Corporation was involved during the past five (5) years and as of the date of filing of this report in any criminal, bankruptcy or insolvency investigations or proceedings against them.

On July 26, 2012, an Information for Obstruction of Justice under PD1829 with Criminal Case No. 468440-41-CR was filed against Mr. Tommy Kin Hing Tia and Ms. Juana Lourdes M. Buyson in the Branch 1 of the Metropolitan Trial Court ("MTC") of Manila.

This case stemmed from the informal complaint filed by Domingo Guevara in 2010 before the National Bureau of Investigation ("NBI") against the Board of Omico relative to the shelved Makati joint venture project with the Guevaras. In connection with their investigation, the NBI requested for documents related to Omico's increase in paid up capital in 1996. Omico submitted to the NBI the SEC Certificate of Increase of Capital Stock dated September 06, 1996 including the list of the sixteen (16) private placement investors consisting of individuals and stock brokers. Despite our submission of the said list, the NBI insisted that we submit a list of all individual investors, a list which is not in our possession and over which we do not have knowledge of.

On September 17, 2012, Omico, through Omico's legal counsel, received the Order dated August 28, 2012 from the MTC, Branch 1, Manila on Criminal Case No. 468440-41-CR dismissing the complaint for Obstruction of Justice under PD1829 filed against Mr. Tia and Ms. Buyson. A Motion for Reconsideration of the Order dismissing the complaint was likewise denied by the Court in its Resolution dated 19 November 2012. On February 25, 2013, an Order to submit comments was received from the Regional Trial Court ("RTC") of Manila, NCR, Branch 19 dated February 22, 2013 relative to the filing of a Petition for Certiorari with the said RTC. The RTC, in its Decision dated July 08, 2013, granted the Petition and ordered the reinstatement in the docket of the respondent court. Omico's legal counsel then filed a Motion for Reconsideration on August 02, 2013. On December 2, 2013 Omico received the Resolution from the RTC Branch 19, Manila denying the motion for reconsideration and reiterating its Order for the reinstatement of Criminal Case No. 468440-41 in the docket of the MTC, Branch 1, Manila. Upon demurrer to evidence, the MTC, Branch 1, Manila issued an Order dated August 29, 2014 on Criminal Case Nos. 468440-41-CR dismissing the case for Obstruction of Justice under PD1829 filed against Mr. Tia and Ms. Buyson. On January 10, 2015, a Petition for Certiorari was filed with the RTC, Branch 20, Manila. The Petition was denied for lack of merit as per RTC Branch 20, Manila Decision dated April 30, 2015. On August 26, 2015, a Notice of Appeal was filed by State Prosecutor Dayog with the RTC Branch 20, Manila. On August 18, 2016, a Decision was rendered by the Seventh Division of the Court of Appeals on CA G.R. SP No. 142194 for an appeal filed seeking to annul and set aside the Decision dated April 30, 2015 dismissing the Petitioner's Petition for Certiorari and Order dated July 30, 2015 denying Petitioner's Motion for Reconsideration rendered by Branch 20 of the RTC of Manila. The Court of Appeals granted the appeal of the Petitioner and ruled that the Decision dated April 30, 2015 rendered by Branch 20 of the RTC of Manila in SCA Case No. 15-132908 are Reversed and Set Aside. The Orders dated August 29, 2014 and November 05, 2014 rendered by Branch 1 of the MTC Manila are declared null and void and said cases are ordered Reinstated to the Court's docket for the continuation of proceedings.

On July 25, 2012, a Joint Complaint was filed by Domingo S. Guevara, Jr. and Reynaldo S. Guevara with the City Prosecutor's Office of Mandaluyong City against the directors of Omico alleging violation of Article 315(1)(b) of the Revised Penal Code in relation to Presidential Decree No. 1689 (syndicated estafa). On September 18, 2012, Omico received from the City Prosecutor's Office of Mandaluyong City the Resolution dated September 05, 2012 considering the complaint filed by the Guevaras as deemed withdrawn.

On July 24, 2014, a Joint Complaint was filed by Guevent Investments Dev. Corp., Honeycomb Builders, Inc., Reynaldo S. Guevara and Carmen T. G. Monfort (NPS No. XV-05-INV-142433) with the Makati City Prosecutor's Office against some past and present directors of Omico Corporation from 1995 to 2014 alleging violation of Article 315 (1)(b) of the Revised Penal Code in relation to Presidential Decree No.1689 (Syndicated Estafa). The complaint pertains to issues arising from Omico Corporation's 1995 Joint Venture Agreement with Guevent Industrial Development Corporation and Honeycomb Builders, Inc. for the construction of a mixed-use condominium building over four contiguous parcels of land owned separately by all the parties. The Complainants' Motion for Reconsideration of the dismissal of the complaint is pending resolution before the Office of the Acting Makati City Prosecutor.

On December 12, 2014, Ms. Juana Lourdes M. Buyson, SVP-Treasurer of Omico Corporation, filed with the Office of the Ombudsman a Complaint against State Prosecutor Edwin S. Dayog for graft and

corrupt practices relative to the malicious filing of Criminal Case No. 468441 for Obstruction of Justice under PD 1829 which was dismissed on August 29, 2014 by the MTC, Branch1, Manila for lack of evidence. On December 01, 2015, the Ombudsman dismissed the criminal and administrative cases filed against Edwin Dayog. On May 23, 2016, Ms. Buyson filed a Motion for Reconsideration of the Resolution rendered by the Ombudsman.

On March 31, 2015, Ms. Juana Lourdes M. Buyson, SVP-Treasurer of Omico Corporation, filed with the Supreme Court Manila a Petition for the Disbarment of State Prosecutor Edwin S. Dayog for malicious, willful and oppressive acts of Prosecutor Edwin S. Dayog relative to the filing of Criminal Case No. 468441 for Obstruction of Justice under PD 1829 which was dismissed on August 29, 2014 by the MTC, Branch1, Manila for lack of evidence. On August 27, 2015, Edwin Dayog submitted his Comment on the Petition for Disbarment. In January 2016, Ms. Buyson submitted her Reply. On April 20, 2016, the Supreme Court issued a Notice stating that the case was being referred to the Integrated Bar of the Philippines for investigation report and recommendation within 90 days from receipt of the record.

No director or executive officer was involved during the past five (5) years and as of the date of filing of this report in any conviction by final judgment in any criminal proceeding, any order, judgment or decree of any court of competent jurisdiction permanently or temporarily enjoining, barring, suspending or otherwise limiting their involvement in any type of business, securities, commodities or banking activities, or in any proceeding involving violation of securities or commodities laws or regulations.

Amendments to Articles of Incorporation

Extension of Corporate Term (Year 2015)

At the meeting of the Board of Directors held on March 19, 2015, the Board approved the amendment of Article Second of the Company's Articles of Incorporation for the extension of the Company's corporate term to another fifty (50) years from and after the date of expiration of the first fifty (50)-year term of the Company. The Company's corporate term will expire on August 30, 2018. The said amendment to Articles of Incorporation was likewise approved by the stockholders at the Annual Meeting of Stockholders held on May 29, 2015.

On October 21, 2015, the SEC approved the amendment of the Second Article of the Company's Articles of Incorporation extending the Company's corporate term to another fifty (50) years from and after the date of expiration of its first fifty (50)-year term on August 29, 2018.

Change in Principal Office Address (Year 2014)

On March 19, 2014, the Board of Directors approved the Amendment of Article Fourth of the Company's Articles of Incorporation changing the Company's principal office address from "Metro Manila" to "Unit 401 Capri Oasis – Solare Bldg., Dr. Sixto Antonio Ave., Maybunga, Pasig City" to comply with SEC Memorandum Circular No. 6 Series of 2014. The said amendment to Articles of Incorporation was likewise approved by the stockholders at the Annual Meeting of Stockholders held on May 30, 2014.

The SEC approved the amendment to the Company's Articles of Incorporation changing the Company's principal office address as per SEC Certificate of Filing of Amended Articles of Incorporation dated July 23, 2014.

IDENTIFY SIGNIFICANT EMPLOYEES

The Company considers the collective efforts of the Board of Directors and all of the Company's employees as instrumental to the Company's overall success.

FAMILY RELATIONSHIPS

Mr. Tommy Kin Hing Tia, Chairman, is the spouse of Ms. Anna Mei Nga Tia, President/CEO. Mr. Anson Chua Tiu Co, Vice Chairman, is the son of Mr. Co An, a principal stockholder of the Company. Except for said relationship, there are no other family relationships known to the Company.

PARENT COMPANY

The Company has no parent company.

Item 10. EXECUTIVE COMPENSATION

The aggregate compensation paid including 13th month pay during the last two fiscal years and the projected annual compensation to be paid for the current fiscal year to the Company's most highly compensated executive officers follows:

Name	Position	Annual Compensation					
		2017 (Est.)		2016		2015	
		Salaries	Bonus and Other Comp.	Salaries	Bonus and Other Comp.	Salaries	Bonus and Other Comp.
Anna Mei Nga Tia	President/CEO						
Juana Lourdes Buyson	SVP-Treasurer						
Maria Elena F. Alqueza	Corporate Secretary						
Ma. Marry Janette Lescano	Asst. Corp. Secretary						
Total		6,773,000	-0-	6,636,500	-0-	6,591,000	-0-
All other officers & directors as a group unnamed		-0-		-0-		-0-	

As of year-end 2016, the Company's total number of employees is eleven (11), four (4) of whom are executive officers as mentioned above. The Board and Management shall appoint additional executive officers if and when necessary for the Company's operations.

The Company has no other arrangement with regard to the remuneration of its existing directors and officers aside from the compensation received as herein stated.

The Directors did not receive any compensation for the year except for a per diem allowance of PhP6,000.00 for attendance at each meeting of the Board.

There were no bonuses, profit sharing, and other compensation given to directors and executive officers during the last two fiscal years.

There are no special employment contracts, termination of employment or change-in-control arrangement.

Stock Warrants and Options Outstanding

There are no stock warrants or options outstanding.

During the Annual Stockholders' Meeting held on April 27, 2007, the stockholders owning or representing at least two thirds (2/3) of the outstanding capital stock approved the allocation of ten percent (10%) of the Company's outstanding capital stock for the grant of stock options to the Company's deserving employees, officers and board members which rules shall be determined by the Compensation Committee and approved by the Board of Directors. The terms and conditions governing the proposed stock option plan still has to be determined by the Company's Compensation Committee and approved by the Board of Directors.

Item 11. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

Security Ownership of Certain Record and Beneficial Owners

As of December 31, 2016, the Company knows of no one who beneficially owns in excess of 5% of the Company's common stock except as set forth in the table below:

Title of Class	Name and Address of Record Owner and Relationship with Issuer	Name of Beneficial Owner and Relationship with Record Owner	Citizenship	No. of Shares Held	Percent of Class
Common	**PCD Nominee Corporation** 37/F, Tower One, Enterprise Center, 6766 Ayala Avenue, Makati City (No relationship with Issuer)	PCD Nominee Corporation is the record owner and the participants of PCD are the beneficial owners of such shares. The PCD participants who beneficially own more than 5% are the following:	Filipino Non-Filipino	923,709,149 R 69,715,747 R	87.934% 6.637%
	(Accredited stock broker of the Company)	Bernad Securities, Inc. 1057 MH Del Pilar St., Ermita, Manila The Company is not aware of any beneficial owner with more than 5% shareholdings in Bernad Securities, Inc.	Filipino	179,825,499	17.119%
	No relationship with Issuer)	King's Power Securities, Inc. Rm. 1602 Federal Tower, Dasmariñas St., Binondo, Manila The beneficial owner with more than 5% shareholdings in King's Power	Filipino	101,874,499	9.698%

		Securities, Inc. is: Co An (Mr. Co An, a principal stockholder of the Company, has no relationship with King's Power. He is also a record owner of 30million shares. His total beneficial ownership in the Company is 110,605,000 shares equivalent to 10.529%)	Filipino	80,605,000	7.673%
	No relationship with Issuer)	Deutsche Bank AG, Manila Branch Tower One, Ayala Triangle, Makati City The Company is not aware of any beneficial owner with more than 5% shareholdings in Deutsche Bank AG Manila	Filipino	81,262,334	7.736%

Notes:

The PCD Nominee Corporation is a wholly-owned subsidiary of the Philippine Depository and Trust Corporation (PDTC) (formerly the Philippine Central Depository, Inc. or PCD) and is the registered owner of the shares in the books of the Company's transfer agent. The participants of PDTC are the beneficial owners of such shares. PDTC holds the shares on their behalf or in behalf of their clients.

There are no non-Filipino holders/participants to PCD Nominee Corp. that hold more that 5% of the company's outstanding shares.

The registrant is not aware of any person/entity that holds more than 5% of a class under a voting trust or similar agreement.

Security Ownership of Management

As of December 31, 2016, the following are the number of shares beneficially owned by directors and executive officers of the Company:

Title of Class	Name of Beneficial Owner	Amount/Nature of Record/ Beneficial Ownership (indicate "R" or "B")	Citizenship	Percent of Class
Common	Tommy Kin Hing Tia	14,020,000 B	Chinese	1.335%
Common	Anson Chua Tiu Co	1,000,000 B	Filipino	0.095%
Common	Anna Mei Nga Tia	22,793,750 B	Filipino	2.170%
Common	Juan Jose Rodom T. Fetiza	100 B	Filipino	0.000%
Common	Angel Severino Raul Ilagan, Jr.	10,000B	Filipino	0.001%
Common	Albert Y. Yung	1,000 B	Filipino	0.000%
Common	John Edwin N. Co	1,000B	Filipino	0.000%
Common	Emilio S. Teng	1,000B	Filipino	0.000%
Common	Juana Lourdes M. Buyson	13,000B	Filipino	0.001%
	All Directors and Officers as a Group	37,839,850		3.602%

Voting Trust Holders of 5% or More

The registrant is not aware of any person/entity that holds more than 5% of class under a voting trust or similar agreement.

Changes in Control

To the extent known to the Company, there are no arrangements that may result in a change in control of the Company.

Item 12. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

The significant transactions of the Company with related parties, as discussed in Note 23 *Related Party Transactions* of the Notes to the Financial Statements, are stated below:

a) The Parent Company's advances to its subsidiaries represent cash advances and subsidiaries' operating expenses paid by the Parent Company. These advances are shown as part of Receivables in the Parent Company's statements of financial position. The outstanding balance amounted to P6,425,218 and P6,3854,771 as of December 31, 2016 and 2015, respectively. These advances are non-interest bearing and have no fixed repayment terms. This account was eliminated in full in the consolidated statements.

b) The Parent Company's advances from its subsidiary in previous years are shown as Due to subsidiary in the parent company's statements of financial position. The outstanding balance amounted to P221,084,873 as of December 31, 2016 and 2015. This amount was eliminated in the consolidated financial statements. These borrowings from subsidiary are non-interest bearing and have no fixed repayment terms.

c) Total salaries and compensation and retirement benefits given to key management personnel amounted to P6,636,500 in 2016 and P6,591,000 in 2015, respectively, and are shown as part of compensation and other employees' benefits account in the statements of comprehensive income.

Transactions with related parties are made at normal market prices. There have been no guarantees provided or received for any related party receivables or payables.

There are no transactions or proposed transactions during the last two years to which the company or its subsidiary was or is to be a party, in which a director, executive officer, or stockholder owns ten

percent (10%) or more of total outstanding shares and members of their immediate families, had or is to have a direct or indirect material interest.

The Company or its related parties have no material transaction with parties falling outside the definition of "related parties" under the Philippine Accounting Standard No. 24 that are not available for other, more clearly independent parties on an arm's length basis.

PART IV - CORPORATE GOVERNANCE

Item 13. CORPORATE GOVERNANCE

Compliance with Leading Practice on Corporate Governance

Compliance with SEC Memorandum Circular No. 2 Series 2002, Code of Corporate Governance, dated April 05, 2002 as well as relevant circulars on Corporate Governance had been monitored. The Company's Manual on Corporate Governance was revised and amended on March 19, 2010 pursuant to SEC Memorandum Circular No. 6 Series of 2009, Revised Code of Corporate Governance (the "Code"). On July 31, 2014, the Company submitted the amended Manual on Corporate Governance pursuant to SEC Memorandum Circular No. 9 Series of 2014 – Amendment to the Revised Code of Corporate Governance.

The Company generally complied with the leading practices and principles on good corporate governance. The Company's Manual on Corporate Governance had been substantially complied with and there were no deviations from the same.

Pursuant to the SEC Memorandum Circular No. 4, Series of 2012 ("Guidelines for the Assessment of the Performance of Audit Committees of Companies Listed on the Exchange"), the Corporation's Audit Committee Charter was approved by the Board of Directors on September 26, 2012 and the prescribed self-assessment for the year 2015 was conducted by the Audit Committee on March 18, 2016.

On March 23, 2016, the Company submitted to the Exchange the Compliance Report on Corporate Governance for the year 2015.

In compliance with the SEC Advisory dated March 16, 2016, the Company submitted its 2015 Annual Corporate Governance Report on April 13, 2016 together with the Company's 2015 Annual Report (SEC Form 17-A).

In compliance with SEC Memorandum Circular No. 20, Series of 2013, the Company's directors and key officers attended the Corporate Governance Seminar on June 10, 2016 conducted by an accredited training provider of the SEC.

The Board of Directors continues to review and evaluate the Company's Manual of Corporate Governance and makes necessary changes in response to changes in the Company's business. The Company plans to adopt whatever new principles and practices applicable to the Company that may evolve to improve its corporate governance.

Audit Committee Report for 2016

The Audit Committee Charter, which was approved by the Board on September 26, 2012, sets out the mandate, significance, membership, operations and functions of the Audit Committee of the Company and provides the guidelines which shall govern the performance of its duties and responsibilities.

The Audit Committee has generally complied with the provisions of the Audit Committee Charter.

The Audit Committee, in fulfillment of its oversight responsibilities under the Code, has assisted the Board in the performance of its oversight responsibility for the financial

reporting process, system of internal control, audit process and monitoring of compliance with applicable laws, rules and regulations.

PART V - EXHIBITS AND SCHEDULES

Item 14. REPORTS ON SEC FORM 17-C

1. January 08, 2016 – Consolidated changes/updates in the Annual Corporate Governance Report (ACGR) for the year 2016
2. March 18, 2016 – Notice of annual stockholders' meeting on May 27, 2016 with record date of April 29, 2016
3. April 20, 2016 – Certification on qualifications of Independent Directors
4. May 27, 2016 – Results of annual stockholders' meeting and organizational meeting of Board of Directors
5. June 15, 2016 – Certificates of attendance of directors and key officers in Corporate Governance Seminar for 2016
6. September 06, 2016 – Receipt of Court of Appeals (CA) Decision August 18, 2016 on CA G.R. SP No. 142194.

SIGNATURES

Pursuant to the requirements of Section 17 of the Code and Section 141 of the Corporation Code, this report is signed on behalf of the issuer by the undersigned, thereunto duly authorized, in MANDALUYONG CITY APR 11 2017 2017.

OMICO CORPORATION

By:

ANNA MEI NGA TIA
President and CEO
(Principal Executive/Operating Officer)

JUANA LOURDES M. BUYSON
SVP-Treasurer
(Principal Financial Officer/Acting Comptroller)

MARIA ELENA F. ALQUEZA
Corporate Secretary

SUBSCRIBED AND SWORN to before me this APR 11 2017 day of _____ affiants presented to me their respective proof or identification, to wit:

Name	Type of Identification
Anna Mei Nga Tia	TIN 103-915-047
Juana Lourdes M. Buyson	TIN 131-482-310
Maria Elena F. Alqueza	TIN 147-626-896

Doc. No. 282
Page No. 57
Book No. 80
Series of 2017.

NOTARY PUBLIC
FOR THE CITY OF MANDALUYONG
Until December 31, 2017
COMMISSION NO. 458-16
IBP LIFETIME NO. 0005258 / IFUGAO
PTR NO. 6[illegible]-3-17, Colmco, Pasig
ROLL OF ATTORNEYS NO. [illegible], 5-15-16

COVER SHEET

for

AUDITED CONSOLIDATED FINANCIAL STATEMENTS

SEC Registration Number

					3	6	1	9	0

COMPANY NAME

OMICO CORPORATION AND SUBSIDIARIES

PRINCIPAL OFFICE *(No./Street/Barangay/City/Town)Province)*

UNIT 4 0 1 CAPRI OASIS - SOLARE
BLDG. DR. SIXTO ANTONIO AVE.
MAYBUNGA, PASIG CITY

Form Type	Department requiring the report	Secondary License type, If Applicable
AAFS		

COMPANY INFORMATION

Company's Email Address	Company's Telephone Numbers	Mobile Number
	637-6923 to 25	

No. of Stockholders	Annual Meeting (Month / Day)	Fiscal Year (Month / Day)
	May/Last Friday	12/31

CONTACT PERSON INFORMATION

The designated person ***MUST*** be an Officer of the Corporation

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
JUANA LOURDES M. BUYSON	jeannieb@omico.com.ph	637-6923 to 25	

CONTACT PERSON's ADDRESS

NOTE 1: *In case of death, resignation or cessation of office of the officer designated as contact person, such incident shall be reported to the Commission within thirty (30) calendar days from the occurrence thereof with information and complete details of the new contact person designated.*

2: All Boxes must be properly and completely filled-up. Failure to do so shall cause the delay in updating the corporation's records with the Commission and/or non-receipt of Notice of Deficiencies. Further, non-receipt of Notice of Deficiencies shall not excuse the corporation from liability for its deficiencies.

OMICO CORPORATION AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2016, 2015 and 2014

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The Management of OMICO CORPORATION and Subsidiaries is responsible for the preparation and fair presentation of the financial statements including the schedules attached therein, for the years ended December 31, 2016 and 2015, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Company's financial reporting process.

The Board of Directors reviews and approves the financial statements including the schedules attached therein, and submits the same to the stockholders.

R. R. Tan & Associates, CPAs, the independent auditor appointed by the stockholders, has audited the financial statements of the Company in accordance with Philippine Standards on Auditing, and in its report to stockholders, has expressed its opinion on the fairness of presentation upon completion of such audit.

Tommy Kin Hing Tia
Chairman, Board of Directors

Anna Mei Nga Tia
President/CEO

Juana Lourdes M. Buyson
SVP-Treasurer

SUBSCRIBED AND SWORN to before me this MAR 17 2017 day of _____ affiants presented to me their respective proof or identification, to wit:

Name	Type of Identification
Tommy Kin Hing Tia	TIN 105-834-884
Anna Mei Nga Tia	TIN 103-915-047
Juana Lourdes M. Buyson	TIN 131-482-310

all known to me and to me known to be the same persons who executed the foregoing Statement of Management's Responsibility for Financial Statements.

IN WITNESS WHEREOF, I have hereunto affixed my notary seal at the date and place first above written.

Doc. No. 439
Page No. 88
Book No. 59
Series of 2017.

ATTY. GUILMUAN
NOTARY PUBLIC
UNTIL DEC. 31, 2017 / IFUGAO
Cainta, Rizal
MCLE V-0022171, 6-15-16
ATTY. D.M. GUEVARA
CITY
TEL.
email:

R. R. TAN & ASSOCIATES, CPAs

Unit 1705, Antel Global Corporate Center
Doña Julia Vargas Avenue, Ortigas Center
Pasig City, Philippines 1605
Tel.: (632) 638-3430 to 32; Fax: (632) 638-3430
e-mail : info@rrtan.net

PRC-BOA Reg. No. 0132, valid until December 31, 2018
SEC Accreditation No.0220-FR-1, valid until March 25, 2017
BIR Accreditation No. 07-001080-002-2016, valid until October 3, 2019

Report of Independent Public Accountants

The Board of Directors and Stockholders
OMICO CORPORATION
Unit 401, Capri Oasis-Solare Bldg.
Dr. Sixto Antonio Ave.
Maybunga, Pasig City

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Omico Corporation and its subsidiaries (the Group), which comprise the consolidated statements of financial position as at December 31, 2016 and 2015, and the consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for each of the three years in the period ended December 31, 2016, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2016 and 2015, and its consolidated financial performance and its consolidated cash flows for each of the three years in the period ended December 31, 2016, in accordance with Philippine Financial Reporting Standards (PFRSs).

Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics) together with the ethical requirements that are relevant to our audit of the consolidated financial statements in the Philippines, and we have fulfilled our ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, the description of how our audit addressed the matter is provided in that context.

Going Concern Assessment

Operating revenues principally came from real estate sales, the gross margin from which is not enough to cover the Group's selling and administrative expenses. As a consequence, the Group has been incurring operating losses for the last five (5) years. We identified that the most significant assumption in assessing the Group's ability to continue as a going concern is the rollout of other real estate projects and producing operating profits therefrom. The assessment pertinent to the commencement of other profitable projects is dependent on securing regulatory approvals from government agencies and is fundamental to the aforementioned projects. The

condition is significant in assessing the appropriateness of the going concern assumption and is considered as a key audit matter.

Audit procedures conducted
In addressing the going concern assumption, we discussed with management the probability of commencing other real estate projects and the projected revenues and cash stream expected to be realized from the project. We also evaluated management's future plans on investment properties through joint ventures. These investment activities were carefully assessed which are expected to provide profits and cash flows.

Recoverability of Investment in Other Mining Company

As discussed in Note 16, the Group has a contractual right to receive a minority interest from Macawiwili Gold Mining and Development Co., Inc. (Macawiwili) as a result of a transaction in 2012. Macawiwili received a letter dated February 13, 2017 from the Department of Environment and Natural Resources (DENR), directing them to show cause why its Mineral Production Sharing Agreement (MPSA) should not be cancelled pursuant to DENR's mandate and the specific provisions of the Mining Act and other existing applicable laws. This event raise doubts as to the recoverability of Omico's financial asset amounting to P50 million.

Audit procedures conducted
The Show Cause Letter received from the DENR by Macawiwili, where the Group has a contractual right to receive P50 million was discussed with management. The management was informed by Macawiwili that their legal counsel is confident that their MPSA will not be cancelled. According to them, their legal counsel will answer the Show Cause Letter of the DENR. Based on management's representation, the MPSA will not be cancelled. We evaluated this representation along with other documents provided to us.

Other Information
Management is responsible for the other information. The other information comprises the SEC Form 17-A for the year ended December 31, 2016, but does not include the consolidated financial statements and our auditor's report, which we obtained prior to the date of this auditor's report, and the SEC Form 20-IS (Definitive Information Statement) and Annual Report for the year ended December 31, 2016, which are expected to be made available to us after that date.

Our opinion on the consolidated financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audits of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audits, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged With Governance for the Consolidated Financial Statements
Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with PFRSs, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements
Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with PSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with PSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

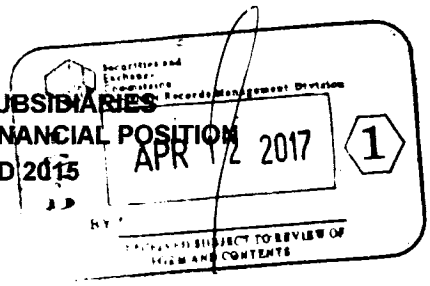
From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Chester Nimitz F. Salvador

R. R. TAN AND ASSOCIATES, CPAs

By: CHESTER NIMITZ F. SALVADOR
Partner
CPA Certificate No. 0129556
Tax Identification No. 307-838-154
PTR No. 2535320, January 17, 2017, Pasig City
SEC Accreditation No. 1608-A, valid until January 26, 2020
BIR Accreditation No. 07-001050-002-2016, valid until
June 22, 2019

March 17, 2017
Pasig City



OMICO CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2016 AND 2015

	Notes	2016	2015
ASSETS			
Current Assets			
Cash and cash equivalents	8	P **227,351,395**	P 240,838,173
Financial assets at fair value through profit or loss	9	**9,311,677**	7,746,476
Receivables	10	**20,344,450**	20,426,888
Real estate for sale	11	**114,508,924**	117,646,646
Prepayments and other current assets	12	**14,398,241**	13,596,481
Total Current Assets		**385,914,687**	400,254,664
Non-current Assets			
Installment contract receivable - net of current portion	10	**8,321,576**	11,052,567
Available-for-sale (AFS) financial assets - net	13	**2,580,000**	2,580,000
Property and equipment - net	14	**6,972,255**	4,585,540
Investment properties	15	**319,860,918**	318,246,248
Other non-current assets - net	16	**54,365,266**	54,727,096
Total Non-current Assets		**392,100,015**	391,191,451
TOTAL ASSETS		P **778,014,702**	P 791,446,115
LIABILITIES AND EQUITY			
Current Liabilities			
Accounts payable and accrued expenses	17	P **13,509,228**	P 13,889,997
Non-current Liabilities			
Accrued retirement liability	22	**10,111,334**	8,535,759
Deferred tax liability	25	**30,511,873**	30,511,873
Total Non-current Liabilities		**40,623,207**	39,047,632
Total Liabilities		**54,132,435**	52,937,629
Equity			
Share capital	18	**1,050,461,673**	1,050,461,673
Additional paid-in capital		**78,000**	78,000
Fair value gain on available-for-sale financial assets	13	**1,510,000**	1,510,000
Deficit		**(328,167,406)**	(313,541,187)
Total Equity		**723,882,267**	738,508,486
TOTAL LIABILITIES AND EQUITY		P **778,014,702**	P 791,446,115

See accompanying notes to financial statements

OMICO CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2016, 2015 AND 2014

	Notes		2016		2015		2014
REVENUES							
Real estate sales	**19**	**P**	**27,967,487**	P	39,817,081	P	34,432,689
Income from lease	**19**		**705,848**		-		-
Investment and other income - net	**19**		**6,748,475**		698,125		15,301,739
			35,421,810		40,515,206		49,734,428
COST AND EXPENSES							
Cost of real estate sales	**20**		**19,343,732**		26,096,413		20,627,784
Administrative expenses	**21**		**28,458,862**		32,019,296		30,025,145
Selling expenses			**1,351,104**		1,884,554		2,092,738
			49,153,698		60,000,263		52,745,667
LOSS BEFORE INCOME TAX			**(13,731,888)**		(19,485,057)		(3,011,239)
INCOME TAX EXPENSE	**25**		**894,331**		803,668		1,068,528
LOSS FOR THE YEAR			**(14,626,219)**		(20,288,725)		(4,079,767)
OTHER COMPREHENSIVE INCOME							
Amount to be reclassified to profit or loss in subsequent periods:							
Fair value changes in AFS investments	**13**		**-**		600,000		750,000
TOTAL COMPREHENSIVE LOSS		**P**	**(14,626,219)**	P	(19,688,725)	P	(3,329,767)
BASIC/DILUTED EARNINGS (LOSS) PER SHARE	**24**	**P**	**(0.013924)**	P	(0.019314)	P	(0.003884)

See accompanying notes to financial statements

OMICO CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2016, 2015 AND 2014

	Notes	2016	2015	2014
SHARE CAPITAL	**18**	**P 1,050,461,673**	P 1,050,461,673	P 1,050,461,673
ADDITIONAL PAID-IN CAPITAL		**78,000**	78,000	78,000
FAIR VALUE GAIN ON AVAILABLE-FOR-SALE FINANCIAL ASSETS				
Balance at beginning of year		**1,510,000**	910,000	160,000
Fair value changes in AFS financial assets	**13**	**-**	600,000	750,000
Balance at end of year		**1,510,000**	1,510,000	910,000
DEFICIT				
Balance at beginning of year		**(313,541,187)**	(293,252,462)	(289,172,695)
Loss for the year		**(14,626,219)**	(20,288,725)	(4,079,767)
Balance at end of year		**(328,167,406)**	(313,541,187)	(293,252,462)
		P 723,882,267	P 738,508,486	P 758,197,211

See accompanying notes to financial statements

OMICO CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2016, 2015 AND 2014

	Notes	2016	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES				
Loss before income tax		**P (13,731,888)**	P (19,485,057)	P (3,011,239)
Adjustments for:				
Fair value (gain) loss on FVPL financial assets	**9,19**	**(890,201)**	4,454,339	(14,779,910)
Depreciation	**14**	**1,359,290**	1,549,848	1,887,726
Gain on sale of FVPL financial assets	**9,19**	**(200,000)**	-	3,205,464
Gain on sale of transportation equipment	**19**	**(290,179)**	-	-
Unrealized foreign exchange gain	**19**	**(26,149)**	(24,985)	(2,438)
Provision for impairment losses	**16,21**	**1,200,101**	-	-
Retirement expense	**22**	**1,575,575**	521,310	487,611
Interest income		**(3,289,707)**	(2,293,044)	(1,172,733)
Operating Loss Before Working Capital Changes		**(14,293,158)**	(15,277,589)	(13,385,519)
(Increase) decrease in receivables		**2,813,014**	(205,213)	11,562,128
Decrease in real estate for sale		**3,137,722**	12,129,877	4,503,132
(Increase) decrease in prepayments and other current assets		**(1,873,971)**	(1,691,841)	55,429
Decrease in accounts payable and accrued expenses		**(380,769)**	(23,631)	(1,677,325)
Cash used in operations		**(10,597,162)**	(5,068,397)	1,057,845
Cash paid for taxes		**(660,391)**	(479,726)	(610,589)
Net Cash Used in Operating Activities		**(11,257,553)**	(5,548,123)	447,256
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from sale/maturity of:				
FVPL financial assets		**600,000**	-	95,344,599
HTM financial assets		**-**	10,000,000	-
Transportation equipment		**290,179**	-	-
Additions to:				
Property and equipment	**14**	**(3,746,005)**	(118,625)	(3,092,214)
FVPL financial assets		**(1,075,000)**	(490,000)	(4,990,000)
Investment properties		**(1,614,670)**	(197,144)	(670,005)
Interest and dividend received		**3,290,122**	2,419,206	1,173,440
Net Cash Provided by (Used in) Investing Activities		**(2,255,374)**	11,613,437	87,765,820
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		**(13,512,927)**	6,065,314	88,213,076
EFFECT OF FOREIGN EXCHANGE GAIN ON CASH AND CASH EQUIVALENTS	**19**	**26,149**	24,985	2,438
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		**(13,486,778)**	6,090,299	88,215,514
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		**240,838,173**	234,747,874	146,532,360
CASH AND CASH EQUIVALENTS AT END OF YEAR		**P 227,351,395**	P 240,838,173	P 234,747,874

See accompanying notes to financial statements

OMICO CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2016, 2015 AND 2014

1. CORPORATE INFORMATION AND STATUS OF OPERATIONS

Corporate Information

Omico Corporation (the "Parent Company or the Company") was incorporated in the Philippines and was registered with the Securities and Exchange Commission ("SEC") on August 30, 1968. Its corporate term was extended to another fifty (50) years from and after the date of expiration of its first fifty (50)-year term on August 29, 2018, as per SEC Certificate of Filing of Amended Articles of Incorporation dated October 21, 2015. It holds 100% interest both in Omico Kapital Corporation and Omico Mining Inc. *(formerly Omico-Ivanhoe Mining Inc).* The two subsidiaries have no commercial operation as of December 31, 2016 and 2015. The Parent Company listed its shares of stock in the Philippine Stock Exchange on May 2, 1969.

The Parent Company and Subsidiaries' (the Group) main business activities are mining exploration and property development. It is licensed to operate, prospect, mine, and deal with all kinds of ores, metals and minerals. The Group is also engaged in the business of real estate development.

The mining exploration segment is engaged in the exploration activities of mine site while the property development segment is engaged in the marketing and sale of real estate and evaluation of future development of other real estate properties.

The registered office of the Company is located at Unit 401 Capri Oasis-Solare Bldg., Dr. Sixto Antonio Ave., Maybunga, Pasig City. Omico Corporation has no ultimate Parent Company.

The consolidated financial statements of the Group for the year ended December 31, 2016 with (comparative figures for 2015 and 2014) were authorized for issue by the Company's Board of Directors on March 17, 2017.

Status of Mining Operations

On August 29, 2012, the Parent Company executed a Termination of Mining Agreement with Macawiwili wherein the Parent Company terminated their mining agreement entered in September 30, 1968. With this Agreement, the Parent Company has given the reins in managing the project to Macawiwili but remains an active minority investor in the venture. The salient points of the Termination of Mining Agreement are contained in prior disclosures of the Parent Company.

Management decided to terminate the mining agreement with Macawiwili because Management would like to focus on other mining prospects/projects.

Macawiwili has received a Show-Cause Order from the Department of Environment and Natural Resources (DENR) dated February 13, 2017, which is now being addressed by Macawiwili.

The Parent Company is still interested in investing in mining and is scouting for other mining projects to explore, manage, operate or invest either solely or in partnership with other entities.

2. BASIS OF PREPARATION, PRESENTATION AND CONSOLIDATION

Statement of Compliance

The accompanying consolidated financial statements have been prepared in accordance with generally accepted accounting principles as set forth in Philippine Financial Reporting Standards (PFRS), Philippine Accounting Standards (PAS) and interpretations thereof. PFRS are adopted standards by the Financial Reporting Standards Council (FRSC) from the pronouncements issued by the International Accounting Standards Board (IASB).

Basis of Financial Statements Preparation and Presentation
The consolidated financial statements have been prepared under the historical cost method except for financial assets at fair value through profit or loss and available for sale which are carried at fair values.

The consolidated financial statements are presented in Philippine Peso and all values represent absolute amounts except when otherwise indicated.

The preparation of consolidated financial statements in conformity with PFRS requires the use of certain critical accounting estimates. It also requires management to exercise judgment in the process of applying the Group's accounting policies. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances.

Certain amounts and information in the 2015 consolidated notes to financial statements were modified to conform with 2016 consolidated notes to financial statements.

Principle of Consolidation
The consolidated financial statements comprise the financial statements of the Parent Company and entities it controlled (the subsidiaries) as of December 31, 2016 and 2015. A parent controls a subsidiary when it is exposed, or has rights, to variable returns from its involvement with a subsidiary and has the ability to affect those returns through its power over the subsidiary. Specifically, control is achieved only if the a parent company has all the following;

(i) Power over the investee;
(ii) Exposure rights, to variable returns from its involvement with the subsidiary; and
(iii) The ability to use its power over the investee to affect the amount of the parent company's returns.

The Parent Company reassesses whether or not it controls a subsidiary if facts and circumstances indicates that there are changes to one or more of the three elements of control.

The following are the subsidiaries and the respective percentages of ownership as of the period therein presented:

	% of ownership	
	2016	2015
Omico Kapital Corporation	**100**	100
Omico Mining Inc.	**100**	100

Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Parent Company obtains control, and continue to be consolidated until the date when such control ceases. The financial statements of the subsidiaries are prepared for the same reporting period as the Parent Company, using consistent accounting policies. All intra-group balances, transactions, unrealized gains and losses resulting from intra-group transactions and dividends are eliminated in full.

If a parent loses control of a subsidiary, the parent

- Derecognizes the assets and liabilities of the former subsidiary from the statement of financial position
- Recognized any investment retained in the former subsidiary at its fair value and subsequently accounts for it and for any of the amounts owed by or to the former subsidiary in accordance with applicable PFRS.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND DISCLOSURES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Current versus non-current classification
The Group presents assets and liabilities in the consolidated statements of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realized or intended to be sold or consumed in normal operating cycle;
- Held primarily for the purpose of trading; ·
- Expected to be realized within twelve months after the end of the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the end of the reporting period.

The Group classifies all other assets as noncurrent.

A liability is current when:

- It is expected to be settled in normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the end of the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the end of the reporting period.

The Group classifies all other liabilities as non-current.

Financial Assets and Liabilities
Date of recognition
Financial assets and financial liabilities are recognized in the consolidated statements of financial position of the Group when it becomes a party to the contractual provisions of the instrument.

Initial recognition
All financial assets and financial liabilities are initially recognized at fair value. Except for financial assets and financial liabilities at FVPL, the initial measurement of financial instruments includes transaction costs.

Classification and subsequent recognition of financial instruments
The Group classifies financial assets into the following categories, (i) At fair value through profit or loss (FVPL), (ii) Available-for-sale, (iii) Held-to-maturity and (iv) Loans and receivable. The Group classifies its financial liabilities into (i) Financial liabilities at FVPL and (ii) Other financial liabilities. The classification depends on the purpose for which the investments were acquired or liabilities incurred and whether they are quoted in an active market. Management determines the classification of its investments at initial recognition and, where allowed and appropriate, re-evaluates such designation at every reporting date.

(i) Financial Assets and Financial Liabilities at FVPL

Financial assets and financial liabilities at FVPL include financial assets and financial liabilities held for trading and financial assets and financial liabilities designated upon initial recognition as FVPL. After initial recognition, financial assets and financial liabilities at FVPL are carried at fair value.

A financial asset or financial liability is classified as held for trading if:

- It has been acquired principally for the purpose of selling in the near future; or
- It is part of an identified portfolio of financial instruments that the Group manages together and has recent actual pattern of short-term profit-taking; or

- It is a derivative that is not designated and effective as a hedging instrument.

A financial asset other than a financial asset held for trading may be designated as at FVPL upon initial recognition if:

- Such designation eliminates or significantly reduces a measurement or recognition inconsistently that would otherwise arise; or
- The financial asset forms part of a group of financial assets which is managed and its performance is evaluated on a fair value basis.
- It forms part of a contract containing one or more embedded derivatives.

Financial assets at FVPL are stated at fair value, with any resulting gain or loss is recognized in the profit or loss.

Included under this category are the Group's equity investments listed in Philippine Stocks Exchange.

(ii) Available-for-sale (AFS)

AFS are non-derivative financial assets that are either designated on this category or not classified in any of the other categories. Subsequent to initial recognition, AFS assets are carried at fair value in the consolidated statements of financial position. Changes in the fair value are recognized directly in equity account as "Fair value gain or loss on available-for-sale financial assets". Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously recognized in equity is included in consolidated statements of comprehensive income for the period.

Included under this category are the Group's investments in club shares.

(iii) Held-to-maturity (HTM)

HTM investments are non-derivative financial assets with fixed or determinable payments and fixed maturities wherein the Group has the positive intention and ability to hold to maturity. After initial measurement, HTM assets are carried at amortized cost using the effective interest method, less impairment in value. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees that are integral parts of the effective interest rate. Any changes to the carrying amount of the investment are recognized in the consolidated statements of comprehensive income.

As of December 31, 2016 and 2015, there are no financial assets under this category.

(iv) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Group provides money, goods or services directly to a debtor with no intention of trading the receivables. After initial measurement, loans and receivables are subsequently measured at amortized cost using the effective interest method, less allowance for impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees that are integral parts of the effective interest rate. This accounting policy relates to the consolidated statement of financial position captions "Cash and cash equivalents", "Receivables" and "Installment contracts receivable".

Loans and receivables are included in current assets if maturity is within 12 months from the reporting date, otherwise these are classified as noncurrent assets.

Other financial liabilities
Issued financial instruments or their components, which are not designated as at FVPL are classified as other financial liabilities where the substance of the contractual arrangement results in the Group having an obligation either to deliver cash or another financial asset to the holder, or to

satisfy the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of own equity shares. The components of issued financial instruments that contain both liability and equity elements are accounted for separately, with the equity component being assigned the residual amount after deducting from the instrument as a whole the amount separately determined as the fair value of the liability component on the date of issue.

After initial measurement, other financial liabilities are subsequently measured at amortized cost using the effective interest method. Amortized cost is calculated by taking into account any discount or premium on the issue and fees that are integral parts of the effective interest rate. Any effects of restatement of foreign currency-denominated liabilities are recognized in the consolidated statement of comprehensive income.

This accounting policy applies primarily to the Group's accounts payable and accrued expenses, due to subsidiary, and other obligations that meet the above definition (other than liabilities covered by other accounting standards, such as income tax payable and pension liabilities).

Accounts payable are liabilities for supplies or services that have been received or provided and have been invoiced or formally agreed with the supplier. Accounts payables are non-interest bearing and are stated at their original invoice amount since the effect of discounting is immaterial.

Accruals are liabilities for goods or services that have been received or provided but have not been paid, invoiced or formally agreed with the supplier, including amounts due to employees.

Reclassification of financial assets
A financial asset is reclassified out of the FVPL category when the following conditions are met (i) the financial asset is no longer held for the purpose of selling or repurchasing it in the near term; and (ii) there is a rare situation.

A financial asset that is reclassified out of the FVPL category is reclassified at its fair value on the date of reclassification. Any gain or loss already recognized in the consolidated statement of comprehensive income is not reversed. The fair value of the financial asset on the date of reclassification becomes its new cost or amortized cost, as applicable.

Impairment of financial assets
At the end of each reporting period, Parent Company and its subsidiaries' assess whether a financial asset or group of financial asset is impaired.

A financial asset or group of financial asset is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset and that loss event has an impact on the estimated future cash flows of the financial asset of the group of financial asset that can be reliably estimated. Objective evidence that a financial asset may have been impaired includes:

- Significant financial difficulty of the issuer or counterparty; or
- Default or delinquency in interest or principal payments; or
- It becomes probable that the borrower will enter bankruptcy or financial re-organization

For financial assets carried at amortized cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced by the impairment loss and loss is recorded in the profit and loss.

If in subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit and loss to the extent that the carrying amount of investment at the date the impairment is reversed, does not exceed what the amortized cost would have been had the impairment not been recognized.

In respect of AFS equity securities, impairment losses previously recognized through profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognized directly in equity.

Derecognition of financial instruments
Financial asset
A financial asset (or, where applicable a part of a financial asset or part of a group of financial assets) is derecognized when:

- the rights to receive cash flows from the asset have expired;
- the Group retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party.
- the Group has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred the control of the asset.

Where the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of the Group's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Financial liability
A financial liability is derecognized when the obligation under the liability is discharged or cancelled or has expired. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the consolidated statements of comprehensive income.

Offsetting financial instruments
Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statements of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously. The Group assesses that it has a currently enforceable right of offset if the right is not contingent on a future event, and is legally enforceable in the normal course of business, event of default, and event of insolvency or bankruptcy of the Group and all of the counterparties.

Cash and Cash Equivalents
Cash and cash equivalents are defined as cash on hand, demand deposits and short-term, highly liquid investments readily convertible to known amounts of cash and which are subject to insignificant risk of changes in value. Cash and cash equivalents are initially measured at fair value.

Real Estate for Sale
Real estate for sale is carried at the lower of cost and net realizable value. Cost includes the value of land plus expenditures necessary to complete the housing units (materials and labor cost). Net realizable value is the estimated selling price in the ordinary course of business less cost to complete and sell the units. NRV is determined in a manner provided in note 5. As of December 31, 2016 and 2015, real estate inventories are carried at cost.

Prepayments and Other Current Assets
Prepayments and other current assets consist of input taxes, prepaid expenses and deposits. They are carried at cost less the amortized portion.

Property and Equipment

Property and equipment are stated at cost less accumulated depreciation and any impairment in value. The cost of an asset comprises its purchase price and directly attributable costs of bringing the asset to working condition for its intended use. Expenditures for additions, improvements and renewals are capitalized; expenditures for repairs and maintenance are charged to expense as incurred. When assets are sold, retired or otherwise disposed of, their cost and related accumulated depreciation and impairment losses are removed from the accounts and any resulting gain or loss is reflected in income for the period.

Depreciation or amortization of an item of property and equipment begins when it becomes available for use, i.e., when it is in the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is computed using the straight-line method over the stipulated useful lives of the assets as follows:

	Estimated useful life
Condominium units and improvements	15-25 years
Office furniture, fixtures and office equipment	3-5 years
Transportation equipment	3-5 years

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

The residual values and estimated useful lives of property and equipment are reviewed, and adjusted if appropriate, at each reporting period.

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. 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 item) is included in the consolidated statements of comprehensive income in the year the item is derecognized.

Investment Properties

Investment properties consist of parcels of land that are held for future development or capital appreciation or both and that is not occupied by the Group. Except for the *Pasong Tamo* property (see Note 15), Investment properties are carried at cost. The Pasong Tamo property is carried at deemed cost upon adoption of PFRS in prior year.

Investment properties are derecognized when either they have been disposed of, or when the investment property is permanently withdrawn from service and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognized in the consolidated statements of comprehensive income in the year of retirement or disposal.

Transfers are made to and from investment property when, and only when there is change in use, evidenced by commencement of owner-occupation or commencement of development with a view to sale. The transfer is recorded using the carrying amount of the investment property at the date of change in use.

Joint Arrangements

For interests in jointly controlled assets, the Group recognized in its consolidated financial statements the assets that it controls/contributed and the liabilities that it incurs, and the related income and expenses from the sale/development of the assets. No adjustment or other consolidation procedures are required since the assets, liabilities, income and expenses of the joint operation are recognized in the financial statements of the operator.

Impairment of Non-financial Assets
The carrying values of investments in joint ventures, property and equipment and investment properties are reviewed for impairment when events or changes in circumstances indicate that their carrying values may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets or cash generating units are written down to their recoverable amount. The recoverable amount of property and equipment and investment is the greater of net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. Impairment losses are recognized in the consolidated statements of comprehensive income.

If there is any indication at end of the reporting period that an impairment loss recognized for an asset in prior years may no longer exist or may have decreased, the Group estimates the recoverable amount of that asset and the carrying amount of the asset is adjusted to the recoverable amount resulting in the reversal of the impairment loss.

Equity
Share capital is determined at the par value of shares that have been issued.

Additional paid-in capital includes any premiums received on the initial issuance of capital stock. Any transaction costs associated with the issuance of shares are deducted from additional paid-in capital, net of any related income tax benefits.

Fair value gain/loss on available for sale financial assets pertains to mark-to-market valuation of available-for-sale financial assets.

Deficit includes all current and prior period results of operations as disclosed in the consolidated statements of comprehensive income.

Other comprehensive income comprises items of income and expenses (including items previously presented in the Statement of Changes in Equity) that are not recognized in the consolidated statements of income for the year in accordance with PFRS.

Earnings Per Share
Basic earnings per share is computed by dividing profit for the period by the weighted average number of shares issued and outstanding during the year.

Diluted EPS is computed by dividing the profit for the period by the weighted average number of shares issued and outstanding during the year plus the weighted average number of shares that would be issued on the conversion of dilutive potential shares.

Operating Segments
Operating segment is a component of an entity that engages in business activities from which it may earn revenues and incur expenses whose operating results are regularly reviewed by the chief operating decision maker to make decisions about how resources are to be allocated and for which discrete financial information is available. Financial information on operating segments is presented in Note 27.

Related Party Transactions
Parties are considered related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. The related party transactions are recognized based on transfer of resources or obligations between related parties, regardless whether a price is charged.

Revenue and Cost Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must be met before revenue is recognized:

- Real estate
  The Group assesses whether it is probable that the economic benefits will flow to the Group when the sales prices are collectible. Collectability of the sales price is demonstrated by the buyer's commitment to pay, which in turn is supported by substantial initial and continuing investments that give the buyer a stake in the property sufficient that the risk of loss through default motivates the buyer to honor its obligation to the seller. Revenue from sales of completed real estate projects is accounted under the full accrual method. In accordance with Philippine Interpretations Committee (PIC) Q&A No. 2006-1, the Percentage of Completion (POC) method is used to recognize revenue where the Group have material obligation under the sales contract to complete the project after the property is sold. Under this method, revenue is recognized as the related obligations are fulfilled, measured principally on the basis of the estimated completion of a physical proportion of the contract work.

  Any excess of collections over recognized receivables are included in the "Customers' advances and deposits" account.

  If any of the criteria under full accrual or POC method is not met, the deposit method is applied until all the conditions for recording the sale are met. Pending recognition of sale, cash received from buyers are presented under "Customers' advances and deposits" account except when the underlying contract is a lease contract with option to purchase.

  Revenue from lease contract with option to purchase is accounted for as leasing income until the criteria under full accrual method of recording sale is met.

  Penalties are recognized as income when cash is received and forfeitures from cancelled sales and reservation fees are recognized as income when the cancellation of sales and reservation fees of buyers has been determined and established.

- Investment income
  Interest income is recognized as the interest accrues (taking into account the effective yield on the asset).

  Dividend income is recognized when the shareholders' right to receive the payment is established.

  Fair value gain (loss) represents all gain and losses for changes in fair values of financial assets at FVPL.

  Realized gain (loss) in sale of shares of stock is recognized upon sale.

- Gains
  Gains represent other items that meet the definition of income and may, or may not, arise in the course of ordinary activities of the Group. Gains represent increases in economic benefits and have the same nature as revenue. These are recognized as income when cash is realized.

Costs Recognition

- Cost of real estate sales
  Cost of real estate sales is recognized consistent with the revenue recognition method applied. Costs of subdivision lots and housing unit and condominium units sold before the completion of the development is determined on the basis of the acquisition cost of the land and its full development costs, which include estimated costs for future development works, as determined by the Group's in-house technical team.

The cost of inventory recognized in profit or loss on disposal is determined with reference to specific costs in the property, allocated to saleable are based on relative size and takes into account the percentage of completion used for revenue recognition purposes.

- Administrative expense
  Cost and expenses are recognized in the consolidated statement of comprehensive income when decrease in future economic benefit related to a decrease in an asset or decrease in a liability has arisen that can be measured reliably.

  Costs and expenses are recognized in the consolidated statements of comprehensive income:

  (i) On the basis of a direct association between the costs incurred and the earning of specific items of income;
  (ii) On the basis of systematic and rational allocation procedures when economic benefits are expected to arise over several accounting periods and the association can be broadly or indirectly determined; or
  (iii) Immediately when expenditures produces no future economic benefits or when, and to the extent that, future economic benefits do not qualify or cease to qualify, for recognition in the consolidated statement of financial position as an asset.

- Commission expense
  The Group recognizes commission expense when services are rendered by agents. Commission expense is recognized upon receipt of certain level of payment from the buyer comprising a substantial portion of the contract price and the capacity to pay and credit worthiness of buyers have been reasonably established for sales of real estate.

Employee Benefits

- *Retirement Benefit Obligation*
  Pension benefits are provided to employees based on the amounts required by law, under R.A. 7641.

  The Group has not yet established a formal retirement plan; however, it accrues the estimated cost of retirement benefits required by the provisions of RA No. 7641 (Retirement Law). Under RA 7641, the Group is required to provide minimum retirement benefits to qualified employees. The retirement cost accrued includes normal cost and estimated past service cost.

- *Compensated absences*
  Compensated absences are recognized for the number of paid leave days (including holiday entitlement) remaining at end of the reporting period. They are included in Accounts payable and Accrued expenses accounts at the undiscounted amount that the Group expects to pay as a result of the unused entitlement.

Operating Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at inception date, whether fulfillment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset. A reassessment is made after inception of the lease only if one of the following applies:

(a) There is a change in contractual terms, other than a renewal or extension of the arrangement;
(b) A renewal option is exercised or extension granted, unless the term of the renewal or extension was initially included in the lease term;
(c) There is a change in the determination of whether fulfillment is dependent on a specified asset; or
(d) There is substantial change to the asset.

Where a reassessment is made, lease accounting shall commence or cease from the date when the change in circumstances gave rise to the reassessment for scenarios (a), (c), or (d) and at the date of renewal or extension period for scenario (b).

Leases where the lessor retains substantially all the risks and benefits of the ownership of the asset are classified as operating leases. Fixed lease payments are recognized on a straight-line basis over the lease while the variable rent is recognized as an expense based on the terms of the lease contract.

Income Taxes

Current income tax assets or liabilities comprise those claims from, or obligations to, fiscal authorities relating to the current or prior reporting period, that are uncollected or unpaid at the end of reporting period. They are calculated according to the tax rates and tax laws applicable to the fiscal periods to which they relate, based on the taxable profit for the year. All changes to current tax assets or liabilities are recognized as a component of tax expense in the consolidated statements of comprehensive income.

Deferred tax is provided, using the balance sheet liability method on temporary differences at the end of reporting period between the tax base of assets and liabilities and their carrying amounts for financial reporting purposes.

Under the balance sheet liability method, with certain exceptions, deferred tax liabilities are recognized for all taxable temporary differences and deferred tax assets are recognized for all deductible temporary differences and the carry forward of unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the deferred tax asset is to be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period 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 end of reporting period.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized.

Most changes in deferred tax assets or liabilities are recognized as a component of tax expense in the consolidated statements of comprehensive income. Only changes in deferred tax assets or liabilities that relate to a change in value of assets or liabilities that is charged directly to equity are charged or credited directly to equity.

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

Functional Currency and Foreign Currency Transactions

- *Functional and Presentation Currency*
  Items included in the consolidated financial statements are measured using the currency of the primary economic environment in which the entity operates (the “functional currency”). The consolidated financial statements are presented in Philippine pesos, which is the Group’s functional currency.

- *Transaction and Balances*
  The accounting records of the Group are maintained in Philippine pesos. Foreign currency transactions during the year are translated into the functional currency at exchange rates which approximate those prevailing on transaction dates.

  Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the consolidated statements of comprehensive income.

Provisions
Provisions are recognized when present obligations will probably lead to an outflow of economic resources and they can be estimated reliably even if the timing or amount of the outflow may still be uncertain. A present obligation arises from the presence of a legal or constructive commitment that has resulted from past events, for example, legal disputes or onerous contracts.

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the end of reporting period, including the risks and uncertainties associated with the present obligation. Any reimbursement expected to be received in the course of settlement of the present obligation is recognized, if virtually certain as a separate asset, not exceeding the amount of the related provision. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. In addition, long-term provisions are discounted to their present values, where time value of money is material.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate.

In those cases where the possible outflow of economic resources as a result of present obligations is considered improbable or remote, or the amount to be provided for cannot be measured reliably, no liability is recognized in the consolidated financial statements.

Probable inflows of economic benefits that do not yet meet the recognition criteria of an asset are considered contingent assets, hence, are not recognized in the consolidated financial statements.

Contingencies
Contingent liabilities are not recognized in the consolidated financial statements. They are disclosed unless the possibility of outflow of resources embodying economic benefits is remote. Contingent assets are not recognized in the consolidated financial statements but disclosed when an inflow of economic benefits is probable.

Events after the End of Reporting Period
The Group identifies subsequent events as events that occurred after the reporting period but before the date when the consolidated financial statements were authorized for issue. Any subsequent events that provide additional information about the Group's financial position at the balance sheet date are reflected in the consolidated financial statements.

Events that are not adjusting events are disclosed in the notes to the consolidated financial statements when material.

4. CHANGES IN ACCOUNTING STANDARDS AND DISCLOSURES

New Accounting Standards and Amendments to Existing Standards Effective as of January 1, 2016
The accounting policies adopted are consistent with those of the previous financial year except for the adoption of the following amendments to PFRS effective beginning January 1, 2016. The adoption however did not result to any material changes in the consolidated financial statements.

Amendments to PAS 1, *Presentation of Financial Statements – Disclosure Initiative*
The amendments are intended to assist entities in applying judgment when meeting the presentation and disclosure requirements in PFRS. They clarify the following:

- That entities shall not reduce the understandability of their financial statements by either obscuring material information with immaterial information; or aggregating material items that have different natures or functions
- That specific line items in the statement of income and OCI and the balance sheet may be disaggregated
- That entities have flexibility as to the order in which they present the notes to financial statements

- That the share of OCI of associates and joint ventures accounted for using the equity method must be presented in aggregate as a single line item, and classified between those items that will or will not be subsequently reclassified to profit or loss.

These amendments do not have any significant impact on the Group.

Amendments to PAS 16, *Property, Plant and Equipment*, and PAS 38, *Intangible Assets - Clarification of Acceptable Methods of Depreciation and Amortization*
The amendments clarify the principle in PAS 16 and PAS 38 that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is part) rather than the economic benefits that are consumed through use of the asset. As a result, a revenue-based method cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortize intangible assets. The amendments are effective prospectively for annual periods beginning on or after January 1, 2016, with early adoption permitted. The amendment does not have any significant impact on the Group's financial position or performance.

Amendments to PAS 16, *Property, Plant and Equipment*, and PAS 41, *Agriculture - Bearer Plants*
The amendments change the accounting requirements for biological assets that meet the definition of bearer plants. Under the amendments, biological assets that meet the definition of bearer plants will no longer be within the scope of PAS 41. Instead, PAS 16 will apply. After initial recognition, bearer plants will be measured under PAS 16 at accumulated cost (before maturity) and using either the cost model or revaluation model (after maturity). The amendments also require that produce that grows on bearer plants will remain in the scope of PAS 41 measured at fair value less costs to sell. For government grants related to bearer plants, PAS 20, *Accounting for Government Grants and Disclosure of Government Assistance*, will apply. The amendments are retrospectively effective for annual periods beginning on or after January 1, 2016, with early adoption permitted. These amendments do not have any impact to the Group as the Group does not have any bearer plants.

Amendments to PAS 27, *Separate Financial Statements - Equity Method in Separate Financial Statements*
The amendments will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. Entities already applying PFRS and electing to change to the equity method in its separate financial statements will have to apply that change retrospectively. For first-time adopters of PFRS electing to use the equity method in its separate financial statements, they will be required to apply this method from the date of transition to PFRS. The amendments are effective for annual periods beginning on or after January 1, 2016, with early adoption permitted. The amendment does not have any significant impact on the Group's financial position or performance.

Amendments to PFRS 10, *Consolidated Financial Statements*, PFRS 12, *Disclosure of Interests in Other Entities*, and PAS 28, *Investments in Associates and Joint Ventures - Investment Entities: Applying the Consolidation Exception*.
These amendments clarify that the exemption in PFRS 10 from presenting consolidated financial statements applies to a parent entity that is a subsidiary of an investment entity, when it measures all of its subsidiaries at fair value. They also clarify that only a subsidiary of an investment entity that is not an investment entity itself and that provides support services to the investment entity parent is consolidated. The amendments also allow an investor (that is not an investment entity and has an investment entity associate or joint venture) to retain the fair value measurement applied by the investment entity associate or joint venture to its interests in subsidiaries when applying the equity method. These amendments are not applicable to the consolidated financial statements. The amendments are effective for annual periods beginning on or after January 1, 2016, with early adoption permitted. These amendments do not have any significant impact on the Group's consolidated financial statements.

Amendments to PFRS 11, *Joint Arrangements - Accounting for Acquisitions of Interests in Joint Operations*
The amendments to PFRS 11 require that a joint operator accounting for the acquisition of an interest in a joint operation, in which the activity of the joint operation constitutes a business must

apply the relevant PFRS 3 principles for business combinations accounting. The amendments also clarify that a previously held interest in a joint operation is not remeasured on the acquisition of an additional interest in the same joint operation while joint control is retained. In addition, a scope exclusion has been added to PFRS 11 to specify that the amendments do not apply when the parties sharing joint control, including the reporting entity, are under common control of the same ultimate controlling party.

The amendments apply to both the acquisition of the initial interest in a joint operation and the acquisition of any additional interests in the same joint operation and are prospectively effective for annual periods beginning on or after January 1, 2016, with early adoption permitted. The amendment does not have any significant impact on the Group's financial position or performance.

PFRS 14, *Regulatory Deferral Accounts*
PFRS 14 is an optional standard that allows an entity, whose activities are subject to rate regulation, to continue applying most of its existing accounting policies for regulatory deferral account balances upon its first-time adoption of PFRS. Entities that adopt PFRS 14 must present the regulatory deferral accounts as separate line items in the statement of comprehensive income. The standard requires disclosure of the nature of, and risks associated with, the entity's rate-regulation and the effects of that rate-regulation on its financial statements. PFRS 14 is effective for annual periods beginning on or after January 1, 2016. This standard does not apply since the Group is not a first-time adopter of PFRS.

Annual Improvements to PFRSs (2012-2014 cycle)

The Annual Improvements to PFRSs (2012-2014 cycle) are effective for annual periods beginning on or after January 1, 2016 and do not have any material impact to the Group's consolidated financial statements. They include:

- PFRS 5, *Non-current Assets Held for Sale and Discontinued Operations - Changes in Methods of Disposal*
  The amendment is applied prospectively and clarifies that changing from a disposal through sale to a disposal through distribution to owners and vice-versa should not be considered to be a new plan of disposal, rather it is a continuation of the original plan. There is, therefore, no interruption of the application of the requirements in PFRS 5. The amendment also clarifies that changing the disposal method does not change the date of classification.

- PFRS 7, *Financial Instruments: Disclosures - Servicing Contracts*
  PFRS 7 requires an entity to provide disclosures for any continuing involvement in a transferred asset that is derecognized in its entirety. The amendment clarifies that a servicing contract that includes a fee can constitute continuing involvement in a financial asset. An entity must assess the nature of the fee and arrangement against the guidance in PFRS 7 in order to assess whether the disclosures are required. The amendment is to be applied such that the assessment of which servicing contracts constitute continuing involvement will need to be done retrospectively. However, comparative disclosures are not required to be provided for any period beginning before the annual period in which the entity first applies the amendments.

- PFRS 7, *Applicability of the Amendments to PFRS 7 to Condensed Interim Financial Statements*
  This amendment is applied retrospectively and clarifies that the disclosures on offsetting of financial assets and financial liabilities are not required in the condensed interim financial report unless they provide a significant update to the information reported in the most recent annual report.

- PAS 19, *Employee Benefits - Regional Market Issue Regarding Discount Rate*
  This amendment is applied prospectively and clarifies that market depth of high quality corporate bonds is assessed based on the currency in which the obligation is denominated, rather than the country where the obligation is located. When there is no deep market for high quality corporate bonds in that currency, government bond rates must be used.

- PAS 34, *Interim Financial Reporting - Disclosure of Information 'Elsewhere in the Interim Financial Report*'
  The amendment is applied retrospectively and clarifies that the required interim disclosures must either be in the interim financial statements or incorporated by cross-reference between the interim financial statements and wherever they are included within the greater interim financial report (e.g., in the management commentary or risk report).

New Accounting Standard, Amendments to Existing Standards and Interpretations Effective Subsequent to December 31, 2016

The standards, amendments and interpretations which have been issued but not yet effective as at December 31, 2016 are disclosed below. Except as otherwise indicated, the Group does not expect the adoption of the applicable new and amended PFRS to have a significant impact on its financial position or performance.

Effective 2017

Amendments to PAS 7, *Statement of Cash Flows*
The amendments to PAS 7 require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes (such as foreign exchange gains or losses). On initial application of the amendments, entities are not required to provide comparative information for preceding periods. They are effective for annual periods beginning on or after January 1, 2017, with earlier application being permitted.

Amendments to PAS 12, *Income taxes – Recognition of Deferred Tax Assets for Unrealized Losses*
The amendments clarify that an entity needs to consider whether tax law restricts the sources of taxable profits against which it may make deductions on the reversal of that deductible temporary difference. Furthermore, the amendments provide guidance on how an entity should determine future taxable profits and explain the circumstances in which taxable profit may include the recovery of some assets for more than their carrying amount.

Entities are required to apply the amendments retrospectively. However, on initial application of the amendments, the change in the opening equity of the earliest comparative period may be recognized in opening retained earnings (or in another component of equity, as appropriate), without allocating the change between opening retained earnings and other components of equity. Entities applying this relief must disclose that fact. Early application of the amendments is permitted. These amendments are not expected to have any impact on the Group.

Effective 2018

Amendments to PAS 40, *Investment Property – Transfers of Investment Property*
The amendments clarify when an entity should transfer property, including property under construction or development, into, or out of investment property. The amendments state that a change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. A mere change in management's intentions for the use of a property does not provide evidence of a change in use. The amendments should be applied prospectively to changes in use that occur on or after the beginning of the annual reporting period in which the entity first applies the amendments. . The amendments are effective for annual periods beginning on or after July 1, 2018. Retrospective application is only permitted if that is possible without the use of hindsight. The amendments are not expected to have any significant impact on the Group.

Philippine IFRIC Interpretation 22, *Foreign Currency Transactions and Advance Consideration*
The interpretation clarifies that in determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a nonmonetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which an entity initially recognizes the nonmonetary asset or nonmonetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, then the entity must

determine a date of the transactions for each payment or receipt of advance consideration. Entities may apply the interpretation on a fully retrospective basis. Alternatively, an entity may apply the interpretation prospectively to all assets, expenses and income in its scope that are initially recognized on or after the beginning of the reporting period in which the entity first applies the interpretation or the beginning of a prior reporting period presented as comparative information in the financial statements of the reporting period in which the entity first applies the interpretation.

The Group does not expect the adoption of this interpretation to have any significant impact on the consolidated financial statements.

Amendments to PFRS 2, *Share-based Payment – Classification and Measurement of Share-based Payment Transactions*
The amendments are intended to clarify following:

- Accounting for cash-settled share-based payment transactions that include a performance condition;
- Classification of share-based payment transactions with net settlement features; and
- Accounting for modifications of share-based payment transactions from cash-settled to equity settled

They are effective for annual periods beginning on or after January 1, 2018. On adoption, entities are required to apply the amendments without restating prior periods, but retrospective application is permitted if elected for all three amendments and other criteria are met. Early application of the amendment is permitted.

Amendments to PFRS 4, *Insurance Contracts – Applying PFRS 9 'Financial Instrument' with PFRS 4 'Insurance Contracts'*
The amendments address concerns arising from implementing PFRS 9, the new financial instruments standard, before implementing the forthcoming insurance contracts standard. They allow entities to choose between the overlay approach and the deferral approach to deal with the transitional challenges. The overlay approach gives all entities that issue insurance contracts the option to recognize in other comprehensive income, rather than profit or loss, the volatility that could arise when PFRS 9 is applied before the new insurance contracts standard is issued. On the other hand, the deferral approach gives entities whose activities are predominantly connected with insurance an optional temporary exemption from applying PFRS 9 until the earlier of application of the forthcoming insurance contracts standard or January 1, 2021. The overlay approach and the deferral approach will only be available to an entity if it has not previously applied PFRS 9. The amendments are not applicable to the Group since there are no activities that are predominantly connected with insurance or issue insurance contracts. They are effective for annual periods beginning on or after January 1, 2018.

PFRS 9, *Financial Instruments (2014)*
PFRS 9 (2014) replaces PAS 39, Financial Instruments: Recognition and Measurement, and supersedes the previously published versions of PFRS 9 that introduced new classifications and measurement requirements (in 2009 and 2010) and a new hedge accounting model (in 2013). PFRS 9 includes revised guidance on the classification and measurement of financial assets, including a new expected credit loss model for calculating impairment, guidance on own credit risk on financial liabilities measured at fair value and supplements the new general hedge accounting requirements published in 2013. PFRS 9 incorporates new hedge accounting requirements that represent a major overhaul of hedge accounting and introduces significant improvements by aligning the accounting more closely with risk management. The new standard is to be applied retrospectively for annual periods beginning on or after January 1, 2018, with early adoption permitted. The Group is still assessing the potential impact on its consolidated financial statements resulting from the application of PFRS 9.

PFRS 15, *Revenue from Contracts with Customers*
PFRS 15 replaces PAS 11, *Construction Contracts*, PAS 18, *Revenue*, IFRIC 13, *Customer Loyalty Programmes,* IFRIC 18, *Transfer of Assets from Customers* and SIC-31, Revenue - *Barter Transactions Involving Advertising Services*. The new standard introduces a new revenue recognition model for contracts with customers which specifies that revenue should be recognized when (or as) a company transfers control of goods or services to a customer at the amount to which the company expects to be entitled. Depending on whether certain criteria are met, revenue is recognized over time, in a manner that best reflects the company's performance, or at a point in time, when control of the goods or services is transferred to the customer. The standard does not apply to insurance contracts, financial instruments or lease contracts, which fall in the scope of other PFRSs. It also does not apply if two companies in the same line of business exchange nonmonetary assets to facilitate sales to other parties. Furthermore, if a contract with a customer is partly in the scope of another PFRS, then the guidance on separation and measurement contained in the other PFRS takes precedence.

The new standard is effective for annual periods beginning on or after January 1, 2018, with early adoption permitted. The Group is currently assessing the impact of PFRS 15 and plans to adopt the new standard on the required effective date.

Annual Improvements to PFRSs (2014-2016 cycle)
The Annual Improvements to PFRSs (2012-2014 cycle) are effective for annual periods beginning on or after January 1, 2018 and will not have any material impact to the Group consolidated financial statements. They include:

- PFRS 1, *First-time Adoption of Philippine Financial Reporting Standards*
  The amendment deleted the short-term exemptions in paragraphs E3-E7 of PFRS 1, because they have now served their intended purpose.

- PFRS 12, *Disclosure of Interests in Other Entities*
  The amendment clarified the scope of the standard by specifying that the disclosure requirements in the standard, except for those in paragraphs B10-B16, apply to an entity's interests listed in paragraph 5 that are classified as held for sale, as held for distribution or as discontinued operations in accordance with PFRS 5, *Non-current Assets Held for Sale and Discontinued Operations.*

- PAS 28, *Investments in Associates and Joint Ventures*
  The amendment clarified that the election to measure at fair value through profit or loss an investment in associate or a joint venture that is held by an entity that is a venture capital organization, or other qualifying entity, is available for each investment in an associate or joint venture on an investment-by-investment basis, upon initial recognition.

Effective 2019

PFRS 16, Leases
On January 13, 2016, the IASB issued its new standard, PFRS 16, Leases, which replaces PAS 17, the current leases standard, and the related Interpretations.

Under the new standard, lessees will no longer classify their leases as either operating lease or finance leases in accordance with PAS 17. Rather, lessees will apply the single-asset model. Under this model, lessees will recognize the assets and related liabilities for most leases on their statement of financial position, and subsequently, will depreciate the lease assets and recognize interest on the lease liabilities in their profit or loss. Leases with a term of 12 months or less or for which the underlying asset is of low value are exempted from these requirements.

The accounting by lessors is substantially unchanged as the new standard carries forward the principles of lessor accounting under PAS 17. Lessors, however, will be required to disclose more information in their financial statements, particularly on the risk exposure to residual value.

The new standard is effective for annual periods beginning on or after January 1, 2019. Earlier application is not permitted until the FRSC has adopted the new revenue recognition standard. When adopting PFRS 16, an entity is permitted to use either a full retrospective or a modified retrospective application, with options to use certain transition reliefs.

Deferred

PFRS 10, *Consolidated Financial Statements* and PAS 28, *Investments in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*
These amendments address an acknowledged inconsistency between the requirements in PFRS 10 and those in PAS 28 in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require that a full gain or loss is recognized when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognized when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary. These amendments are originally effective from annual periods beginning on or after January 1, 2016. This mandatory adoption date was later on deferred indefinitely pending the final outcome of the IASB's research project on International Accounting Standards 28. Adoption of these amendments when they become effective will not have any impact on the consolidated financial statements.

5. SUMMARY OF SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

Judgments
In the process of applying the accounting policies of the Group, management has made the following judgments, apart from those involving estimations, which have the most significant effect on amounts recognized in the consolidated financial statements:

- *Determination of control* - The Parent Company controls an entity if and only if the Parent Company has (i) Power over the entity, (ii) Exposure or rights to variable returns from its involvement with the entity, and (iii) The ability to use its power over the entity to affect the amount of Parent Company's returns.

  The Parent Company regularly reassesses whether it controls an investee when facts and circumstances indicate that there are changes to one or more elements of controls above.

  As of December 31, 2016 and 2015, the Parent Company determined that it exercise control over its subsidiaries.

- *Assessment of joint arrangement* – The Group reviews the joint arrangement with its co-joint operators for any changes in facts and circumstances leading to the determination of joint control between joint operators. As of December 31, 2016 and 2015, Management has determined that its joint arrangements are in the nature of joint operation as guided by PFRS 11.

- *Recognition of deferred tax assets* – the Group review the carrying amounts at the end of each reporting period and adjust the balance of deferred tax assets to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilized. As of December 31, 2016 and 2015, the Group did not recognize deferred tax asset amounting to P17.38 million and P15.09 million, respectively, since it does not expect to have sufficient profit against which the deferred tax asset can be utilized.

- *Classification of financial instruments* – the Group classify financial instruments, or its components, on initial recognition as a financial asset, financial liability or an equity instrument in accordance with the substance of the contractual arrangement and the definitions of a financial asset, a financial liability or an equity instrument. The substance of a financial instrument, rather than its legal form, governs its classification.

Financial assets are further classified into the following categories:

a. Financial assets at fair value through profit or loss
b. Available-for-sale financial asset
c. Held-to-maturity financial asset
d. Loans and receivables

The Group determines the classification at initial recognition and re-evaluates this classification at every reporting date.

- *Classification of property* – The Group determines whether a property is classified as investment property or inventory as follows:

  a. Investment property comprises land which are not occupied substantially for use by, or in the operations of the Group, nor for sale in the ordinary course of business, but are held primarily to earn rental income and capital appreciation.

  b. Inventory comprises property that is held for sale in the ordinary course of business. Principally, this is residential property that the Group develops and intends to sell before or on completion of construction.

- *Revenue recognition* – Selecting an appropriate revenue recognition method for a particular real estate sale transaction requires certain judgment based on buyers' commitment on the sale which may be ascertained through the significance of buyers' initial investment. Management believes that a certain percentage of the total contract price signifies the buyers' commitment to the property. Accordingly, the Group recognizes the sale at that stage.

- *Litigations* – The Group is currently involved in some legal proceedings. While estimates have been developed on possible outcome of these cases, management believes that the ultimate outcome will not have a material effect on the consolidated financial statements. However, a change in underlying estimates could affect the consolidated financial statements in the future.

  As of December 31, 2016 and 2015, there were no provisions for litigation in the accompanying consolidated financial statements.

Accounting Estimates

The key assumptions concerning the future and other key sources of estimation of uncertainty at the end of reporting period, that have significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

- *Determination of fair value of assets and liabilities*

  The company measures fair value of assets and liabilities using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements.

  Level 1
  Included in the Level 1 category are assets and liabilities that are measured in whole or in part by reference to published quotes in an active market. Assets and liabilities are regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency and those prices represent actual and regularly occurring market transactions on an arm's length basis.

  Level 2
  Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices)

  Level 3
  Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs)

  Fair value measurement is discussed in Note 6.

- *Impairment of non-financial assets* – the Group assesses whether there are indications of impairment on its long-lived assets, at least on an annual basis. This requires an estimation of the value-in-use of the cash generating units to which the assets belong. Estimating the value-in-use requires the Group to make an estimate of the expected future cash flows from the cash generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows.

- *Provisions* – the Group provides for present obligations (legal or constructive) where it is probable that there will be an outflow of resources embodying economic benefits that will be required to settle said obligations. An estimate of the provisions is based on known information at end of the reporting period, net of any estimated amount that may be reimbursed to the Group. The amount of provision is being re-assessed at least on an annual basis to consider new relevant information.

- *Estimating useful lives and residual values of property and equipment* – the Group estimate the useful lives and residual values of property and equipment based on the internal technical evaluation and experience. Estimated lives of property and equipment are reviewed periodically and updated if expectations differ from previous estimates due to physical wear and tear, technical and commercial obsolescence and other limits on the use of the assets.

  Depreciation is computed on the straight-line basis over the estimated useful lives of the assets as follows:

	Estimated useful life
Condominium units and improvements	15-25 years
Office furniture, fixtures and office equipment	3-5 years
Transportation equipment	3-5 years

- *Estimating NRV of Real Estate Inventories* -The carrying value of real estate inventories is carried at lower of cost or NRV. The estimates used in determining NRV is dependent on the recoverability of its cost with reference to existing market prices, location or the recent market transactions. The amount and timing of recorded cost for any period would differ if different estimates were used.

- *Estimating retirement benefits cost* – the Group's retirement benefit cost is computed using the provisions of R.A. 7641. This entails using certain assumptions with respect to salary increases and employees' length of stay. (see Note 22)

- *Estimation of allowance for impairment loss on receivables* – Allowance for impairment loss is provided for accounts that are specifically identified to be doubtful of collection. The level of allowance is evaluated by management on the basis of factors that affect the collectability of the accounts. (see Note 16)

6. FAIR VALUE MEASUREMENT

The fair value for assets and liabilities traded in active market at the reporting date is based on their quoted market price. For all other assets and liabilities not listed in an active market, the fair value is determined by using appropriate techniques or comparison to similar instruments for which market observable prices exists.

Where the transaction price in a non-active market is different from the fair value of other observable current market transactions in the same instruments or based on a valuation technique, the Group recognizes the difference between the transaction price and fair value in the consolidated statements of comprehensive income unless it qualifies for recognition as some other type of asset.

Assets and liabilities measured at fair value and those which are not measured at fair value but fair value is required to be disclosed are categorized in a manner discussed in note 5.

The following table presents the summary of the Group's financial assets and liabilities measured or disclosed at fair value on a recurring or non-recurring basis recognized in the Consolidated Statements of Financial Position as of December 31, 2016 and 2015:

2016	**Level 1**	**Level 2**	**Level 3**
Assets			
Loans and receivables			
Cash and cash equivalents*	**P -**	**P 227,321,395**	**P -**
Receivables	**-**	**20,344,450**	**-**
Non-current installment			
contracts receivable	**-**	**6,869,944**	**-**
Financial assets at fair value through profit or loss	**9,311,677**	**-**	**-**
Available-for-sale	**2,580,000**	**-**	**-**
Investment properties	**-**	**489,700,000**	**58,100,000**
	P 11,891,677	**P 794,235,789**	**P 58,100,000**
Liabilities			
Accounts payable and accrued expenses	**P -**	**P 13,509,228**	**P -**

** Amount is exclusive of cash on hand amounting to P30,000.*

2015	Level 1	Level 2	Level 3
Assets			
Loans and receivables			
Cash and cash equivalents*	P -	P 240,808,173	P -
Receivables	-	20,426,888	-
Non-current installment			
contracts receivable	-	9,124,536	-
Financial assets at fair value through profit or loss	7,746,476	-	-
Available-for-sale	2,580,000	-	-
Investment properties	-	489,700,000	58,100,000
	P 10,326,476	P 810,059,597	P 58,100,000
Liabilities			
Accounts payable and accrued expenses	P -	P 13,889,997	P -

** Amount is exclusive of cash on hand amounting to P30,000.*

Fair values were determined as follows:

- Due to short-term nature of transactions of Cash and cash equivalents, receivables, accounts payable and accrued expenses and accounts payable and accrued expenses, the fair values approximate the carrying amounts at initial recognition.
- Fair values of Non-current installment contracts receivable were determined by discounting future cash flows at market prevailing interest rates.
- Fair values of FVPL financial assets were determined through the Philippine Stocks Exchange.
- Fair values of Available-for-sale were determined using the quoted market prices at the end of reporting period.
- Fair values of Investment properties under level 2 were determined by reference to the proposal to buy/sell the properties and adjacent properties thereto. Fair value of level 3 investment properties were determined using Sales comparison approach.

7. RISK MANAGEMENT OBJECTIVES AND POLICIES

Risk management framework
The Group's audit committee are responsible for the over-all effectiveness of risk management system. Furthermore, it is also the committee's purpose to lead the general evaluation and to provide assistance in the continuous improvement of the Group's risk management, control and governance processes. These functions also require that:

(i) Financial reports comply with established internal policies and procedures, pertinent accounting and auditing standards, and other regulatory requirements;

(ii) Risks are properly identified, evaluated and managed, specifically in the areas of managing credit, market, liquidity, operational, legal and other risks;

(iii) The BOD is properly assisted in the development of policies that would enhance the risk management.

Market Risk
Market risk is the risk of change in fair value of financial instruments from fluctuation in foreign exchange rates (currency risk), market interest rates (interest rate risk) and market prices (price risk), whether such change in price is caused by factors specific to the individual instrument or its issuer or factors affecting all instruments traded in the market.

i. Foreign Currency Risk
The risk that the Group will face with respect to this is the unstable changes in foreign exchange particularly in US dollar. To minimize this risk, the Group maintains a considerable amount of cash and cash equivalents so as not to be affected by the fluctuation of Philippine peso vis-à-vis US dollar.

The Group's exposure to foreign currency risk pertains to its Dollar denominated cash and cash equivalents.

The following table demonstrates the sensitivity to a reasonable change in the US$ exchange rate, with all other variables held constant, of the Group's income before tax and equity:

Increase/Decrease in	Effect on income before taxes		Effect on equity	
Peso to US Dollar Rate	**2016**	2015	**2016**	2015
+P5.00	**P 49,394**	P 49,010	**P 34,576**	P 34,307
-P5.00	**(49,394)**	(49,010)	**(34,576)**	(34,307)

ii. Interest rate risk
As of December 31, 2016 and 2015, financial instruments subject to variable interest rate risk are as follows:

	Interest	**Due in**	
2016	**rate**	**1 year**	**2-5 years**
Financial assets that are:			
Cash and cash equivalents	**0.75%-2.25%**	**P 227,321,395**	**P -**

2015	Interest rate	Due in 1 year	Due in 2-5 years
Financial assets that are:			
Cash and cash equivalents	0.75%-2.25%	P 240,808,173	P -

The table below demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Group's profit before tax:

		Increase/decrease in interest rates	Effect on profit before tax
Cash and cash equivalents	**2016**	**+100 bps**	**P 2,340,648**
	2016	**-100 bps**	**(2,340,648)**
	2015	+100 bps	2,427,630
	2015	-100 bps	(2,427,630)

iii. Price risk

The Group's price risk exposure at year end relates to financial assets whose rates will fluctuate as a result of changes in market prices, principally, financial assets at fair value through profit or loss and available-for-sale.

Management monitors movements of equity price on a regular basis by assessing the expected changes in the different portfolios due to parallel movements of a 5% increase or decrease in market values.

The equity securities are classified as fair value through profit or loss and available-for-sale. Any increase and a decrease in the market values of stocks would result to an impact on the consolidated statements of comprehensive income and equity.

% of change in market values	**Impact on income**		**Impact on equity**	
	2016	2015	**2016**	2015
+5%	**P 1,049,050**	P 1,015,300	**P 1,094,630**	P 1,061,048
-5%	**(1,049,050)**	(1,015,300)	**(1,094,630)**	(1,061,048)

Credit Risk

Generally, the maximum credit risk exposure of financial assets is the carrying amount of the financial assets as shown on the face of the consolidated statements of financial position (or in the detailed analysis provided in the notes to the consolidated financial statements). Credit risk, therefore, is only disclosed in circumstances where the maximum potential loss differs significantly from the financial asset's carrying amount.

The Group actively monitors its receivables to avoid significant concentrations of credit risk. They set a maximum limit on the amount that each employee can borrow. In addition, receivables from employees are subject to salary deductions.

The maximum exposure to credit risk at the end of reporting period is as follows:

	2016	2015
Cash and cash equivalents*	**P 227,321,395**	P 240,808,173
Receivables	**28,666,026**	31,479,455
Financial assets at fair value through profit or loss	**9,311,677**	7,746,476
AFS financial assets	**1,070,000**	1,070,000
Other non-current assets**	**72,557,620**	72,557,620
	P 338,926,718	P 353,661,724

** Amount is exclusive of cash on hand amounting to P30,000.*

*** Amount is exclusive of nonfinancial asset amounting to P302,935.*

The tables below show the credit quality by class of financial assets as at December 31, 2016 and 2015:

	Neither past due nor impaired		**Past due but not impaired**	**Past due and**	
2016	**High grade**	**Standard grade**	**90 days past due**	**impaired**	**Total**
Cash and cash equivalents	**P 227,321,395**	**P -**	**P -**	**P -**	**P 227,321,395**
Receivables	**3,439,923**	**25,226,103**	**-**	**-**	**28,666,026**
FVPL financial assets	**9,311,677**	**-**	**-**	**-**	**9,311,677**
AFS financial assets	**1,070,000**	**-**	**-**	**-**	**1,070,000**
Other non-current assets	**-**	**-**	**54,062,331**	**18,495,289**	**72,557,620**
	P 241,142,995	**P 25,226,103**	**P 54,062,331**	**P 18,495,289**	**P 338,926,718**

	Neither past due nor impaired		Past due but not impaired	Past due and	
2015	High grade	Standard grade	90 days past due	impaired	Total
Cash and cash equivalents	P 240,808,173	P -	P -	P -	P 240,808,173
Receivables	3,928,228	27,551,227	-	-	31,479,455
FVPL financial assets	7,746,476	-	-	-	7,746,476
AFS financial assets	1,070,000	-	-	-	1,070,000
Other non-current assets	-	-	54,424,161	18,133,459	72,557,620
	P 253,552,877	P 27,551,227	P 54,424,161	P 18,133,459	P 353,661,724

High grade cash and cash equivalents are short-term placements and working cash fund placed, invested, or deposited in banks belonging to the top banks in the Philippines in terms of resources and profitability.

High grade accounts, other than cash and cash equivalents, are accounts considered to be of high value. The counterparties have a very remote likelihood of default and have consistently exhibited good paying habits.

Standard grade accounts are active accounts with propensity of deteriorating to mid-range age buckets. These accounts are typically not impaired as the counterparties generally respond to credit actions and update their payments accordingly.

Liquidity Risk

Liquidity or funding risk is the risk that an entity will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from either the inability to sell financial assets quickly at their fair values; or counterparty failing on repayment of a contractual obligation; or inability to generate cash inflows as anticipated.

Liquidity risk is a risk due to uncertain liquidity. An institution may suffer liquidity problem when its credit rating falls. The Group is also exposed to liquidity risk if markets on which it depends on are subject to loss of liquidity.

The table below summarizes the maturity profile of the Group's financial liabilities as of December 31, 2016 and 2015, based on undiscounted contractual payments:

		Not later than one month	Later than 1 month & not Later than 3 months	Later than 3 months & not later than 1 year	Total
Accounts payable and accrued expenses	**2016**	**P 843,037**	**P 436,578**	**P 12,229,613**	**P 13,509,228**
	2015	866,798	448,884	12,574,315	13,889,997

8. CASH AND CASH EQUIVALENTS

Cash and cash equivalents as of December 31 are as follows:

	2016	2015
Cash on hand and in banks	**P 42,188,667**	P 50,589,893
Short-term placements	**185,162,728**	190,248,280
	P 227,351,395	P 240,838,173

Cash accounts with banks generally earn interest at rates based on prevailing bank deposit rates. Short-term placements can be pre-terminated at any time and have average interest rates ranging from 0.75% to 2.25% per annum in 2016 and 2015.

9. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

The Group's financial assets at fair value through profit or loss consist of shares of stock of publicly listed companies which are classified as held for trading.

All amounts presented have been determined directly by reference to published price quoted in the stock market.

The reconciliation of this account is shown below:

	2016	2015
Balance, January 1	**P 7,746,476**	P 11,710,815
Acquisitions during the year	**1,075,000**	490,000
Disposals during the year	**(400,000)**	-
Changes in market value	**890,201**	(4,454,339)
	P 9,311,677	P 7,746,476

The Group recognized a fair value gain amounting to P890,201 and fair value loss of P4,454,339 in 2016 and 2015, respectively. The Group also disposed certain shares of stock which resulted to a gain of P200,000 in 2016. (see Note 19)

10. RECEIVABLES

In the consolidated financial statements as of December 31, this account is composed of:

	2016	2015
Contract receivable:		
Installment contract	**P 12,643,447**	P 16,661,473
Lease contract	**430,164**	-
Due from HDMF	**12,801,020**	11,448,610
Advances to officers and employees	**2,043,812**	2,585,344
Advances to agent	**336,018**	339,018
Other receivables	**411,565**	445,010
	28,666,026	31,479,455
Less: Non-current portion of installment contracts receivable	**8,321,576**	11,052,567
	P 20,344,450	P 20,426,888

Installment contracts receivable on sale of house and lots which pertains to Sta. Rosa project are collectible in monthly installments for periods ranging from 3 to 7 years and bear an interest rate of 21% per annum computed on the diminishing balance. Portion of which are covered with postdated checks. For the years ended December 31, 2016, 2015 and 2014, interest income on these installment accounts amounted to P1,762,335, P2,039,220 and P1,863,385, respectively.

Lease contract receivable pertains to receivables arising from contract of lease with option to purchase. These receivables are expected to be collected within one year.

Due from HDMF represents portion of take-out proceeds on sale of real estate properties that were withheld in accordance with financing agreement with Home Development Mutual Fund.

Due to short-term nature of transactions of current receivables, the fair values approximate the carrying amounts at initial recognition.

11. REAL ESTATE FOR SALE

In the consolidated financial statements, this account is composed of the following:

	2016	2015
Sta. Rosa project	**P 91,675,230**	P 93,781,755
Share in joint operation *(see note 26)*	**22,833,694**	23,864,891
	P 114,508,924	P 117,646,646

Details of the Sta. Rosa project in 2016 and 2015 are as follows:

2016		Housing units and developments		Land		Total
Real estate inventory, beginning	**P**	**111,370,328**	**P**	**6,276,318**	**P**	**117,646,646**
Costs incurred:						
Materials		**8,907,111**		**-**		**8,907,111**
Labor		**4,957,341**		**-**		**4,957,341**
Others		**2,341,558**		**-**		**2,341,558**
Real estate available for sale		**127,576,338**		**6,276,318**		**133,852,656**
Less: Cost of sales (Note 20)		**18,476,876**		**866,856**		**19,343,732**
Real estate inventory, ending	**P**	**109,099,462**	**P**	**5,409,462**	**P**	**114,508,924**

2015		Housing units and developments		Land		Total
Real estate inventory, beginning	P	122,157,216	P	7,619,308	P	129,776,524
Costs incurred:						
Materials		7,786,314		-		7,786,314
Labor		4,554,362		-		4,554,362
Others		1,625,859		-		1,625,859
Real estate available for sale		136,123,751		7,619,308		143,743,059
Less: Cost of sales (Note 20)		24,753,423		1,342,990		26,096,413
Real estate inventory, ending	P	111,370,328	P	6,276,318	P	117,646,646

Real estate for sale, which is carried at cost, principally pertains to cost of raw land and property development and other expenses related to development and construction of subdivision and condominium units.

The cost of raw land includes its acquisition cost and expenses incurred to effect the transfer of title of the property to the Group. Development costs include the cost of construction, rehabilitation and other related costs.

12. PREPAYMENTS AND OTHER CURRENT ASSETS

In the consolidated financial statements, this account is composed of the following:

		2016		2015
Input value added tax	**P**	**6,712,000**	P	5,992,450
Prepaid taxes		**8,092,772**		7,164,122
Deposit and others		**431,740**		439,909
		15,236,512		13,596,481
Less: Allowance for impairment losses		**838,271**		-
	P	**14,398,241**	P	13,596,481

An allowance for impairment of Input value added tax amounting to P838,271 was recognized in 2016.

13. AVAILABLE-FOR-SALE FINANCIAL ASSETS

Available-for-sale financial assets consist of golf club shares in Manila Southwoods and Tagaytay Midlands. The fair values of available-for-sale financial assets have been determined directly by reference to published prices in an active market.

In the consolidated financial statements, the details of available-for-sale financial assets in 2016 and 2015 is as follows:

		2016		2015
Acquisition cost	**P**	**1,070,000**	P	1,070,000
Allowance for market adjustment		**1,510,000**		1,510,000
	P	**2,580,000**	P	2,580,000

The movement of allowance for market adjustment is as follows:

		2016		2015
Balance at beginning of year	**P**	**1,510,000**	P	910,000
Change in market value		**-**		600,000
Balance at end of year	**P**	**1,510,000**	P	1,510,000

14. PROPERTY AND EQUIPMENT

The movement of property and equipment as of December 31, 2016 is as follows.

	Condominium Units and Improvements	Office Furniture and Fixtures	Office Equipment	Transportation Equipment	Total
Cost					
At January 1, 2016	**P 14,140,270**	**P 2,133,079**	**P 5,093,635**	**P 11,061,249**	**P 32,428,233**
Additions	**-**	**-**	**113,862**	**3,632,143**	**3,746,005**
Disposals	**-**	**(1,279,848)**	**(3,112,215)**	**(1,180,000)**	**(5,572,063)**
At December 31, 2016	**14,140,270**	**853,231**	**2,095,282**	**13,513,392**	**30,602,175**
Accumulated depreciation					
At January 1, 2016	**10,839,108**	**2,131,944**	**4,856,248**	**10,015,393**	**27,842,693**
Provisions	**559,547**	**1,134**	**102,598**	**696,011**	**1,359,290**
Disposals	**-**	**(1,279,848)**	**(3,112,215)**	**(1,180,000)**	**(5,572,063)**
At December 31, 2016	**11,398,655**	**853,230**	**1,846,631**	**9,531,404**	**23,629,920**
Net Book Value					
At December 31, 2016	**P 2,741,615**	**P 1**	**P 248,651**	**P 3,981,988**	**P 6,972,255**

The movement of property and equipment as of December 31, 2015 is as follows.

	Condominium Units and Improvements	Office Furniture and Fixtures	Office Equipment	Transportation Equipment	Total
Cost					
At January 1, 2015	P 14,140,270	P 2,133,079	P 4,975,010	P 11,061,249	P 32,309,608
Additions	-	-	118,625	-	118,625
At December 31, 2015	14,140,270	2,133,079	5,093,635	11,061,249	32,428,233
Accumulated depreciation					
At January 1, 2015	10,279,562	2,129,582	4,723,548	9,160,153	26,292,845
Provisions	559,546	2,362	132,700	855,240	1,549,848
At December 31, 2015	10,839,108	2,131,944	4,856,248	10,015,393	27,842,693
Net Book Value					
At December 31, 2015	P 3,301,162	P 1,135	P 237,387	P 1,045,856	P 4,585,540

Certain transportation equipment disposed in 2016 resulted to a gain of P290,179. (See Note 19)

The Group has fully depreciated assets which are still being used amounting to P14,620,850 and P18,369,535 as at December 31, 2016 and 2015, respectively.

15. INVESTMENT PROPERTIES

Investment properties comprise parcels of land in the following locations:

	2016	2015
Pasong Tamo, Makati City	**P 170,313,458**	P 170,313,458
Urdaneta City, Pangasinan	**73,853,003**	72,254,474
Mayapyap, Cabanatuan City	**19,200,222**	19,200,222
Haddad, Sablan, Benguet	**37,026,389**	37,026,389
Bueno, Sablan, Benguet	**16,372,765**	16,356,624
Belmonte, Sablan, Benguet	**3,095,081**	3,095,081
	P 319,860,918	P 318,246,248

- The property located in Pasong Tamo is a subject of joint venture agreement entered in 1995 with other property developers. Considering several hindrances besetting the proposed project, the agreement was rescinded in 2008. The Parent Company still believes that a residential or commercial or mix use development is most suitable for the said property as such the fair value of the property in terms of it highest and best use which is categorized as level 2 of the fair value hierarchy amounted to P204 million in 2016 and 2015. The fair value was determined based on a proposal to buy the property received from third parties which management believes to be a reasonable approximation of fair value.

- The property held in Urdaneta City, Pangasinan is also a subject of a joint venture with other property developers and co-owners (see Note 26). Pending certain clearances from government agencies, the property will be a location of low and medium cost residential and commercial subdivisions in Urdaneta City. Management determines that based on recent transactions and offers to buy/sell adjacent properties, the fair value of the property which is categorized as level 2 of the fair value hierarchy amounted to P211 million in 2016 and 2015.

The Group spent a total of P1,598,528 and P191,689 in 2016 and 2015 for regulatory clearance, respectively. The same may be recovered once the joint venture operations commence.

- This property, which is situated in Bgy. Mayapyap Sur, Cabanatuan City, Nueva Ecija and located along the Maharlika National Highway, has an area of 42,333 square meters and has a fair value of P74 million in 2016 and 2015. The property has been re-classified as residential area by the local government, the highest and best use for the property. Development plans are being formulated for the property, which is beamed at the middle-income residential market. Fair value was determined by reference to the proposals to sell adjacent properties received from a certain seller which is categorized as level 2 of the fair value hierarchy.

- The Haddad property, which is situated in Bgy. Banangan, Muncipality of Sablan, Province of Benguet with an area of 66,846 square meters, has a spectacular view of the Cordilleras, and as far away as Lingayen Gulf, the beaches of La Union and the South China Sea. The Haddad Property is being planned as an upscale vacation and residential community in Metro Baguio and will be named the Omico Pine Villas.

- The Parent Company is currently evaluating the development of the Bueno property located in Bgy, Banangan, Municipality of Sablan, Province of Benguet. The project will be called Baguio Homes and has an area of 66,217 square meters located on the slopes of mountainside terrain with the majestic view of the Cordilleras. The project is designed to cater to the low cost housing needs of Metro Baguio, the highest and best use of the property. The land had already been converted in the local level from agricultural to residential use.

- The Belmonte property, which is situated in Dackes, Bgy. Banangan, Muncipality of Sablan, Province of Benguet and located along Naguilian Road, Baguio City has an area of 23,624 square meters.

The aggregate fair value of the Sablan, Benguet (Haddad, Bueno and Belmonte) properties is estimated to be P58 million in 2016 and 2015, determined under level 3 of the fair value hierarchy. The value was determined in consultation with real estate brokers operating within the Baguio district which management believes to be a representative of its fair value.

The description of valuation techniques and inputs used in determining the fair value of investment properties classified as Level 3 in the fair value hierarchy is as follows:

Valuation techniques	Significant unobservable inputs	Range
Sales comparison approach	Asking price (per square meter)	P200-P450
	Size	
	Location	
	Neighborhood	
	Transport/Road network	

Sales comparison approach is a comparative approach to value that considers the sales of similar or substitute properties and related market data and establishes a value estimate by processes involving comparison. Except for asking price, the quantitative information on significant unobservable inputs cannot be determined by management alone.

During 2016 and 2015, there were no transfers between levels of fair value hierarchy. No property has been pledge as collateral or security for any of the Group's liabilities and there have been no restrictions on the realizability of these investment properties. Except for properties that are subject of a joint venture, no contractual obligations to purchase, construct or develop these properties or for repairs, maintenance or enhancements.

There was no rental income generated from investment properties. Direct operating expenses included in the consolidated statements of comprehensive income related to the investment properties amounted to P1 million in 2016 and P1.1 million in 2015.

16. OTHER NON-CURRENT ASSETS

As of December 31, 2016 and 2015, other non-current assets account consists of the following:

		2016		2015
Other financial asset	**P**	**50,000,000**	P	50,000,000
Advances		**20,542,775**		20,542,775
Other receivables		**2,014,845**		2,014,845
Mining and other equipment - net		**302,935**		302,935
		72,860,555		72,860,555
Less: Allowance for impairment losses		**18,495,289**		18,133,459
	P	**54,365,266**	P	54,727,096

Other financial asset represents the contractual right of the Parent Company to receive 2.5% equity interest in Macawiwili Gold Mining and Development Corporation based on the valuation of Macawiwili at P2 billion. The security is carried at cost due to lack of a reliable observable and non-observable inputs necessary to calculate the fair value.

The details of Advances as of December 31, 2016 and 2015, which represent funds given by the Parent Company as its contribution to various housing projects, are as follows:

Beneco Housing	**P**	**11,528,881**
Sto. Domingo Housing		**4,983,363**
DVF Homes-Talavera		**4,030,531**
	P	**20,542,775**

Other receivables represent advances to third parties for real estate projects.

Movement of allowance for impairment losses follow:

		2016		2015
Balance at beginning of year	**P**	**18,133,459**	P	18,133,459
Provision for impairment losses		**361,830**		-
Balance at end of year	**P**	**18,495,289**	P	18,133,459

Breakdown of allowance for impairment losses is as follows:

		2016		2015
Advances:				
Beneco Housing	**P**	**11,528,881**	P	11,528,881
DVF-Homes Talavera		**4,030,531**		4,030,531
Sto. Domingo Housing		**618,097**		618,097
Other receivables		**2,014,845**		1,955,950
Mining and other equipment		**302,935**		-
	P	**18,495,289**	P	18,133,459

17. ACCOUNTS PAYABLE AND ACCRUED EXPENSES

This account consists of:

		2016		2015
Customers' advances and deposits	**P**	**9,414,525**	P	11,547,041
Accounts payable		**3,716,366**		663,328
Accrued taxes and other liabilities		**378,337**		1,679,628
	P	**13,509,228**	P	13,889,997

Customers' advances pertain to funding from buyers of real estate for future application against transfer and registration fees and other taxes to be incurred upon transfer of properties to the buyer.

Customers' deposits represent collections from the buyers which have not reached the minimum required percentage of collections. These deposits will be recognized as revenue in the consolidated statement of comprehensive income when the required percentage of collection is met.

Accounts payable comprise of amounts due to contractors and suppliers of goods and services.

Accrued taxes and other liabilities include deferred output tax and withholding taxes payable.

18. EQUITY

Share capital
The Parent Company's capital structure as of December 31, 2016 and 2015 is as follows:

Authorized-P1 par value	P	2,000,000,000
Issued and outstanding-1,050,461,673 shares		1,050,461,673

Deficit
As of December 31, 2016, 2015 and 2014, the balance of deficit includes the remaining balance of the deemed cost adjustment amounting to P71,194,369 related to investment property which arose when the Parent Company transitioned to PFRS in 2005. This amount is not available for dividend declaration.

Capital management
The Group manages its capital requirements by assessing shortfalls between reported and required capital levels on a regular basis. Adjustments to current capital levels are made in light of changes in economic conditions and risk characteristics of the Group's activities. In order to maintain or adjust the capital structure, the Group's may adjust the amount of dividends paid or require infusion of additional capital.

19. REVENUES

(a) Real estate sales

Real estate sale comprise the sale of lots, house and lot and condominium units related to Sta. Rosa in Nueva Ecija and Tagaytay. The Sta. Rosa project is registered with the Housing and Land Use Regulatory Board as seller of low-cost housing units. Low-cost housing units refer to housing units which are within the affordability level of the average and low-income earners.

Real estate sales of low-cost housing units and condominium units amounted to P27,967,487 in 2016, P39,817,081 in 2015 and P34,432,689 in 2014.

(b) Income from lease
This account pertains to income from lease contracts of condominium units in Tagaytay. The lease contract contains an option for the lessee to purchase the condominium units subject to certain conditions and approval of the Parent Company.

Income from lease amounted to P705,848 in 2016.

(c) Investment and other income - net consists of:

	2016	2015	2014
Interest income on:			
Cash and cash equivalents	**P 3,289,707**	P 2,402,101	P 673,111
Installment contract receivable	**1,762,335**	2,039,220	1,863,385
HTM investments	**-**	251,389	500,000
Fair value gain (loss) on FVPL financial assets	**890,201**	(4,454,339)	14,779,910
Gain on sale of transportation equipment	**290,179**	-	-
Gain (loss) on sale of FVPL financial assets	**200,000**	-	(3,205,464)
Unrealized foreign exchange gain	**26,149**	24,985	2,438
Miscellaneous income	**289,904**	434,769	688,359
	P 6,748,475	P 698,125	P 15,301,739

20. COST OF REAL ESTATE SALES

In the consolidated financial statements, details of this account are as follows:

	2016	2015	2014
Real estate inventory, beginning	**P 117,646,646**	P 129,776,524	P 134,279,656
Add: Development costs incurred	**16,206,010**	13,966,535	16,124,652
Real estate available for sale	**133,852,656**	143,743,059	150,404,308
Less: Real estate inventory, ending	**114,508,924**	117,646,646	129,776,524
Cost of real estate sales	**P 19,343,732**	P 26,096,413	P 20,627,784

21. ADMINISTRATIVE EXPENSES

This account consists of:

		2016		2015		2014
Compensation and other employees' benefits (Note 22)	**P**	**9,908,515**	P	8,488,144	P	8,853,013
Transportation and travel		**6,217,014**		7,608,007		6,882,083
Representation and entertainment		**2,529,572**		2,827,648		2,362,929
Taxes, licenses and filing fees		**2,038,406**		5,345,215		1,603,170
Depreciation (Note 14)		**1,359,290**		1,549,848		1,887,726
Professional fees		**1,225,643**		1,149,443		1,324,727
Provision for impairment losses (Notes 12,16)		**1,200,101**		-		-
Communication, light and water		**806,778**		783,563		768,670
Meetings and conferences		**733,960**		371,166		1,367,928
Security fees		**672,296**		1,165,932		1,307,331
Repairs and maintenance		**495,266**		904,739		611,675
Office supplies		**382,034**		364,557		246,227
Directors' fee		**204,000**		270,000		204,000
Insurance		**150,338**		239,347		289,835
Association and membership dues		**132,893**		137,967		59,482
Caretaker's fee		**119,838**		117,775		162,568
Miscellaneous		**282,918**		695,945		2,093,781
	P	**28,458,862**	P	32,019,296	P	30,025,145

Miscellaneous expense in 2014 includes payments for deficiency taxes of P1,700,368.

22. COMPENSATION AND OTHER EMPLOYEES' BENEFITS

The breakdown of the consolidated compensation and other benefits is as follows:

		2016		2015		2014
Salaries and wages	**P**	**7,335,380**	P	7,061,792	P	7,311,421
Retirement expense		**1,575,575**		521,310		487,611
13th month pay		**615,606**		611,080		613,163
Social security cost		**194,954**		196,562		190,032
Other employee benefits		**187,000**		97,400		250,786
	P	**9,908,515**	P	8,488,144	P	8,853,013

The movements in the defined benefit obligation recognized and presented as *Accrued Retirement Liability* under Non-current Liabilities in the consolidated statements of financial position are as follows:

		2016		2015		2014
Balance, January 1	**P**	**8,535,759**	P	8,014,449	P	7,526,838
Expense recognized		**1,575,575**		521,310		487,611
	P	**10,111,334**	P	8,535,759	P	8,014,449

The Group's retirement benefit plan is patterned under the requirements of R. A. 7641 and covers 12 employees. As such, the plan is deemed to be a Defined Benefit Plan. The retirement expense for the years ended December 31, 2016, 2015 and 2014 amounted to P1,575,575, P521,310 and P487,611, respectively. No actuarial valuations are made as management believes that the defined benefit obligation computed using the provisions of R.A. 7641 is not materially different with the amount computed using the projected unit credit method required under the revised PAS 19, *Employee Benefits*.

23. RELATED PARTY TRANSACTIONS

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence which include affiliates.

Transactions with related parties are made at normal market prices. There have been no guarantees provided or received for any related party receivables or payables. The Group does not provide any allowance relating to receivable from related parties. This assessment is undertaken each financial year through examining the financial position of the related parties and the markets in which the related parties operate.

The following tables provide the total amount of transactions that have been entered into with related parties and the outstanding balances as of December 31, 2016 and 2015:

2016	**Amount of transaction**	**Amounts owed by related party**	**Amounts owed to related party**
Subsidiaries:			
Omico Kapital Corporation	**P 22,473**	**P 208,735**	**P 221,084,873**
Omico Mining Inc.	**16,974**	**6,216,483**	**-**
	P 39,447	**P 6,425,218**	**P 221,084,873**

2015	Amount of transaction	Amounts owed by related party	Amounts owed to related party
Subsidiaries:			
Omico Kapital Corporation	P 48,217	P 186,262	P 221,084,873
Omico Mining Inc.	17,138	6,199,509	-
	P 65,355	P 6,385,771	P 221,084,873

The Parent Company's advances to its subsidiaries represent cash advances for subsidiaries' operating expenses paid by the Parent Company. These advances are shown as part of Receivables in the Parent Company's statements of financial position. The outstanding balance amounted to P6,425,218 and P6,385,771 as of December 31, 2016 and 2015, respectively. These advances are non-interest bearing and have no fixed repayment terms. This account was eliminated in full in the consolidated financial statements.

The Parent Company's cash advances from its subsidiary in previous years are shown as Due to subsidiary in the Parent Company's statements of financial position. The outstanding balance amounted to P221,084,873 as of December 31, 2016 and 2015. This amount was eliminated in the consolidated financial statements. These borrowings from subsidiary are non-interest bearing and have no fixed repayment terms.

Compensation of key management personnel by benefit type is as follows:

		2016		2015		2014
Short-term employee benefits	**P**	**6,067,750**	P	6,045,000	P	6,045,000
Post-employment benefits		**568,750**		546,000		546,000
	P	**6,636,500**	P	6,591,000	P	6,591,000

24. EARNINGS (LOSS) PER SHARE

The following table presents the computation of basic EPS.

		2016		2015		2014
Loss for the period	**P**	**(14,626,219)**	P	(20,288,725)	P	(4,079,767)
Divided by: Weighted Average Shares		**1,050,461,673**		1,050,461,673		1,050,461,673
Basic/Diluted earnings (loss) per share	**P**	**(0.013924)**	P	(0.019314)	P	(0.003884)

25. INCOME TAXES

- In 2016, 2015 and 2014, the Group has no income tax expense under the regular corporate income tax (RCIT) because it has incurred taxable losses. However, the Group is subject to the minimum corporate income tax (MCIT) as defined under the tax regulations. The Group recorded MCIT amounting to P233,940, P323,942, P457,939 in 2016, 2015, and 2014, respectively, which formed part of current tax expense in those years. The MCIT can be applied against the regular income tax payable until 2019, 2018, and 2017, whenever RCIT is greater than MCIT.

- Group's reconciliation of tax on pretax income from operation computed at the applicable statutory rates to tax expense are as follows:

		2016		2015		2014
Statutory income tax	**P**	**(4,119,566)**	P	(5,845,517)	P	(903,372)
Adjustments resulting from:						
Income subjected to final taxes		**(386,522)**		(240,904)		(4,100,352)
Income exempt from income tax		**(267,060)**		(75,417)		(75,000)
Excess of realized GP per tax over per books		**-**		-		1,948,930
Non-deductible expenses		**771,403**		4,223,958		2,128,979
Unrecognized deductible temporary differences		**4,896,077**		2,741,548		2,069,343
Tax expense reported in the statements of comprehensive income	**P**	**894,331**	P	803,668	P	1,068,528

- The Group did not recognize the balance of the deferred tax assets on net operating loss carry over (NOLCO), excess MCIT and other temporary differences because management believes that the related deferred tax assets may not be recovered. The breakdown of deferred tax assets, which can still be applied if the Group has taxable income in the future, are as follows:

		2016		2015
Net operating loss carryover (NOLCO)	**P**	**7,527,627**	P	5,898,032
Allowance for impairment losses		**5,800,068**		5,440,038
Accrued retirement		**3,033,400**		2,560,728
Excess MCIT		**1,015,821**		1,193,337
	P	**17,376,916**	P	15,092,135

The carry-forward benefits of the NOLCO and the excess of the MCIT over the regular corporate income tax, which can be claimed by the Group as credits against the regular corporate income tax due, are as follows:

	NOLCO			
Year Incurred	**Amount**	**Expired**	**Unused/ Unexpired**	**Expiry**
2013	P 7,257,970	P 7,257,970	P -	2016
2014	4,842,210	-	4,805,996	2017
2015	7,559,927	-	7,520,151	2018
2016	12,765,942	-	12,765,942	2019
	P 32,426,049	P 7,257,970	P 25,092,089	

	MCIT			
Year Incurred	**Amount**	**Expired**	**Unused/ Unexpired**	**Expiry**
2013	P 411,456	P 411,456	P -	2016
2014	457,939	-	457,939	2017
2015	323,942	-	323,942	2018
2016	233,940	-	233,940	2019
	P 1,427,277	P 411,456	P 1,015,821	

- Deferred tax liability represents the deferred income tax effect of revaluation increment in investment property amounting P30.5 million in 2016 and 2015. The revaluation increment was closed to retained earnings in accordance with Philippine Interpretations Committee (PIC) Q & A No. 2011-05.

26. JOINT VENTURE AGREEMENTS

Robinsons Land Corporation (RLC)
On December 21, 2006, the Parent Company entered into a Joint Venture (JV) Agreement with Robinsons Land Corporation (the developer), whereby the Parent Company contributed three (3) parcels of land located in Tagaytay City, with an approximate land area of 9,372 square meters. Robinsons Land Corporation (formerly Robinsons Homes, Inc.) will develop a high density two-phase residential subdivision, consisting of five (5) 5-storey residential condominium buildings. Under the agreement, the Parent Company and the Developer shall share in the development of Phase I, consisting of 2 Medium Rise Buildings with a land area of 2,606 square meters. By dividing the saleable floor area of Phase I between them, the Parent Company will be entitled to a saleable floor area of 464.88 square meters equivalent to 9 units. The development of Phase 2, consisting of 3 Medium Rise Buildings, with a land area of 3,909 square meters shall also be undertaken by the developer.

On May 14, 2009, the Parent Company signed the Addendum to the Joint Venture Agreement with Robinsons Land Corporation for the development of Phase 2 and the Parent Company will be entitled to a saleable floor area of 800 square meters which is equivalent to 16 units.

As of December 31, 2016 and 2015, the Parent Company's share in JV represents developed condominium units with carrying value of P22,833,694 and P23,864,891, respectively.

The movement of this account is as follows:

		2016		2015
Balance, January 1	**P**	**23,864,891**	P	23,864,891
Units sold		**(1,031,197)**		-
Balance, December 31	**P**	**22,833,694**	P	23,864,891

Sta. Lucia Realty and Development, Inc. (SLRDI)
On April 19, 2005, the Parent Company entered into a Memorandum of Agreement on Property Development (the "Agreement") with Sta. Lucia Realty and Development, Inc., as developer and Asian Pacific Estates Development Corporation and Asian Empire Corporation as co-landowners, whereby Sta. Lucia will develop into residential and commercial subdivisions the parcels of land situated at Pinmaludpod, Urdaneta owned by the Parent Company and the co-landowners. For this jointly-controlled asset, the Parent Company contributed 232,540 square meters of raw land. As part of the Agreement, Sta. Lucia is entitled to 55% of the developed saleable lots while the remaining 45% will be allocated to the Company and co-landowners. The release of the title of the developed saleable lots is subject to the terms and conditions set out in the Agreement. The carrying amount of property contributed, which pertains to the parcel of land, amounted to P73,853,002 and P72,254,474 as of December 31, 2016 and 2015, respectively.

The Parent Company engaged the services of a consultant to process the Parent Company's application for the DAR Land Use Conversion (LUC) for the property. On October 31, 2012, the Department of Agriculture issued the Certificate of Eligibility for Reclassification of Agricultural Lands. On April 16, 2013, the Parent Company filed the application for DAR LUC for 4.68 hectares, the initial area for development, which was approved by DAR on August 22, 2013. The residential subdivision plan/site development plan for the 4.68 hectares, which is the initial area for development, has been prepared consisting of two hundred (200) saleable lots and the Parent Company is now considering the proposed house designs for the single detached and duplex housing units.

The movement of this account is as follows:

		2016		2015
Balance, January 1	**P**	**72,254,474**	P	72,062,785
Additions		**1,598,528**		191,689
Balance, December 31	**P**	**73,853,002**	P	72,254,474

Additions to Sta. Lucia Joint Venture represent expenses incurred in connection with the Parent Company's application to the DAR LUC for the property. Apart from contributing the parcels of land, there are no other capital commitments that were required by the other venturers.

The above joint venture agreements were accounted under "Joint Arrangements" in accordance with PFRS 11. The summarized financial information on these joint arrangements is as follows:

	2016			2015		
	RLC	**SLRDI**	**Total**	RLC	SLRDI	Total
Current Assets						
Real estate for sale	**P 22,833,694**	**P -**	**P 22,833,694**	P 23,864,891	P -	P 23,864,891
Noncurrent Assets						
Investment properties	**-**	**73,853,002**	**73,853,002**	-	72,254,474	72,254,474
	P 22,833,694	**P 73,853,002**	**P 96,686,696**	P 23,864,891	P 72,254,474	P 96,119,365

27. OPERATING SEGMENTS

The Group's businesses are organized and managed separately according to the nature of products provided, with each segment representing a strategic business unit that offers different products and serves different markets. The segment information in the consolidated financial statements as of December 31, 2016, 2015 and 2014 are as follows:

	As of December 31, 2016		
	Real estate	**Corporate and others**	**Total**
Segment revenue	**P 30,435,670**	**P 4,986,140**	**P 35,421,810**
Segment result	**9,740,834**	**(23,472,722)**	**(13,731,888)**
Segment asset	**460,540,203**	**317,474,499**	**778,014,702**
Segment liabilities	**10,838,909**	**43,293,526**	**54,132,435**
Segment cash flows			
Operating	**637,828**	**(11,895,381)**	**(11,257,553)**
Investing	**(1,614,670)**	**(640,704)**	**(2,255,374)**
Other information:			
Depreciation	**-**	**1,359,290**	**1,359,290**
Capital expenditures	**1,614,670**	**3,746,005**	**5,360,675**

	As of December 31, 2015		
	Real estate	Corporate and others	Total
Segment revenue	P 41,856,301	P (1,341,095)	P 40,515,206
Segment result	13,875,334	(33,360,391)	(19,485,057)
Segment asset	464,305,874	327,140,241	791,446,115
Segment liabilities	11,337,041	41,600,588	52,937,629
Segment cash flows			
Operating	7,863,177	(13,411,300)	(5,548,123)
Investing	(197,144)	11,810,581	11,613,437
Other information:			
Depreciation	-	1,549,848	1,549,848
Capital expenditures	197,144	118,625	315,769

	As of December 31, 2014		
	Real estate	Corporate and others	Total
Segment revenue	P 36,296,074	P 13,438,354	P 49,734,428
Segment result	13,575,552	(16,586,791)	(3,011,239)
Segment asset	475,872,651	334,764,510	810,637,161
Segment liabilities	11,575,909	40,864,041	52,439,950
Segment cash flows			
Operating	14,005,662	(13,558,406)	447,256
Investing	(670,005)	88,435,825	87,765,820
Other information:			
Depreciation	-	1,887,726	1,887,726
Capital expenditures	670,005	3,092,214	3,762,219

Reconciliation between segment information and consolidated financial statements is shown below:

	2016	2015	2014
Total segment results	**P (13,731,888)**	P (19,485,057)	P (3,011,239)
Income tax expense	**(894,331)**	(803,668)	(1,068,528)
Loss for the period	**P (14,626,219)**	P (20,288,725)	P (4,079,767)

28. COMMITMENTS AND CONTINGENCIES

The following are the significant commitments and contingencies involving the Group.

a. The Parent Company filed an appeal with the Office of the Secretary of the Department of Agrarian Reform (DAR) on October 15, 2002 for the reversal of a Resolution promulgated by the Regional Director of the Department of Agrarian Reform, Cordillera Administrative Region, reversing an earlier Order granting the application of the Parent Company for exemption of its landholdings in Banangan, Sablan, Benguet from the coverage of the Comprehensive Agrarian Reform Program (CARP). This landholding is included as part of Investment Properties in the consolidated statements of financial position. On August 22, 2012, DAR issued an Order granting Omico's appeal for exemption from CARP coverage, pursuant to Section 10 of R.A. 6657, of Omico's lot property situated at Banangan, Sablan, Benguet consisting of 6.6217 hectares. On July 13, 2016, a Certificate of Finality of the DAR Order dated August 22, 2012 was issued by the DAR - Bureau of Agrarian Legal Assistance Office.

b. The Group is either a defendant or plaintiff in lawsuits and legal actions arising from its various business activities. Management believes that the claims against the Group are either without merit or that the ultimate liability, if any, resulting from lawsuits and legal actions will not materially affect the Group's consolidated financial statements.

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SEC Accreditation No.0220-FR-1, valid until March 25, 2017
BIR Accreditation No. 07-001080-002-2016, valid until October 3, 2019

Independent Auditors' Report on Supplementary Schedules

The Board of Directors and Stockholders
OMICO CORPORATION
Unit 401, Capri Oasis-Solare Bldg.
Dr. Sixto Antonio Ave.
Maybunga, Pasig City

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of Omico Corporation and Subsidiaries and Omico Corporation as at December 31, 2016 and 2015 and for each of the three years in the period ended December 31, 2016, included in this Form 17-A, and have issued our report thereon dated March 17, 2017. Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The schedules listed in the Index to the Consolidated Financial Statements and Supplementary Schedules are the responsibility of the Parent Company's management. These schedules are presented for purposes of complying with Securities Regulation Code Rule 68, As Amended (2011) and are not part of the basic financial statements. These schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, fairly state, in all material respects, the information required to be set forth therein in relation to the basic financial statements taken as a whole.

R. R. TAN AND ASSOCIATES, CPAs

By: **CHESTER NIMITZ F. SALVADOR**
Partner
CPA Certificate No. 0129556
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PTR No. 2535320, January 17, 2017, Pasig City
SEC Accreditation No. 1608-A, valid until January 26, 2020
BIR Accreditation No. 07-001050-002-2016, valid until
June 22, 2019

March 17, 2017
Pasig City

Omico Corporation and Subsidiaries
Index to Supplementary Schedules
Under SEC Rule 68, As Amended (2011)
December 31, 2016

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Omico Corporation and Subsidiaries
Schedule I - Tabular Schedule of All Effective Standards and Interpretations Pursuant to SRC Rule 68, as Amended
December 31, 2016

PHILIPPINE FINANCIAL REPORTING AND STANDARDS AND INTERPRETATIONS Effective as of December 31, 2016		Adopted	Not adopted	Not applicable
Framework for the Preparation and Presentation of Financial Statements Conceptual Framework Phase A: Objectives and Qualitative Characteristics		x		
PFRS's Practice Statement Management Commentary				x
Philippine Financial Reporting Standards				
PFRS 1	First-time Adoption of Philippine Financial Reporting Standards	x		
	Amendments to PFRS 1 and PAS 27: Cost of an Investment in a Subsidiary; Jointly Controlled Entity or Associate	x		
	Amendments to PFRS 1: Additional Exemptions for First-time Adopters			x
	Amendments to PFRS 1: Limited Exemptions from Comparative PFRS 7 Disclosures for First-time Adopters			x
	Amendments to PFRS 1: Severe Hyperinflation and Removal of Fixed Date for First-time Adopters			x
	Amendments to PFRS 1: Government Loans			x
	Amendments to PFRS 1: Borrowing Costs			x
	Amendments to PFRS 1: Meaning of Effective PFRS			x
PFRS 2	Share-based Payment			x
	Amendments to PFRS 2: Vesting Conditions and Cancellations			x
	Amendments to PFRS 2: Group Cash-settled Share-based Payment Transactions			x
	Amendments to PFRS 2: Definition of Vesting Condition			x
PFRS 3	Business Combinations			x
	Amendments to PFRS 3: Accounting for Contingent Consideration in a Business Combination			x
	Amendments to PFRS 3: Scope Exceptions for Joint Arrangements			x
PFRS 4	Insurance Contracts			x
	Amendments to PAS 39 and PFRS 4: Financial Guarantee Contracts			x
	Amendments to PFRS 4: Applying PFRS 9 'Financial Instrument' with PFRS 4 'Insurance Contracts'	Not early adopted		
PFRS 5	Non-current Assets Held for Sale and Discontinued Operations			x
	Amendments to PFRS 5: Changes in Methods of Disposal			x
PFRS 6	Exploration for and Evaluation of Mineral Resources			x
PFRS 7	Financial Instruments: Disclosures	x		
	Amendments to PFRS 7: Transition	x		
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets	x		
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets - Effective Date and Transition	x		
	Amendments to PFRS 7: Improving Disclosures About Financial Instruments	x		
	Amendments to PFRS 7: Disclosures - Transfers of Financial Assets	x		
	Amendments to PFRS 7: Disclosures - Offsetting Financial Assets and Financial Liabilities	x		
	Amendments to PFRS 7: Mandatory Effective Date of PFRS 9 and Transition Disclosures	x		
	Amendments to PFRS 7: Servicing Contracts			x
	Amendments to PFRS 7: Applicability of the Amendments to PFRS 7 to Condensed Interim Financial Statements	x		
PFRS 8	Operating Segments	x		
	Amendments to PFRS 8: Aggregation of Operating Segments and Reconciliation of the Total of the Reportable Segments' Assets to the Entity's Assets	x		
PFRS 9	Financial Instruments	Not early adopted		
	Amendments to PFRS 9: Mandatory Effective Date of PFRS 9 and Transition Disclosures	Not early adopted		
PFRS 10	Consolidated Financial Statements	x		
	Amendments to PFRS 10: Investment Entities			x
	Amendments to PFRS 10, PFRS 12 and PAS 28: Investment Entities - Applying the Consolidation Exception			x
	Amendments to PFRS 10: Consolidated Financial Statements and PAS 28: Investments in Associates and Joint Ventures - Sale or Contribution of Assets Between an Investor and its Associate or Joint Venture	Not early adopted		

PHILIPPINE FINANCIAL REPORTING AND STANDARDS AND INTERPRETATIONS		Adopted	Not adopted	Not applicable
Effective as of December 31, 2016				
PFRS 11	Joint Arrangements	x		
	Amendments to PFRS 11: Joint Arrangements - Accounting for Acquisitions of Interests in Joint Operations	x		
PFRS 12	Disclosure of Interest in Other Entities	x		
	Amendments to PFRS 12: Investment Entities - Applying the Consolidation Exception			x
PFRS 13	Fair Value Measurement	x		
	Amendments to PFRS 13: Short-term Receivables and Payables	x		
	Amendments to PFRS 13: Portfolio Exceptions	x		
PFRS 14	Regulatory Deferral Accounts			x
PFRS 15	Revenue from Contracts with Customers	Not early adopted		
PFRS 16	Leases	Not early adopted		
Philippine Accounting Standards				
PAS 1	Presentation of Financial Statements	x		
(Revised)	Amendment to PAS 1: Capital Disclosures	x		
	Amendments to PAS 32 and PAS 1: Puttable Financial Instruments and Obligations Arising on Liquidation			x
	Amendments to PAS 32 and PAS 1: Presentation of Items of Other Comprehensive Income	x		
	Amendments to PAS 1: Clarification of the Requirements for Comparative Presentation	x		
	Amendments to PAS 1: Disclosure Initiative	x		
PAS 2	Inventories	x		
PAS 7	Statement of Cash flows	x		
	Amendments to PAS 7: Disclosure Initiative	Not early adopted		
PAS 8	Accounting Policies, Changes in Accounting Estimates and Errors	x		
PAS 10	Events After the Balance Sheet Date	x		
PAS 11	Construction Contracts	x		
PAS 12	Income Taxes	x		
	Amendment to PAS 12 - Deferred Tax: Recovery of Underlying Assets	x		
	Amendment to PAS 12: Recognition of Deferred Tax Assets for Unrealized Losses	Not early adopted		
PAS 16	Property, Plant and Equipment	x		
	Amendments to PAS 16: Classification of Servicing Equipment	x		
	Amendments to PAS 16: Revaluation Method - Proportionate Restatement of Accumulated Depreciation	x		
	Amendments to PAS 16: Property, Plant and Equipment and PAS 38: Intangible Assets - Clarification of Acceptable Methods of Depreciation and Amortization	x		
	Amendments to PAS 16: Agriculture - Bearer Plants			x
PAS 17	Leases	x		
PAS 18	Revenue	x		
PAS 19	Employee Benefits	x		
(Amended)	Amendments to PAS 19: Defined Benefit Plans: Employee Contributions	x		
	Amendments to PAS 19: Regional Market Issue Regarding Discount Rate	x		
PAS 20	Accounting for Government Grants and Disclosure of Government Assistance			x
PAS 21	The Effects of Changes in Foreign Exchange Rates	x		
	Amendment: Net Investment in a Foreign Operation			x
PAS 23	Borrowing Costs			x
PAS 24	Related Party Disclosures	x		
	Amendments to PAS 24: Key Management Personnel	x		
PAS 26	Accounting and Reporting by Retirement Benefit Plans	x		
PAS 27	Separate Financial Statements	x		
(Revised)	Amendments to PAS 27: Investment Entities			x
	Amendments to PAS 27: Separate Financial Statements - Equity Method in Separate Financial Statements	x		
PAS 28	Investment in Associates and Joint Ventures			x
(Amended)	Amendments to PAS 28: Investment Entities: Applying the Consolidation Exception			x
	Amendments to PAS 28: Investment in Associates and Joint Ventures and PFRS 10: Consolidated Financial Statements - Sale or Contribution of Assets Between an Investor and its Associate or Joint Venture	Not early adopted		
PAS 29	Financial Reporting in Hyperinflationary Economies			x
PAS 31	Interest in Joint Ventures			x

PHILIPPINE FINANCIAL REPORTING AND STANDARDS AND INTERPRETATIONS Effective as of December 31, 2016		Adopted	Not adopted	Not applicable
PAS 32	Financial Instruments: Disclosure and Presentation	x		
	Amendments to PAS 32 and PAS 1: Puttable Financial Instruments and Obligations Arising on Liquidation			x
	Amendment to PAS 32: Classification of Rights Issues			x
	Amendments to PAS 32: Tax Effect of Distribution of Holders of Equity Instruments			x
	Amendments to PAS 32: Offsetting Financial Assets and Financial Liabilities	x		
PAS 33	Earnings Per Share	x		
PAS 34	Interim Financial Reporting	x		
	Amendments to PAS 34: Interim Financial Reporting and Segment Information for Total Assets and Liabilities	x		
	Amendments to PAS 34: Disclosure of Information 'Elsewere in the Interim Financial Report'	x		
PAS 36	Impairment of Assets	x		
	Amendments to PAS 36: Recoverable Amount Disclosures for Non-financial Assets	x		
PAS 37	Provisions, Contingent Liabilities and Contingent Assets	x		
PAS 38	Intangible Assets	x		
	Amendments to PAS 38: Revaluation Method - Proportionate Restatement of Accumulated Amortization	x		
	Amendments to PAS 38: Clarification of Acceptable Methods of Depreciation and Amortization	x		
PAS 39	Financial Instruments: Recognition and Measurement	x		
	Amendments to PAS 39: Transition and Initial Recognition of Financial Assets and Financial Liabilities	x		
	Amendments to PAS 39: Cash Flow Hedge Accounting of Forecast Intragroup Transactions			x
	Amendments to PAS 39: The Fair Value Option	x		
	Amendments to PAS 39 and PFRS 4: Financial Guarantee Contracts	x		
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets	x		
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets - Effective Date and Transition	x		
	Amendments to Philippine Interpretation IFRIC-9 and PAS 39: Embedded Derivatives			x
	Amendment to PAS 39: Eligible Hedged Items			x
	Amendments to PAS 39: Novation of Derivatives and Continuation of Hedge Accounting			x
PAS 40	Investment Property	x		
	Amendment to PAS 40: Investment Property	x		
	Amendments to PAS 40: Transfers of Investment Property	Not early adopted		
PAS 41	Agriculture			x
	Amendments to PAS 41: Agriculture - Bearer Plants			x

Philippine Interpretations				
IFRIC 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities			x
IFRIC 2	Member's Share in Co-operative Entities and Similar Instruments			x
IFRIC 4	Determining whether an Arrangement contains a Lease	x		
IFRIC 5	Rights to Interests Arising from Decommisioning, Restoration and Environmental Rehabilitation Funds			x
IFRIC 6	Liabilities Arising from Participating in a Specific Market-Waste Electrical and Electronic Component			x
IFRIC 7	Applying the Restatement Approach under PAS 29 Financial Reporting under Hyperinflationary Economies			x
IFRIC 8	Scope of PFRS 2			x
IFRIC 9	Reassessment of Embedded Derivatives			x
	Amendments to Philippine Interpretations IFRIC-9 and PAS 39: Embedded Derivatives			x
IFRIC 10	Interim Financial Reporting and Impairment	x		
IFRIC 11	PFRS 2-Group and Treasury Share Transactions			x
IFRIC 12	Service Concession Arrangements			x
IFRIC 13	Customer Loyalty Programmes			x
IFRIC 14	The Limit on a Defined Benefit Asset, Minimum Funding Requirement and Their Interaction			x
	Amendments to Philippine Interpretations IFRIC-14, Prepayments of a Minimum Funding Requirement			x

PHILIPPINE FINANCIAL REPORTING AND STANDARDS AND INTERPRETATIONS Effective as of December 31, 2016		Adopted	Not adopted	Not applicable
IFRIC 15	Agreements for Construction of Real Estate	Not early adopted		
IFRIC 16	Hedges of a Net Investment in Foreign Operation			x
IFRIC 17	Distribution of Non Cash Assets to Owners			x
IFRIC 18	Transfers of Assets from Customers			x
IFRIC 19	Extinguishing Financial Liabilities with Equity Instruments			x
IFRIC 20	Stripping Costs in the Production Phase of a Surface Mine			x
IFRIC 21	Levies			x
IFRIC 22	Foreign Currency Transactions and Advance Consideration	Not early adopted		
SIC - 7	Introduction of the Euro			x
SIC - 10	Government Assistance - No Specific Relation to Operating Activities			x
SIC - 12	Consolidation - Special Purpose Entities			x
	Amendment to SIC - 12: Scope of SIC - 12			x
SIC - 13	Jointly Controlled Entities - Non Monetary Contributions by Venturers			x
SIC - 15	Operating Leases - Incentives			x
SIC - 25	Income Taxes - Changes in the Tax Status of an Entity or its Shareholders	x		
SIC - 27	Evaluating the Substance of Transactions Involving the Legal Form of a Lease	x		
SIC - 29	Service Concession Arrangements - Disclosures			x
SIC - 31	Revenue - Barter Transactions Involving Advertising Services			x
SIC - 32	Intangible Assets - Web Site Costs			x

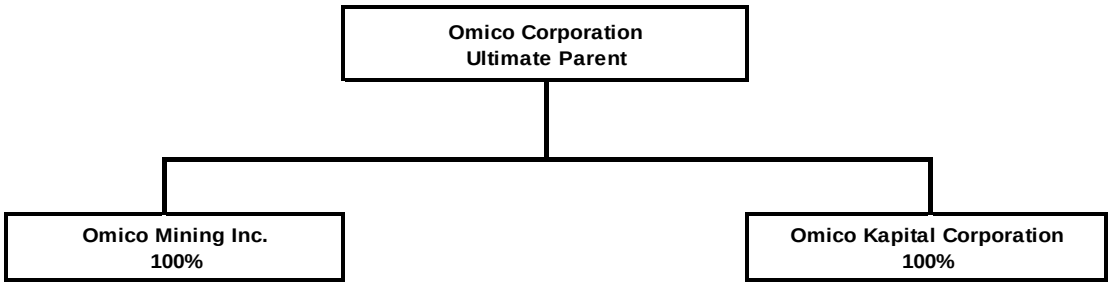
Omico Corporation and Subsidiaries
Schedule II - Financial Soundness
Pursuant to SRC Rule 68, As Amended

		2016	2015
A.	Current/liquidity ratios		
	Current ratio	**28.57**	28.82
	Quick ratio	**20.09**	20.35
	Cash ratio	**17.52**	17.90
B.	Solvency ratio/Debt-to-equity ratio		
	Solvency ratio	**(0.56)**	(0.85)
	Debt-to-Equity ratio	**0.07**	0.07
C.	Asset-to-Equity ratios	**1.07**	1.07
D.	Profitability ratios		
	Net profit margin analysis	**-51.01%**	-50.95%
	Return on assets	**-2.59%**	-2.53%
	Return on equity	**-2.77%**	-2.71%
	Return on capital employed	**-1.94%**	-2.63%

OMICO CORPORATION
Schedule III - Parent Company Retained Earnings Available for Dividend Declaration
DECEMBER 31, 2016

Deficit as at December 31, 2015, *as previously reported*			P	(326,796,129)
Add (Less):	Deemed cost adjustment on investment property			(71,194,369)
	Cumulative mark to market loss on FVPL financial asset			12,559,521
Deficit as at December 31, 2015, *as adjusted*			P	(385,430,977)
Add: Net income actually earned/realized during the period				
Net loss during the period closed to deficit		(13,748,803)		
Less:	Non-actual/unrealized income net of tax	-		
	Equity in net income of associate/joint venture	-		
	Unrealized foreign exchage gain - net (except those attributable to cash and cash equivalents)	-		
	Unrealized actuarial gain	-		
	Fair value adjustment (mark-to-market gains)	890,201		
	Fair value adjustment of investment property resulting to gain	-		
	Recognized deferred tax asset that increased the net income	-		
	Adjustment due to deviation from PFRS/GAAP - gain	-		
	Other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under PFRS	-		
Subtotal		890,201		
Add:	Non-actual losses			
	Depreciation on revaluation increment (after tax)	-		
	Unrealized actuarial loss	-		
	Fair value adjustment (mark-to-market losses)	-		
	Adjustment due to deviation from PFRS/GAAP - loss	-		
	Loss on fair value adjustment of investment property (after tax)	-		
Subtotal		-		
Net loss actually incurred during the period				(14,639,004)
Add(less):				
	Dividend declarations during the period	-		
	Appropriations of retained earnings during the year	-		
	Reversals of appropriations	-		
	Deemed cost adjustment on investment property	-		
	Treasury shares	-		
Subtotal				
Deficit as at December 31, 2016			P	(400,069,981)

Omico Corporation and Subsidiaries
Schedule IV - A Map Showing the Relationship Between and Among the Parent Company and its Subsidiaries
Pursuant to Rule 68 as Amended
December 31, 2016



Omico Corporation and Subsidiaries
Schedule A - Marketable Securities
December 31, 2016

Name of Issuing entity and association of each issue	Number of share or principal amount of bonds and notes	Amount shown in the balance sheet	Valued based on market quotation at balance sheet date	Income received and accrued
Empire East Land Holdings Inc.	1,230,500	P 849,045	P 849,045	P -
Megaworld Corporation	1,000	3,570	3,570	-
Security Bank Corporation	199	37,810	37,810	-
SM Prime Holdings, Inc.	1,505	42,667	42,667	-
APC Group Inc.	28,000	14,840	14,840	-
Waterfront Phillipines Inc.	22,000	7,590	7,590	-
Lepanto Mining Corp. "A"	13,957,000	2,735,572	2,735,572	-
Melco Crown (Philippines) Resorts Corporations	300,000	1,134,000	1,134,000	-
Cosco Capital, Inc.	392,200	3,333,700	3,333,700	-
TA Petroleum	14,994	42,883	42,883	-
Cemex Holdings Philippines, Inc.	100,000	1,110,000	1,110,000	-
	16,047,398	P 9,311,677	P 9,311,677	P -

Omico Corporation and Subsidiaries
Schedule B - Amount Receivable from Directors, Officers, Employees, Related Parties and Principal Stockholders (Other than Related Parties)
December 31, 2016

Name and Designation of Debtor	Balance at beginning of period	Additions	Settlement	Current	Not Current	Balance at end of period
Receivable from officer and employees	P 2,585,344	P 4,893,837	P 5,435,369	P 2,043,812	P -	P 2,043,812

Omico Corporation and Subsidiaries
Schedule C - Amounts Receivable from Related Parties which are Eliminated during the Consolidation of Financial Statements
December 31, 2016

Name and designation of Debtor	Balance at beginning of period	Additions	Amounts collected	Current	Non-current	Balance at end of period
Subsidiaries:						
Omico Kapital Corporation	P 186,262	P 22,473	P -	P 208,735	P -	P 208,735
Omico Mining Inc.	6,199,509	16,974	-	6,216,483	-	6,216,483
	P 6,385,771	P 39,447	P -	P 6,425,218	P -	P 6,425,218

Omico Corporation and Subsidiaries
Schedule F - Indebtedness to Related Parties
December 31, 2016

Related Party		Balance at beginning of period		Balance at end of period
Omico Kapital Corporation	P	221,084,873	P	221,084,873

OMICO CORPORATION
Schedule H - Share Capital
December 31, 2016

Title of Issue	Number of shares authorized	Number of shares issued and outstanding as shown under related balance sheet caption	Number of shares reserved for options, warrants, convertion and other rights	Number of shares held by related parties	Directors, officers and employees	Others
Common shares - P1.00 par value	2,000,000,000	1,050,461,673	-	-	37,839,850	1,012,621,823

COVER SHEET

for

AUDITED FINANCIAL STATEMENTS

SEC Registration Number

					3	6	1	9	0

COMPANY NAME

O	M	I	C	O		C	O	R	P	O	R	A	T	I	O	N														

PRINCIPAL OFFICE *(No./Street/Barangay/City/Town)Province)*

U	N	I	T		4	0	1		C	A	P	R	I		O	A	S	I	S	-	S	O	L	A	R	E				
B	L	D	G	.		D	R	.		S	I	X	T	O		A	N	T	O	N	I	O		A	V	E	.			
M	A	Y	B	U	N	G	A	,		P	A	S	I	G		C	I	T	Y											

Form Type	Department requiring the report	Secondary License type, If Applicable
A A F S		

COMPANY INFORMATION

Company's Email Address	Company's Telephone Numbers	Mobile Number
	637-6923 to 25	

No. of Stockholders	Annual Meeting (Month / Day)	Fiscal Year (Month / Day)
	May/Last Friday	12/31

CONTACT PERSON INFORMATION

The designated person ***MUST*** be an Officer of the Corporation

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
JUANA LOURDES M. BUYSON	jeannieb@omico.com.ph	637-6923 to 25	

CONTACT PERSON's ADDRESS

NOTE 1: *In case of death, resignation or cessation of office of the officer designated as contact person, such incident shall be reported to the Commission within thirty (30) calendar days from the occurrence thereof with information and complete details of the new contact person designated.*

2: *All Boxes must be properly and completely filled-up. Failure to do so shall cause the delay in updating the corporation's records with the Commission and/or non-receipt of Notice of Deficiencies. Further, non-receipt of Notice of Deficiencies shall not excuse the corporation from liability for its deficiencies.*

OMICO CORPORATION

PARENT COMPANY FINANCIAL STATEMENTS
December 31, 2016 and 2015

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The Management of OMICO CORPORATION is responsible for the preparation and fair presentation of the financial statements including the schedules attached therein, for the years ended December 31, 2016 and 2015, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Company's financial reporting process.

The Board of Directors reviews and approves the financial statements including the schedules attached therein, and submits the same to the stockholders.

R. R. Tan & Associates, CPAs, the independent auditor appointed by the stockholders, has audited the financial statements of the Company in accordance with Philippine Standards on Auditing, and in its report to stockholders, has expressed its opinion on the fairness of presentation upon completion of such audit.

Tommy Kin Hing Tia
Chairman, Board of Directors

Anna Mei Nga Tia
President/CEO

Juana Lourdes M. Buyson
SVP-Treasurer

BUREAU OF INTERNAL REVENUE
REVENUE REGION NO. 7
APR 10 2017

MAR 17 2017

SUBSCRIBED AND SWORN to before me this _____day of _____ affiants presented to me their respective proof or identification, to wit:

Name	Type of Identification
Tommy Kin Hing Tia	TIN 105-834-884
Anna Mei Nga Tia	TIN 103-915-047
Juana Lourdes M. Buyson	TIN 131-482-310

all known to me and to me known to be the same persons who executed the foregoing Statement of Management's Responsibility for Financial Statements.

IN WITNESS WHEREOF, I have hereunto affixed my notary seal at the date and place first above written.

ATTY. JOSE B. DIMAANO
NOTARY PUBLIC
FOR THE CITY OF MANDALUYONG
Until December 31, 2017
COMMISSION NO. 455-16
IBP NO. 1033 IFUGAO
PTR NO. 5552527, 1-3-17, Calinta, Rizal
ROLL NO. 58304
MCLE COMP. NO. V-0022171, 6-15-16
VALID UNTIL 04-14-2019
D23-5 SUVENTVILLE II, D.M. GUEVARA S
BARANGAY MANDALUYONG CITY

Doc. No. 444
Page No. 89
Book No. 59

R. R. TAN & ASSOCIATES, CPAs

Unit 1705, Antel Global Corporate Center
Doña Julia Vargas Avenue, Ortigas Center
Pasig City, Philippines 1605
Tel.: (632) 638-3430 to 32; Fax: (632) 638-3430
e-mail : info@rrtan.net

PRC-BOA Reg. No. 0132, valid until December 31, 2018
SEC Accreditation No.0220-FR-1, valid until March 25, 2017
BIR Accreditation No. 07-001080-002-2016, valid until October 3, 2019

Report of Independent Public Accountants

The Board of Directors and Stockholders
OMICO CORPORATION
Unit 401, Capri Oasis-Solare Bldg.
Dr. Sixto Antonio Ave.
Maybunga, Pasig City

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Omico Corporation (the Company), which comprise the statements of financial position as at December 31, 2016 and 2015, and the statements of comprehensive income, statements of changes in equity and statements of cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2016 and 2015, and its financial performance and its cash flows for the years then ended, in accordance with Philippine Financial Reporting Standards (PFRSs).

Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics) together with the ethical requirements that are relevant to our audit of the financial statements in the Philippines, and we have fulfilled our ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, the description of how our audit addressed the matter is provided in that context.

Going Concern Assessment

Operating revenues principally came from real estate sales, the gross margin from which is not enough to cover the Company's selling and administrative expenses. As a consequence, the Company has been incurring operating losses for the last five (5) years. We identified that the most significant assumption in assessing the Company's ability to continue as a going concern is the rollout of other real estate projects and producing

operating profits therefrom. The assessment pertinent to the commencement of other profitable projects is dependent on securing regulatory approvals from government agencies and is fundamental to the aforementioned projects. The condition is significant in assessing the appropriateness of the going concern assumption and is considered as a key audit matter.

Audit procedures conducted
In addressing the going concern assumption, we discussed with management the probability of commencing other real estate projects and the projected revenues and cash stream expected to be realized from the project. We also evaluated management's future plans on investment properties through joint ventures. These investment activities were carefully assessed which are expected to provide profits and cash flows.

Recoverability of Investment in Other Mining Company

As discussed in Note 17, the Company has a contractual right to receive a minority interest from Macawiwili Gold Mining and Development Co., Inc. (Macawiwili) as a result of a transaction in 2012. Macawiwili received a letter dated February 13, 2017 from the Department of Environment and Natural Resources (DENR), directing them to show cause why its Mineral Production Sharing Agreement (MPSA) should not be cancelled pursuant to DENR's mandate and the specific provisions of the Mining Act and other existing applicable laws. This event raise doubts as to the recoverability of Omico's financial asset amounting to P50 million.

Audit procedures conducted
The Show Cause Letter received from the DENR by Macawiwili, where the Company has a contractual right to receive P50 million was discussed with management. The management was informed by Macawiwili that their legal counsel is confident that their MPSA will not be cancelled. According to them, their legal counsel will answer the Show Cause Letter of the DENR. Based on management's representation, the MPSA will not be cancelled. We evaluated this representation along with other documents provided to us.

Responsibilities of Management and Those Charged With Governance for the Financial Statements
Management is responsible for the preparation and fair presentation of the financial statements in accordance with PFRSs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with PSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably

be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with PSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Supplementary Information Required Under Revenue Regulations (RR) 15-2010 and 19-2011 of the Bureau of Internal Revenue

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The Company's supplementary information disclosed in Note 30 to the financial statements is presented for purposes of filing with the Bureau of Internal Revenue and is not a required part of the basic financial statements. Such information is the responsibility of management and has been subjected to the auditing procedures applied in our audit of the basic financial statements. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

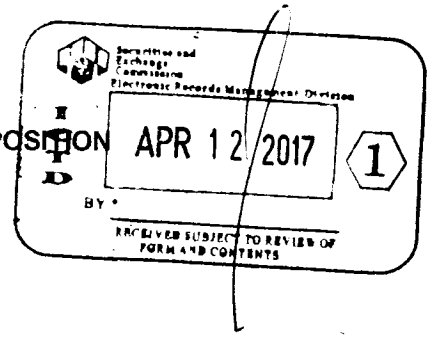
The engagement partner on the audit resulting in this independent auditor's report is Chester Nimitz F. Salvador

R. R. TAN AND ASSOCIATES, CPAs

By: CHESTER NIMITZ F. SALVADOR
Partner
CPA Certificate No. 0129556
Tax Identification No. 307-838-154
PTR No. 2535320, January 17, 2017, Pasig City
SEC Accreditation No. 1608-A, valid until January 26, 2020
BIR Accreditation No. 07-001050-002-2016, valid until
June 22, 2019

March 17, 2017
Pasig City

APR 1 0 2017



OMICO CORPORATION
PARENT COMPANY STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2016 AND 2015

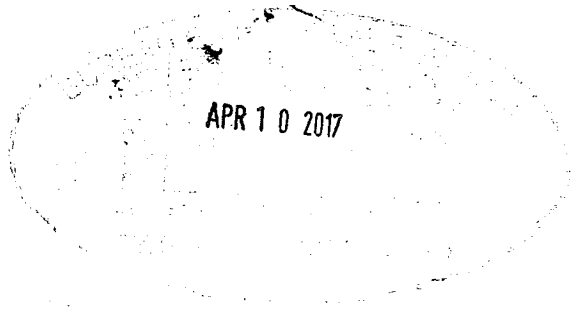
	Notes	2016	2015
ASSETS			
Current Assets			
Cash and cash equivalents	8	P **227,133,524**	P 240,620,604
Financial assets at fair value through profit or loss	9	**9,311,677**	7,746,476
Receivables	10	**26,769,668**	26,812,659
Real estate for sale	11	**114,508,924**	117,646,646
Prepayments and other current assets	12	**14,398,241**	12,758,210
Total Current Assets		**392,122,034**	405,584,595
Non-current Assets			
Installment contract receivable - net of current portion	10	**8,321,576**	11,052,567
Available-for-sale (AFS) financial assets - net	13	**2,580,000**	2,580,000
Investment in subsidiaries	14	**202,500,000**	202,500,000
Property and equipment - net	15	**6,972,255**	4,585,540
Investment properties	16	**319,860,918**	318,246,248
Other non-current assets - net	17	**54,365,266**	54,727,096
Total Non-current Assets		**594,600,015**	593,691,451
TOTAL ASSETS		P **986,722,049**	P 999,276,046
LIABILITIES AND EQUITY			
Current Liabilities			
Accounts payable and accrued expenses	18	P **13,509,228**	P 13,889,997
Due to subsidiary	24	**221,084,873**	221,084,873
Total Current Liabilities		**234,594,101**	234,974,870
Non-current Liabilities			
Accrued retirement liability	23	**10,111,334**	8,535,759
Deferred tax liability	26	**30,511,873**	30,511,873
Total Non-current Liabilities		**40,623,207**	39,047,632
Total Liabilities		**275,217,308**	274,022,502
Equity			
Share capital	19	**1,050,461,673**	1,050,461,673
Additional paid-in capital		**78,000**	78,000
Fair value gain on available-for-sale financial assets	13	**1,510,000**	1,510,000
Deficit		**(340,544,932)**	(326,796,129)
Total Equity		**711,504,741**	725,253,544
TOTAL LIABILITIES AND EQUITY		P **986,722,049**	P 999,276,046

See accompanying notes to financial statements

OMICO CORPORATION
PARENT COMPANY STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

	Notes	2016	2015
REVENUES			
Real estate sales	20	P 27,967,487	P 39,817,081
Income from lease	20	705,848	-
Investment and other income - net	20	6,748,172	697,902
		35,421,507	40,514,983
COST AND EXPENSES			
Cost of real estate sales	21	19,343,732	26,096,413
Administrative expenses	22	27,581,143	31,979,520
Selling expenses		1,351,104	1,884,554
		48,275,979	59,960,487
LOSS BEFORE INCOME TAX		(12,854,472)	(19,445,504)
INCOME TAX EXPENSE	26	894,331	803,668
LOSS FOR THE YEAR		(13,748,803)	(20,249,172)
OTHER COMPREHENSIVE INCOME			
Amount to be reclassified to profit or loss in subsequent periods:			
Fair value changes in AFS investments	13	-	600,000
TOTAL COMPREHENSIVE LOSS		P (13,748,803)	P (19,649,172)
BASIC/DILUTED EARNINGS (LOSS) PER SHARE	25	P (0.013088)	P (0.019276)

See accompanying notes to financial statements



OMICO CORPORATION
PARENT COMPANY STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

	Notes	2016	2015
SHARE CAPITAL	**19**	**P 1,050,461,673**	P 1,050,461,673
ADDITIONAL PAID-IN CAPITAL		**78,000**	78,000
FAIR VALUE GAIN ON AVAILABLE-FOR-SALE FINANCIAL ASSETS			
Balance at beginning of year		**1,510,000**	910,000
Fair value changes in AFS financial assets	**13**	**-**	600,000
Balance at end of year		**1,510,000**	1,510,000
DEFICIT			
Balance at beginning of year		**(326,796,129)**	(306,546,957)
Loss for the year		**(13,748,803)**	(20,249,172)
Balance at end of year		**(340,544,932)**	(326,796,129)
		P 711,504,741	P 725,253,544

See accompanying notes to financial statements

OMICO CORPORATION
PARENT COMPANY STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

	Notes	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before income tax		**P (12,854,472)**	P (19,445,504)
Adjustments for:			
Fair value (gain) loss on FVPL financial assets	**9,20**	**(890,201)**	4,454,339
Depreciation	**15**	**1,359,290**	1,549,848
Gain on sale of FVPL financial assets	**9,20**	**(200,000)**	-
Gain on sale of transportation equipment	**20**	**(290,179)**	-
Unrealized foreign exchange gain	**20**	**(26,149)**	(24,985)
Provision for impairment losses	**17,22**	**361,830**	-
Retirement expense	**23**	**1,575,575**	521,310
Interest income		**(3,289,404)**	(2,653,267)
Operating Loss Before Working Capital Changes		**(14,253,710)**	(15,598,259)
(Increase) decrease in receivables		**2,773,567**	(270,568)
Decrease in real estate for sale		**3,137,722**	12,129,877
Increase in prepayments and other current assets		**(1,873,971)**	(1,691,841)
Decrease in accounts payable and accrued expenses		**(380,769)**	(23,631)
Cash used in operations		**(10,597,161)**	(5,454,422)
Cash paid for taxes		**(660,391)**	(479,726)
Net Cash Used in Operating Activities		**(11,257,552)**	(5,934,148)
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale/maturity of:			
FVPL financial assets		**600,000**	-
HTM financial assets		**-**	10,000,000
Transportation equipment		**290,179**	-
Additions to:			
Property and equipment	**15**	**(3,746,005)**	(118,625)
FVPL financial assets		**(1,075,000)**	(490,000)
Investment properties		**(1,614,670)**	(197,144)
Interest received		**3,289,819**	2,779,429
Net Cash Provided by (Used in) Investing Activities		**(2,255,677)**	11,973,660
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		**(13,513,229)**	6,039,512
EFFECT OF FOREIGN EXCHANGE GAIN ON CASH AND CASH EQUIVALENTS	**20**	**26,149**	24,985
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		**(13,487,080)**	6,064,497
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		**240,620,604**	234,556,107
CASH AND CASH EQUIVALENTS AT END OF YEAR		**P 227,133,524**	P 240,620,604

See accompanying notes to financial statements

OMICO CORPORATION
NOTES TO PARENT COMPANY FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015

1. CORPORATE INFORMATION AND STATUS OF OPERATIONS

Corporate Information

Omico Corporation (the "Parent Company or the Company") was incorporated in the Philippines and was registered with the Securities and Exchange Commission ("SEC") on August 30, 1968. Its corporate term was extended to another fifty (50) years from and after the date of expiration of its first fifty (50)-year term on August 29, 2018, as per SEC Certificate of Filing of Amended Articles of Incorporation dated October 21, 2015.It holds 100% interest both in Omico Kapital Corporation, a subsidiary which ceased operations in 1997, and Omico Mining Inc. *(formerly Omico-Ivanhoe Mining Inc).* The Parent Company listed its shares of stock in the Philippine Stock Exchange on May 2, 1969.

The Parent Company's main business activities are mining exploration and property development. It is licensed to operate, prospect, mine, and deal with all kinds of ores, metals and minerals. The Parent Company is also engaged in the business of real estate development.

The mining exploration segment is engaged in the exploration activities of mine site while the property development segment is engaged in the marketing and sale of real estate and evaluation of future development of other real estate properties.

The registered office of the Parent Company is located at Unit 401 Capri Oasis-Solare Bldg., Dr. Sixto Antonio Ave., Maybunga, Pasig City. Omico Corporation has no ultimate Parent Company.

The financial statements of the Parent Company for the year ended December 31, 2016 (including comparative figures for the year ended December 31, 2015) were authorized for issue by the Parent Company's Board of Directors on March 17, 2017.

Status of Mining Operations

On August 29, 2012, the Parent Company executed a Termination of Mining Agreement with Macawiwili Gold Mining and Development Co., Inc. (Macawiwili) wherein the Parent Company terminated their mining agreement entered in September 30, 1968. With this Agreement, the Parent Company has given the reins in managing the project to Macawiwili but remains an active minority investor in the venture. The salient points of the Termination of Mining Agreement are contained in prior disclosures of the Parent Company.

Management decided to terminate the mining agreement with Macawiwili because Management would like to focus on other mining prospects/projects.

Macawiwili has received a Show-Cause Order from the Department of Environment and Natural Resources (DENR) dated February 13, 2017, which is now being addressed by Macawiwili.

The Parent Company is still interested in investing in mining and is scouting for other mining projects to explore, manage, operate or invest either solely or in partnership with other entities.

2. BASIS OF PREPARATION AND PRESENTATION

Statement of Compliance

The accompanying financial statements have been prepared in accordance with generally accepted accounting principles as set forth in Philippine Financial Reporting Standards (PFRS), Philippine Accounting Standards (PAS) and interpretations thereof. PFRS are adopted standards by the Financial Reporting Standards Council (FRSC) from the pronouncements issued by the International Accounting Standards Board (IASB).

Basis of Financial Statements Preparation and Presentation
The financial statements have been prepared under the historical cost method except for financial assets at fair value through profit or loss and available for sale which are carried at fair values.

The financial statements are presented in Philippine Peso and all values represent absolute amounts except when otherwise indicated.

The preparation of financial statements in conformity with PFRS requires the use of certain critical accounting estimates. It also requires management to exercise judgment in the process of applying the Parent Company's accounting policies. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances.

These financial statements are prepared as the Parent Company's separate financial statements. The Parent Company's investments in Omico Kapital Corporation and Omico Mining Inc. are accounted at cost, less any impairment loss. Impairment loss is provided when there is objective evidence that the investment in subsidiary will not be recovered.

Certain amounts and information in the 2015 notes to financial statements were modified to conform with 2016 notes to financial statements.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND DISCLOSURES

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Current versus non-current classification
The Parent Company presents assets and liabilities in the statements of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realized or intended to be sold or consumed in normal operating cycle;
- Held primarily for the purpose of trading; ·
- Expected to be realized within twelve months after the end of the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the end of the reporting period.

The Parent Company classifies all other assets as noncurrent.

A liability is current when:

- It is expected to be settled in normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the end of the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the end of the reporting period.

The Parent Company classifies all other liabilities as non-current.

Financial Assets and Liabilities
Date of recognition
Financial assets and financial liabilities are recognized in the statements of financial position of the Parent Company when it becomes a party to the contractual provisions of the instrument.

Initial recognition
All financial assets and financial liabilities are initially recognized at fair value. Except for financial assets and financial liabilities at FVPL, the initial measurement of financial instruments includes transaction costs.

Classification and subsequent recognition of financial instruments
The Parent Company classifies financial assets into the following categories, (i) At fair value through profit or loss (FVPL), (ii) Available-for-sale, (iii) Held-to-maturity and (iv) Loans and receivable. The Parent Company classifies its financial liabilities into (i) Financial liabilities at FVPL and (ii) Other financial liabilities. The classification depends on the purpose for which the investments were acquired or liabilities incurred and whether they are quoted in an active market. Management determines the classification of its investments at initial recognition and, where allowed and appropriate, re-evaluates such designation at every reporting date.

(i) Financial Assets and Financial Liabilities at FVPL

Financial assets and financial liabilities at FVPL include financial assets and financial liabilities held for trading and financial assets and financial liabilities designated upon initial recognition as FVPL. After initial recognition, financial assets and financial liabilities at FVPL are carried at fair value.

A financial asset or financial liability is classified as held for trading if:

- It has been acquired principally for the purpose of selling in the near future; or
- It is part of an identified portfolio of financial instruments that the Parent Company manages together and has recent actual pattern of short-term profit-taking; or
- It is a derivative that is not designated and effective as a hedging instrument.

A financial asset other than a financial asset held for trading may be designated as at FVPL upon initial recognition if:

- Such designation eliminates or significantly reduces a measurement or recognition inconsistently that would otherwise arise; or
- The financial asset forms part of a group of financial assets which is managed and its performance is evaluated on a fair value basis.
- It forms part of a contract containing one or more embedded derivatives.

Financial assets at FVPL are stated at fair value, with any resulting gain or loss is recognized in the profit or loss.

Included under this category are the Parent Company's equity investments listed in Philippine Stocks Exchange.

(ii) Available-for-sale (AFS)

AFS are non-derivative financial assets that are either designated on this category or not classified in any of the other categories. Subsequent to initial recognition, AFS assets are carried at fair value in the statements of financial position. Changes in the fair value are recognized directly in equity account as "Fair value gain or loss on available-for-sale financial assets". Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously recognized in equity is included in statements of comprehensive income for the period.

Included under this category are the Parent Company's investments in club shares.

(iii) Held-to-maturity (HTM)

HTM investments are non-derivative financial assets with fixed or determinable payments and fixed maturities wherein the Parent Company has the positive intention and ability to hold to maturity. After initial measurement, HTM assets are carried at amortized cost using the effective interest method, less impairment in value. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees that are integral parts of the effective interest rate. Any changes to the carrying amount of the investment are recognized in the statements of comprehensive income.

As of December 31, 2016 and 2015, there are no financial assets under this category.

(iv) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Parent Company provides money, goods or services directly to a debtor with no intention of trading the receivables. After initial measurement, loans and receivables are subsequently measured at amortized cost using the effective interest method, less allowance for impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees that are integral parts of the effective interest rate. This accounting policy relates to the statement of financial position captions “Cash and cash equivalents”, “Receivables” and “Installment contracts receivable”.

Loans and receivables are included in current assets if maturity is within 12 months from the reporting date, otherwise these are classified as noncurrent assets.

Other financial liabilities
Issued financial instruments or their components, which are not designated as at FVPL are classified as other financial liabilities where the substance of the contractual arrangement results in the Parent Company having an obligation either to deliver cash or another financial asset to the holder, or to satisfy the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of own equity shares. The components of issued financial instruments that contain both liability and equity elements are accounted for separately, with the equity component being assigned the residual amount after deducting from the instrument as a whole the amount separately determined as the fair value of the liability component on the date of issue.

After initial measurement, other financial liabilities are subsequently measured at amortized cost using the effective interest method. Amortized cost is calculated by taking into account any discount or premium on the issue and fees that are integral parts of the effective interest rate. Any effects of restatement of foreign currency-denominated liabilities are recognized in the statement of comprehensive income.

This accounting policy applies primarily to the Parent Company’s accounts payable and accrued expenses, due to subsidiary, and other obligations that meet the above definition (other than liabilities covered by other accounting standards, such as income tax payable and pension liabilities).

Accounts payable are liabilities for supplies or services that have been received or provided and have been invoiced or formally agreed with the supplier. Accounts payables are non-interest bearing and are stated at their original invoice amount since the effect of discounting is immaterial.

Accruals are liabilities for goods or services that have been received or provided but have not been paid, invoiced or formally agreed with the supplier, including amounts due to employees.

Reclassification of financial assets
A financial asset is reclassified out of the FVPL category when the following conditions are met (i) the financial asset is no longer held for the purpose of selling or repurchasing it in the near term; and (ii) there is a rare situation.

A financial asset that is reclassified out of the FVPL category is reclassified at its fair value on the date of reclassification. Any gain or loss already recognized in the statement of comprehensive income is not reversed. The fair value of the financial asset on the date of reclassification becomes its new cost or amortized cost, as applicable.

Impairment of financial assets
At the end of each reporting period, the Parent Company assesses whether a financial asset or group of financial asset is impaired.

A financial asset or group of financial asset is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset and that loss event has an impact on the estimated future cash flows of the financial asset of the group of financial asset that can be reliably estimated. Objective evidence that a financial asset may have been impaired includes:

- Significant financial difficulty of the issuer or counterparty; or
- Default or delinquency in interest or principal payments; or
- It becomes probable that the borrower will enter bankruptcy or financial re-organization

For financial assets carried at amortized cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced by the impairment loss and loss is recorded in the profit and loss.

If in subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit and loss to the extent that the carrying amount of investment at the date the impairment is reversed, does not exceed what the amortized cost would have been had the impairment not been recognized.

In respect of AFS equity securities, impairment losses previously recognized through profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognized directly in equity.

Derecognition of financial instruments
Financial asset
A financial asset (or, where applicable a part of a financial asset or part of a group of financial assets) is derecognized when:

- the rights to receive cash flows from the asset have expired;
- the Parent Company retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party.
- the Parent Company has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred the control of the asset.

Where the Parent Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of the Parent Company's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of original carrying amount of the asset and the maximum amount of consideration that the Parent Company could be required to repay.

Financial liability
A financial liability is derecognized when the obligation under the liability is discharged or cancelled or has expired. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the statements of comprehensive income.

Offsetting financial instruments
Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously. The Parent Company assesses that it has a currently enforceable right of offset if the right is not contingent on a future event, and is legally enforceable in the normal course

of business, event of default, and event of insolvency or bankruptcy of the Parent Company and all of the counterparties.

Cash and Cash Equivalents
Cash and cash equivalents are defined as cash on hand, demand deposits and short-term, highly liquid investments readily convertible to known amounts of cash and which are subject to insignificant risk of changes in value. Cash and cash equivalents are initially measured at fair value.

Real Estate for Sale
Real estate for sale is carried at the lower of cost and net realizable value. Cost includes the value of land plus expenditures necessary to complete the housing units (materials and labor cost). Net realizable value is the estimated selling price in the ordinary course of business less cost to complete and sell the units. NRV is determined in a manner provided in note 5. As of December 31, 2016 and 2015, real estate inventories are carried at cost.

Prepayments and Other Current Assets
Prepayments and other current assets consist of input taxes, prepaid expenses and deposits. They are carried at cost less the amortized portion.

Investment in Subsidiaries
The Parent Company's investment in subsidiaries is accounted for in the Parent Company financial statements at cost, less any impairment loss. If there is objective evidence that the investment in subsidiaries will not be recovered, an impairment loss is provided. Impairment loss is measured as the difference between the carrying amount of the investment and the present value of the estimated cash flows discounted at the current market rate of return for similar financial asset. The amount of the impairment loss is recognized in profit or loss. Impairment losses recognized are not reversed.

Subsidiaries are entities over which the Parent Company has the power to govern the financial reporting policies generally accompanying a shareholding of more than one half of the voting rights. The Parent Company obtains and exercises control through voting rights. The existence and effect of potential voting rights that are currently exercisable and convertible are considered when assessing whether the Parent Company controls another entity.

Property and Equipment
Property and equipment are stated at cost less accumulated depreciation and any impairment in value. The cost of an asset comprises its purchase price and directly attributable costs of bringing the asset to working condition for its intended use. Expenditures for additions, improvements and renewals are capitalized; expenditures for repairs and maintenance are charged to expense as incurred. When assets are sold, retired or otherwise disposed of, their cost and related accumulated depreciation and impairment losses are removed from the accounts and any resulting gain or loss is reflected in income for the period.

Depreciation or amortization of an item of property and equipment begins when it becomes available for use, i.e., when it is in the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is computed using the straight-line method over the stipulated useful lives of the assets as follows:

	Estimated useful life
Condominium units and improvements	15-25 years
Office furniture, fixtures and office equipment	3-5 years
Transportation equipment	3-5 years

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

The residual values and estimated useful lives of property and equipment are reviewed, and adjusted if appropriate, at each reporting period.

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. 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 item) is included in the statement of comprehensive income in the year the item is derecognized.

Investment Properties
Investment properties consist of parcels of land that are held for future development or capital appreciation or both and that is not occupied by the Parent Company. Except for the *Pasong Tamo* property (see Note 16), Investment properties are carried at cost. The Pasong Tamo property is carried at deemed cost upon adoption of PFRS in prior year.

Investment properties are derecognized when either they have been disposed of, or when the investment property is permanently withdrawn from service and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognized in the statement of comprehensive income in the year of retirement or disposal.

Transfers are made to and from investment property when, and only when there is change in use, evidenced by commencement of owner-occupation or commencement of development with a view to sale. The transfer is recorded using the carrying amount of the investment property at the date of change in use.

Joint Arrangements
For interests in jointly controlled assets, the Parent Company recognized in its financial statements the assets that it controls/contributed and the liabilities that it incurs, and the related income and expenses from the sale/development of the assets. No adjustment or other consolidation procedures are required since the assets, liabilities, income and expenses of the joint operation are recognized in the financial statements of the operator.

Impairment of Non-financial Assets
The carrying values of investments in subsidiaries, property and equipment and investment properties are reviewed for impairment when events or changes in circumstances indicate that their carrying values may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets or cash generating units are written down to their recoverable amount. The recoverable amount of property and equipment and investment is the greater of net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. Impairment losses are recognized in the statements of comprehensive income.

If there is any indication at end of the reporting period that an impairment loss recognized for an asset in prior years may no longer exist or may have decreased, the Parent Company estimates the recoverable amount of that asset and the carrying amount of the asset is adjusted to the recoverable amount resulting in the reversal of the impairment loss.

Equity
Share capital is determined at the par value of shares that have been issued.

Additional paid-in capital includes any premiums received on the initial issuance of capital stock. Any transaction costs associated with the issuance of shares are deducted from additional paid-in capital, net of any related income tax benefits.

Fair value gain/loss on available for sale financial assets pertains to mark-to-market valuation of available-for-sale financial assets.

Deficit includes all current and prior period results of operations as disclosed in the statements of comprehensive income.

Other comprehensive income comprises items of income and expenses (including items previously presented in the Statement of Changes in Equity) that are not recognized in the statements of income for the year in accordance with PFRS.

Earnings Per Share
Basic earnings per share is computed by dividing profit for the period by the weighted average number of shares issued and outstanding during the year.

Diluted EPS is computed by dividing the profit for the period by the weighted average number of shares issued and outstanding during the year plus the weighted average number of shares that would be issued on the conversion of dilutive potential shares.

Operating Segments
Operating segment is a component of an entity that engages in business activities from which it may earn revenues and incur expenses whose operating results are regularly reviewed by the chief operating decision maker to make decisions about how resources are to be allocated and for which discrete financial information is available. Financial information on operating segments is presented in Note 28.

Related Party Transactions
Parties are considered related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. The related party transactions are recognized based on transfer of resources or obligations between related parties, regardless whether a price is charged.

Revenue Recognition
Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Parent Company and the revenue can be reliably measured. The following specific recognition criteria must be met before revenue is recognized:

- Real estate
  The Parent Company assesses whether it is probable that the economic benefits will flow to the Parent Company when the sales prices are collectible. Collectability of the sales price is demonstrated by the buyer's commitment to pay, which in turn is supported by substantial initial and continuing investments that give the buyer a stake in the property sufficient that the risk of loss through default motivates the buyer to honor its obligation to the seller. Revenue from sales of completed real estate projects is accounted under the full accrual method. In accordance with Philippine Interpretations Committee (PIC) Q&A No. 2006-1, the Percentage of Completion (POC) method is used to recognize revenue where the Parent Company have material obligation under the sales contract to complete the project after the property is sold. Under this method, revenue is recognized as the related obligations are fulfilled, measured principally on the basis of the estimated completion of a physical proportion of the contract work.

  Any excess of collections over recognized receivables are included in the "Customers' advances and deposits" account.

  If any of the criteria under full accrual or POC method is not met, the deposit method is applied until all the conditions for recording the sale are met. Pending recognition of sale, cash received from buyers are presented under "Customers' advances and deposits" account except when the underlying contract is a lease contract with option to purchase.

  Revenue from lease contract with option to purchase is accounted for as leasing income until the criteria under full accrual method of recording sale is met.

  Penalties are recognized as income when cash is received and forfeitures from cancelled sales and reservation fees are recognized as income when the cancellation of sales and reservation fees of buyers has been determined and established.

- Investment income
  Interest income is recognized as the interest accrues (taking into account the effective yield on the asset).

  Dividend income is recognized when the shareholders' right to receive the payment is established.

  Fair value gain (loss) represents all gain and losses for changes in fair values of financial assets at FVPL.

  Realized gain (loss) in sale of shares of stock is recognized upon sale.

- Gains
  Gains represent other items that meet the definition of income and may, or may not, arise in the course of ordinary activities of the Parent Company. Gains represent increases in economic benefits and have the same nature as revenue. These are recognized as income when cash is realized.

Costs Recognition

- Cost of real estate sales
  Cost of real estate sales is recognized consistent with the revenue recognition method applied. Costs of subdivision lots and housing unit and condominium units sold before the completion of the development is determined on the basis of the acquisition cost of the land and its full development costs, which include estimated costs for future development works, as determined by the Parent Company's in-house technical team.

  The cost of inventory recognized in profit or loss on disposal is determined with reference to specific costs in the property, allocated to saleable are based on relative size and takes into account the percentage of completion used for revenue recognition purposes.

- Administrative expense
  Cost and expenses are recognized in the statement of comprehensive income when decrease in future economic benefit related to a decrease in an asset or decrease in a liability has arisen that can be measured reliably.

  Costs and expenses are recognized in the statement of comprehensive income:

  (i) On the basis of a direct association between the costs incurred and the earning of specific items of income;
  (ii) On the basis of systematic and rational allocation procedures when economic benefits are expected to arise over several accounting periods and the association can be broadly or indirectly determined; or
  (iii) Immediately when expenditures produces no future economic benefits or when, and to the extent that, future economic benefits do not qualify or cease to qualify, for recognition in the statement of financial position as an asset.

- Commission expense
  The Parent Company recognizes commission expense when services are rendered by agents. Commission expense is recognized upon receipt of certain level of payment from the buyer comprising a substantial portion of the contract price and the capacity to pay and credit worthiness of buyers have been reasonably established for sales of real estate.

Employee Benefits

- *Retirement Benefit Obligation*
  Pension benefits are provided to employees based on the amounts required by law, under R.A. 7641.

The Parent Company has not yet established a formal retirement plan; however, it accrues the estimated cost of retirement benefits required by the provisions of RA No. 7641 (Retirement Law). Under RA 7641, the Parent Company is required to provide minimum retirement benefits to qualified employees. The retirement cost accrued includes normal cost and estimated past service cost.

- *Compensated absences*
  Compensated absences are recognized for the number of paid leave days (including holiday entitlement) remaining at end of the reporting period. They are included in Accounts payable and Accrued expenses accounts at the undiscounted amount that the Parent Company expects to pay as a result of the unused entitlement.

Operating Leases
The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at inception date, whether fulfillment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset. A reassessment is made after inception of the lease only if one of the following applies:

(a) There is a change in contractual terms, other than a renewal or extension of the arrangement;
(b) A renewal option is exercised or extension granted, unless the term of the renewal or extension was initially included in the lease term;
(c) There is a change in the determination of whether fulfillment is dependent on a specified asset; or
(d) There is substantial change to the asset.

Where a reassessment is made, lease accounting shall commence or cease from the date when the change in circumstances gave rise to the reassessment for scenarios (a), (c), or (d) and at the date of renewal or extension period for scenario (b).

Leases where the lessor retains substantially all the risks and benefits of the ownership of the asset are classified as operating leases. Fixed lease payments are recognized on a straight-line basis over the lease while the variable rent is recognized as an expense based on the terms of the lease contract.

Income Taxes
Current income tax assets or liabilities comprise those claims from, or obligations to, fiscal authorities relating to the current or prior reporting period, that are uncollected or unpaid at the end of reporting period. They are calculated according to the tax rates and tax laws applicable to the fiscal periods to which they relate, based on the taxable profit for the year. All changes to current tax assets or liabilities are recognized as a component of tax expense in the statements of comprehensive income.

Deferred tax is provided, using the balance sheet liability method on temporary differences at the end of reporting period between the tax base of assets and liabilities and their carrying amounts for financial reporting purposes.

Under the balance sheet liability method, with certain exceptions, deferred tax liabilities are recognized for all taxable temporary differences and deferred tax assets are recognized for all deductible temporary differences and the carry forward of unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the deferred tax asset is to be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period 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 end of reporting period.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized.

Most changes in deferred tax assets or liabilities are recognized as a component of tax expense in the statement of comprehensive income. Only changes in deferred tax assets or liabilities that relate to a change in value of assets or liabilities that is charged directly to equity are charged or credited directly to equity.

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

Functional Currency and Foreign Currency Transactions

- *Functional and Presentation Currency*
  Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The financial statements are presented in Philippine pesos, which is the Parent Company's functional currency.

- *Transaction and Balances*
  The accounting records of the Parent Company are maintained in Philippine pesos. Foreign currency transactions during the year are translated into the functional currency at exchange rates which approximate those prevailing on transaction dates.

  Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the statement of comprehensive income.

Provisions

Provisions are recognized when present obligations will probably lead to an outflow of economic resources and they can be estimated reliably even if the timing or amount of the outflow may still be uncertain. A present obligation arises from the presence of a legal or constructive commitment that has resulted from past events, for example, legal disputes or onerous contracts.

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the end of reporting period, including the risks and uncertainties associated with the present obligation. Any reimbursement expected to be received in the course of settlement of the present obligation is recognized, if virtually certain as a separate asset, not exceeding the amount of the related provision. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. In addition, long-term provisions are discounted to their present values, where time value of money is material.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate.

In those cases where the possible outflow of economic resources as a result of present obligations is considered improbable or remote, or the amount to be provided for cannot be measured reliably, no liability is recognized in the financial statements.

Probable inflows of economic benefits that do not yet meet the recognition criteria of an asset are considered contingent assets, hence, are not recognized in the financial statements.

Contingencies

Contingent liabilities are not recognized in the financial statements. They are disclosed unless the possibility of outflow of resources embodying economic benefits is remote. Contingent assets are not recognized in the financial statements but disclosed when an inflow of economic benefits is probable.

Events after the End of Reporting Period
The Parent Company identifies subsequent events as events that occurred after the reporting period but before the date when the financial statements were authorized for issue. Any subsequent events that provide additional information about the Parent Company's financial position at the balance sheet date are reflected in the financial statements.

Events that are not adjusting events are disclosed in the notes to the financial statements when material.

4. CHANGES IN ACCOUNTING STANDARDS AND DISCLOSURES

New Accounting Standards and Amendments to Existing Standards Effective as of January 1, 2016
The accounting policies adopted are consistent with those of the previous financial year except for the adoption of the following amendments to PFRS effective beginning January 1, 2016.

Amendments to PAS 1, *Presentation of Financial Statements – Disclosure Initiative*
The amendments are intended to assist entities in applying judgment when meeting the presentation and disclosure requirements in PFRS. They clarify the following:

- That entities shall not reduce the understandability of their financial statements by either obscuring material information with immaterial information; or aggregating material items that have different natures or functions
- That specific line items in the statement of income and OCI and the balance sheet may be disaggregated
- That entities have flexibility as to the order in which they present the notes to financial statements
- That the share of OCI of associates and joint ventures accounted for using the equity method must be presented in aggregate as a single line item, and classified between those items that will or will not be subsequently reclassified to profit or loss.

These amendments do not have any significant impact on the Parent Company.

Amendments to PAS 16, *Property, Plant and Equipment*, and PAS 38, *Intangible Assets - Clarification of Acceptable Methods of Depreciation and Amortization*
The amendments clarify the principle in PAS 16 and PAS 38 that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is part) rather than the economic benefits that are consumed through use of the asset. As a result, a revenue-based method cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortize intangible assets. The amendments are effective prospectively for annual periods beginning on or after January 1, 2016, with early adoption permitted. The amendment does not have any impact on the Parent Company's financial position or performance.

Amendments to PAS 16, *Property, Plant and Equipment*, and PAS 41, *Agriculture - Bearer Plants*
The amendments change the accounting requirements for biological assets that meet the definition of bearer plants. Under the amendments, biological assets that meet the definition of bearer plants will no longer be within the scope of PAS 41. Instead, PAS 16 will apply. After initial recognition, bearer plants will be measured under PAS 16 at accumulated cost (before maturity) and using either the cost model or revaluation model (after maturity). The amendments also require that produce that grows on bearer plants will remain in the scope of PAS 41 measured at fair value less costs to sell. For government grants related to bearer plants, PAS 20, *Accounting for Government Grants and Disclosure of Government Assistance*, will apply. The amendments are retrospectively effective for annual periods beginning on or after January 1, 2016, with early adoption permitted. These amendments do not have any impact to the Parent Company as the Parent Company does not have any bearer plants.

Amendments to PAS 27, *Separate Financial Statements - Equity Method in Separate Financial Statements*
The amendments will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. Entities already applying PFRS and electing to change to the equity method in its separate financial statements will have to apply that change retrospectively. For first-time adopters of PFRS electing to use the equity method in its separate financial statements, they will be required to apply this method from the date of transition to PFRS. The amendments are effective for annual periods beginning on or after January 1, 2016, with early adoption permitted.

The Parent Company did not elect to change the method of accounting of its investment in subsidiaries from cost to equity method.

Amendments to PFRS 10, *Consolidated Financial Statements*, PFRS 12, *Disclosure of Interests in Other Entities*, and PAS 28, *Investments in Associates and Joint Ventures - Investment Entities: Applying the Consolidation Exception*.
These amendments clarify that the exemption in PFRS 10 from presenting consolidated financial statements applies to a parent entity that is a subsidiary of an investment entity, when it measures all of its subsidiaries at fair value. They also clarify that only a subsidiary of an investment entity that is not an investment entity itself and that provides support services to the investment entity parent is consolidated. The amendments also allow an investor (that is not an investment entity and has an investment entity associate or joint venture) to retain the fair value measurement applied by the investment entity associate or joint venture to its interests in subsidiaries when applying the equity method. These amendments are not applicable to the consolidated financial statements. The amendments are effective for annual periods beginning on or after January 1, 2016, with early adoption permitted. These amendments do not have any significant impact on the Parent Company's financial statements.

Amendments to PFRS 11, *Joint Arrangements - Accounting for Acquisitions of Interests in Joint Operations*
The amendments to PFRS 11 require that a joint operator accounting for the acquisition of an interest in a joint operation, in which the activity of the joint operation constitutes a business must apply the relevant PFRS 3 principles for business combinations accounting. The amendments also clarify that a previously held interest in a joint operation is not remeasured on the acquisition of an additional interest in the same joint operation while joint control is retained. In addition, a scope exclusion has been added to PFRS 11 to specify that the amendments do not apply when the parties sharing joint control, including the reporting entity, are under common control of the same ultimate controlling party.

The amendments apply to both the acquisition of the initial interest in a joint operation and the acquisition of any additional interests in the same joint operation and are prospectively effective for annual periods beginning on or after January 1, 2016, with early adoption permitted. The amendment does not have any significant impact on the Parent Company's financial position or performance.

PFRS 14, *Regulatory Deferral Accounts*
PFRS 14 is an optional standard that allows an entity, whose activities are subject to rate regulation, to continue applying most of its existing accounting policies for regulatory deferral account balances upon its first-time adoption of PFRS. Entities that adopt PFRS 14 must present the regulatory deferral accounts as separate line items in the statement of comprehensive income. The standard requires disclosure of the nature of, and risks associated with, the entity's rate-regulation and the effects of that rate-regulation on its financial statements. PFRS 14 is effective for annual periods beginning on or after January 1, 2016. This standard does not apply since the Parent Company is not a first-time adopter of PFRS.

Annual Improvements to PFRSs (2012-2014 cycle)

The Annual Improvements to PFRSs (2012-2014 cycle) are effective for annual periods beginning on or after January 1, 2016 and do not have any material impact to the Parent Company's financial statements. They include:

- PFRS 5, *Non-current Assets Held for Sale and Discontinued Operations - Changes in Methods of Disposal*
  The amendment is applied prospectively and clarifies that changing from a disposal through sale to a disposal through distribution to owners and vice-versa should not be considered to be a new plan of disposal, rather it is a continuation of the original plan. There is, therefore, no interruption of the application of the requirements in PFRS 5. The amendment also clarifies that changing the disposal method does not change the date of classification.

- PFRS 7, *Financial Instruments: Disclosures - Servicing Contracts*
  PFRS 7 requires an entity to provide disclosures for any continuing involvement in a transferred asset that is derecognized in its entirety. The amendment clarifies that a servicing contract that includes a fee can constitute continuing involvement in a financial asset. An entity must assess the nature of the fee and arrangement against the guidance in PFRS 7 in order to assess whether the disclosures are required. The amendment is to be applied such that the assessment of which servicing contracts constitute continuing involvement will need to be done retrospectively. However, comparative disclosures are not required to be provided for any period beginning before the annual period in which the entity first applies the amendments.

- PFRS 7, *Applicability of the Amendments to PFRS 7 to Condensed Interim Financial Statements*
  This amendment is applied retrospectively and clarifies that the disclosures on offsetting of financial assets and financial liabilities are not required in the condensed interim financial report unless they provide a significant update to the information reported in the most recent annual report.

- PAS 19, *Employee Benefits - Regional Market Issue Regarding Discount Rate*
  This amendment is applied prospectively and clarifies that market depth of high quality corporate bonds is assessed based on the currency in which the obligation is denominated, rather than the country where the obligation is located. When there is no deep market for high quality corporate bonds in that currency, government bond rates must be used.

- PAS 34, *Interim Financial Reporting - Disclosure of Information 'Elsewhere in the Interim Financial Report*'
  The amendment is applied retrospectively and clarifies that the required interim disclosures must either be in the interim financial statements or incorporated by cross-reference between the interim financial statements and wherever they are included within the greater interim financial report (e.g., in the management commentary or risk report).

New Accounting Standard, Amendments to Existing Standards and Interpretations Effective Subsequent to December 31, 2016

The standards, amendments and interpretations which have been issued but not yet effective as at December 31, 2016 are disclosed below. Except as otherwise indicated, the Parent Company does not expect the adoption of the applicable new and amended PFRS to have a significant impact on its financial position or performance.

Effective 2017

Amendments to PAS 7, *Statement of Cash Flows*

The amendments to PAS 7 require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes (such as foreign exchange gains or losses). On initial application of the amendments, entities are not required to provide comparative information

for preceding periods. They are effective for annual periods beginning on or after January 1, 2017, with earlier application being permitted.

Amendments to PAS 12, *Income taxes – Recognition of Deferred Tax Assets for Unrealized Losses*
The amendments clarify that an entity needs to consider whether tax law restricts the sources of taxable profits against which it may make deductions on the reversal of that deductible temporary difference. Furthermore, the amendments provide guidance on how an entity should determine future taxable profits and explain the circumstances in which taxable profit may include the recovery of some assets for more than their carrying amount.

Entities are required to apply the amendments retrospectively. However, on initial application of the amendments, the change in the opening equity of the earliest comparative period may be recognized in opening retained earnings (or in another component of equity, as appropriate), without allocating the change between opening retained earnings and other components of equity. Entities applying this relief must disclose that fact. Early application of the amendments is permitted. These amendments are not expected to have any impact on the Parent Company.

Effective 2018

Amendments to PAS 40, *Investment Property – Transfers of Investment Property*
The amendments clarify when an entity should transfer property, including property under construction or development, into, or out of investment property. The amendments state that a change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. A mere change in management's intentions for the use of a property does not provide evidence of a change in use. The amendments should be applied prospectively to changes in use that occur on or after the beginning of the annual reporting period in which the entity first applies the amendments. . The amendments are effective for annual periods beginning on or after July 1, 2018. Retrospective application is only permitted if that is possible without the use of hindsight. The amendments are not expected to have any impact on the Parent Company.

Philippine IFRIC Interpretation 22, *Foreign Currency Transactions and Advance Consideration*
The interpretation clarifies that in determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a nonmonetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which an entity initially recognizes the nonmonetary asset or nonmonetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, then the entity must determine a date of the transactions for each payment or receipt of advance consideration. Entities may apply the interpretation on a fully retrospective basis. Alternatively, an entity may apply the interpretation prospectively to all assets, expenses and income in its scope that are initially recognized on or after the beginning of the reporting period in which the entity first applies the interpretation or the beginning of a prior reporting period presented as comparative information in the financial statements of the reporting period in which the entity first applies the interpretation.

The Parent Company does not expect the adoption of this interpretation to have any significant impact on the financial statements.

Amendments to PFRS 2, *Share-based Payment – Classification and Measurement of Share-based Payment Transactions*
The amendments are intended to clarify following:

- Accounting for cash-settled share-based payment transactions that include a performance condition;
- Classification of share-based payment transactions with net settlement features; and
- Accounting for modifications of share-based payment transactions from cash-settled to equity settled

They are effective for annual periods beginning on or after January 1, 2018. On adoption, entities are required to apply the amendments without restating prior periods, but retrospective application

is permitted if elected for all three amendments and other criteria are met. Early application of the amendment is permitted.

Amendments to PFRS 4, *Insurance Contracts – Applying PFRS 9 'Financial Instrument' with PFRS 4 'Insurance Contracts'*
The amendments address concerns arising from implementing PFRS 9, the new financial instruments standard, before implementing the forthcoming insurance contracts standard. They allow entities to choose between the overlay approach and the deferral approach to deal with the transitional challenges. The overlay approach gives all entities that issue insurance contracts the option to recognize in other comprehensive income, rather than profit or loss, the volatility that could arise when PFRS 9 is applied before the new insurance contracts standard is issued. On the other hand, the deferral approach gives entities whose activities are predominantly connected with insurance an optional temporary exemption from applying PFRS 9 until the earlier of application of the forthcoming insurance contracts standard or January 1, 2021. The overlay approach and the deferral approach will only be available to an entity if it has not previously applied PFRS 9. The amendments are not applicable to the Parent Company since there are no activities that are predominantly connected with insurance or issue insurance contracts. They are effective for annual periods beginning on or after January 1, 2018.

PFRS 9, *Financial Instruments (2014)*
PFRS 9 (2014) replaces PAS 39, Financial Instruments: Recognition and Measurement, and supersedes the previously published versions of PFRS 9 that introduced new classifications and measurement requirements (in 2009 and 2010) and a new hedge accounting model (in 2013). PFRS 9 includes revised guidance on the classification and measurement of financial assets, including a new expected credit loss model for calculating impairment, guidance on own credit risk on financial liabilities measured at fair value and supplements the new general hedge accounting requirements published in 2013. PFRS 9 incorporates new hedge accounting requirements that represent a major overhaul of hedge accounting and introduces significant improvements by aligning the accounting more closely with risk management. The new standard is to be applied retrospectively for annual periods beginning on or after January 1, 2018, with early adoption permitted. The Parent Company is still assessing the potential impact on its financial statements resulting from the application of PFRS 9.

PFRS 15, *Revenue from Contracts with Customers*
PFRS 15 replaces PAS 11, *Construction Contracts*, PAS 18, *Revenue*, IFRIC 13, *Customer Loyalty Programmes,* IFRIC 18, *Transfer of Assets from Customers* and SIC-31, Revenue - *Barter Transactions Involving Advertising Services*. The new standard introduces a new revenue recognition model for contracts with customers which specifies that revenue should be recognized when (or as) a company transfers control of goods or services to a customer at the amount to which the company expects to be entitled. Depending on whether certain criteria are met, revenue is recognized over time, in a manner that best reflects the company's performance, or at a point in time, when control of the goods or services is transferred to the customer. The standard does not apply to insurance contracts, financial instruments or lease contracts, which fall in the scope of other PFRSs. It also does not apply if two companies in the same line of business exchange nonmonetary assets to facilitate sales to other parties. Furthermore, if a contract with a customer is partly in the scope of another PFRS, then the guidance on separation and measurement contained in the other PFRS takes precedence.

The new standard is effective for annual periods beginning on or after January 1, 2018, with early adoption permitted. The Parent Company is currently assessing the impact of PFRS 15 and plans to adopt the new standard on the required effective date.

Annual Improvements to PFRSs (2014-2016 cycle)
The Annual Improvements to PFRSs (2012-2014 cycle) are effective for annual periods beginning on or after January 1, 2018 and will not have any material impact to the Parent Company's financial statements. They include:

- PFRS 1, *First-time Adoption of Philippine Financial Reporting Standards*
  The amendment deleted the short-term exemptions in paragraphs E3-E7 of PFRS 1, because they have now served their intended purpose.

- PFRS 12, *Disclosure of Interests in Other Entities*
  The amendment clarified the scope of the standard by specifying that the disclosure requirements in the standard, except for those in paragraphs B10-B16, apply to an entity's interests listed in paragraph 5 that are classified as held for sale, as held for distribution or as discontinued operations in accordance with PFRS 5, *Non-current Assets Held for Sale and Discontinued Operations.*

- PAS 28, *Investments in Associates and Joint Ventures*
  The amendment clarified that the election to measure at fair value through profit or loss an investment in associate or a joint venture that is held by an entity that is a venture capital organization, or other qualifying entity, is available for each investment in an associate or joint venture on an investment-by-investment basis, upon initial recognition.

Effective 2019

PFRS 16, Leases
On January 13, 2016, the IASB issued its new standard, PFRS 16, Leases, which replaces PAS 17, the current leases standard, and the related Interpretations.

Under the new standard, lessees will no longer classify their leases as either operating lease or finance leases in accordance with PAS 17. Rather, lessees will apply the single-asset model. Under this model, lessees will recognize the assets and related liabilities for most leases on their statement of financial position, and subsequently, will depreciate the lease assets and recognize interest on the lease liabilities in their profit or loss. Leases with a term of 12 months or less or for which the underlying asset is of low value are exempted from these requirements.

The accounting by lessors is substantially unchanged as the new standard carries forward the principles of lessor accounting under PAS 17. Lessors, however, will be required to disclose more information in their financial statements, particularly on the risk exposure to residual value.

The new standard is effective for annual periods beginning on or after January 1, 2019. Earlier application is not permitted until the FRSC has adopted the new revenue recognition standard. When adopting PFRS 16, an entity is permitted to use either a full retrospective or a modified retrospective application, with options to use certain transition reliefs.

Deferred

PFRS 10, *Consolidated Financial Statements* and PAS 28, *Investments in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*
These amendments address an acknowledged inconsistency between the requirements in PFRS 10 and those in PAS 28 in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require that a full gain or loss is recognized when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognized when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary. These amendments are originally effective from annual periods beginning on or after January 1, 2016. This mandatory adoption date was later on deferred indefinitely pending the final outcome of the IASB's research project on International Accounting Standards 28. Adoption of these amendments when they become effective will not have any impact on the financial statements.

5. SUMMARY OF SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

Judgments
In the process of applying the accounting policies of the Parent Company and its subsidiaries, management has made the following judgments, apart from those involving estimations, which have the most significant effect on amounts recognized in the financial statements:

- *Determination of control* - The Parent Company controls an entity if and only if the Parent Company has (i) Power over the entity, (ii) Exposure or rights to variable returns from its involvement with the entity, and (iii) The ability to use its power over the entity to affect the amount of Parent Company's returns.

  The Parent Company regularly reassesses whether it controls an investee when facts and circumstances indicate that there are changes to one or more elements of controls above.

  As of December 31, 2016 and 2015, the Parent Company determined that it exercise control over its subsidiaries.

- *Assessment of joint arrangement* – The Parent Company reviews the joint arrangement with its co-joint operators for any changes in facts and circumstances leading to the determination of joint control between joint operators. As of December 31, 2016 and 2015, Management has determined that its joint arrangements are in the nature of joint operation as guided by PFRS 11.

- *Recognition of deferred tax assets* – the Parent Company reviews the carrying amounts at the end of each reporting period and adjust the balance of deferred tax assets to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilized. As of December 31, 2016 and 2015, the Parent Company did not recognize deferred tax asset amounting to P17.11 million and P15.03 million, respectively, since it does not expect to have sufficient profit against which the deferred tax asset can be utilized.

- *Classification of financial instruments* – the Parent Company classifies financial instruments, or its components, on initial recognition as a financial asset, financial liability or an equity instrument in accordance with the substance of the contractual arrangement and the definitions of a financial asset, a financial liability or an equity instrument. The substance of a financial instrument, rather than its legal form, governs its classification.

  Financial assets are further classified into the following categories:

  a. Financial assets at fair value through profit or loss
  b. Available-for-sale financial asset
  c. Held-to-maturity financial asset
  d. Loans and receivables

  The Parent Company determines the classification at initial recognition and re-evaluates this classification at every reporting date.

- *Classification of property* – The Parent Company determines whether a property is classified as investment property or inventory as follows:

  a. Investment property comprises land which are not occupied substantially for use by, or in the operations of the Parent Company, nor for sale in the ordinary course of business, but are held primarily to earn rental income and capital appreciation.

  b. Inventory comprises property that is held for sale in the ordinary course of business. Principally, this is residential property that the Parent Company develops and intends to sell before or on completion of construction.

- *Revenue recognition* – Selecting an appropriate revenue recognition method for a particular real estate sale transaction requires certain judgment based on buyers' commitment on the sale which may be ascertained through the significance of buyers' initial investment. Management believes that a certain percentage of the total contract price signifies the buyers' commitment to the property. Accordingly, the Parent Company recognizes the sale at that stage.

- *Litigations* – The Parent Company is currently involved in some legal proceedings. While estimates have been developed on possible outcome of these cases, management believes that the ultimate outcome will not have a material effect on the financial statements. However, a change in underlying estimates could affect financial statements in the future.

  As of December 31, 2016 and 2015, there were no provisions for litigation in the accompanying financial statements.

Accounting Estimates

The key assumptions concerning the future and other key sources of estimation of uncertainty at the end of reporting period, that have significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

- *Determination of fair value of assets and liabilities*
  The Parent Company measures fair value of assets and liabilities using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements.

  Level 1
  Included in the Level 1 category are assets and liabilities that are measured in whole or in part by reference to published quotes in an active market. Assets and liabilities are regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency and those prices represent actual and regularly occurring market transactions on an arm's length basis.

  Level 2
  Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices)

  Level 3
  Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs)

  Fair value measurement is discussed in Note 6.

- *Impairment of non-financial assets* – the Parent Company assesses whether there are indications of impairment on its long-lived assets, at least on an annual basis. This requires an estimation of the value-in-use of the cash generating units to which the assets belong. Estimating the value-in-use requires the Parent Company to make an estimate of the expected future cash flows from the cash generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows.

- *Provisions* – the Parent Company provides for present obligations (legal or constructive) where it is probable that there will be an outflow of resources embodying economic benefits that will be required to settle said obligations. An estimate of the provisions is based on known information at end of the reporting period, net of any estimated amount that may be reimbursed to the Parent Company and its subsidiaries. The amount of provision is being re-assessed at least on an annual basis to consider new relevant information.

- *Estimating useful lives and residual values of property and equipment* – the Parent Company estimates the useful lives and residual values of property and equipment based on the internal technical evaluation and experience. Estimated lives of property and equipment are reviewed periodically and updated if expectations differ from previous estimates due to physical wear and tear, technical and commercial obsolescence and other limits on the use of the assets.

  Depreciation is computed on the straight-line basis over the estimated useful lives of the assets as follows:

	Estimated useful life
Condominium units and improvements	15-25 years
Office furniture, fixtures and office equipment	3-5 years
Transportation equipment	3-5 years

- *Estimating NRV of Real Estate Inventories* -The carrying value of real estate inventories is carried at lower of cost or NRV. The estimates used in determining NRV is dependent on the recoverability of its cost with reference to existing market prices, location or the recent market transactions. The amount and timing of recorded cost for any period would differ if different estimates were used.

- *Estimating retirement benefits cost* – the Parent Company's retirement benefit cost is computed using the provisions of R.A. 7641. This entails using certain assumptions with respect to salary increases and employees' length of stay. (see Note 23)

- *Estimation of allowance for impairment loss on receivables* – Allowance for impairment loss is provided for accounts that are specifically identified to be doubtful of collection. The level of allowance is evaluated by management on the basis of factors that affect the collectability of the accounts. (see Note 17)

6. FAIR VALUE MEASUREMENT

The fair value for assets and liabilities traded in active market at the reporting date is based on their quoted market price. For all other assets and liabilities not listed in an active market, the fair value is determined by using appropriate techniques or comparison to similar instruments for which market observable prices exists.

Where the transaction price in a non-active market is different from the fair value of other observable current market transactions in the same instruments or based on a valuation technique, the Parent Company recognizes the difference between the transaction price and fair value in the statement of income unless it qualifies for recognition as some other type of asset.

Assets and liabilities measured at fair value and those which are not measured at fair value but fair value is required to be disclosed are categorized in a manner discussed in note 5.

The following table presents the summary of the Parent Company's financial assets and liabilities measured or disclosed at fair value on a recurring or non-recurring basis recognized in the Statements of Financial Position as of December 31, 2016 and 2015:

2016	**Level 1**	**Level 2**	**Level 3**
Assets			
Loans and receivables			
Cash and cash equivalents*	**P -**	**P 227,103,524**	**P -**
Receivables	-	**26,769,668**	-
Non-current installment			
contracts receivable	**-**	**6,869,944**	**-**
Financial assets at fair value through profit or loss	**9,311,677**	**-**	**-**
Available-for-sale	**2,580,000**	**-**	**-**
Investment properties	**-**	**489,000,000**	**58,000,000**
	P 11,891,677	**P 495,869,944**	**P 58,000,000**
Liabilities			
Accounts payable and accrued expenses	**P -**	**P 13,509,228**	**P -**
Due to subsidiary	**-**	**221,084,873**	**-**
	P -	**P 234,594,101**	**P -**

** Amount is exclusive of cash on hand amounting to P30,000.*

2015	Level 1	Level 2	Level 3
Assets			
Loans and receivables			
Cash and cash equivalents*	P -	P 240,590,604	P -
Receivables	-	26,812,659	-
Non-current installment			
contracts receivable	-	9,124,536	-
Financial assets at fair value through profit or loss	7,746,476	-	-
Available-for-sale	2,580,000	-	-
Investment properties	-	489,000,000	58,000,000
	P 10,326,476	P 498,124,536	P 58,000,000
Liabilities			
Accounts payable and accrued expenses	P -	P 13,889,997	P -
Due to subsidiary	-	221,084,873	-
	P -	P 234,974,870	P -

** Amount is exclusive of cash on hand amounting to P30,000.*

Fair values were determined as follows:

- Due to short-term nature of transactions of Cash and cash equivalents, receivables, accounts payable and accrued expenses and due to subsidiary, the fair values approximate the carrying amounts at initial recognition.
- Fair values of Non-current installment contracts receivable were determined by discounting future cash flows at market prevailing interest rates.
- Fair values of FVPL financial assets were determined through the Philippine Stocks Exchange.
- Fair values of Available-for-sale were determined using the quoted market prices at the end of reporting period.

- Fair values of Investment properties under level 2 were determined by reference to the proposal to buy/sell the properties and adjacent properties thereto. Fair value of level 3 investment properties were determined using Sales comparison approach.

7. RISK MANAGEMENT OBJECTIVES AND POLICIES

Risk management framework
The Parent Company's audit committee is responsible for the over-all effectiveness of risk management system. Furthermore, it is also the committee's purpose to lead the general evaluation and to provide assistance in the continuous improvement of the Parent Company's risk management, control and governance processes. These functions also require that:

(i) Financial reports comply with established internal policies and procedures, pertinent accounting and auditing standards, and other regulatory requirements;

(ii) Risks are properly identified, evaluated and managed, specifically in the areas of managing credit, market, liquidity, operational, legal and other risks;

(iii) The BOD is properly assisted in the development of policies that would enhance the risk management.

Market Risk
Market risk is the risk of change in fair value of financial instruments from fluctuation in foreign exchange rates (currency risk), market interest rates (interest rate risk) and market prices (price risk), whether such change in price is caused by factors specific to the individual instrument or its issuer or factors affecting all instruments traded in the market.

i. Foreign Currency Risk
The risk that the Parent Company will face with respect to this is the unstable changes in foreign exchange particularly in US dollar. To minimize this risk, the Parent Company maintains a considerable amount of cash and cash equivalents so as not to be affected by the fluctuation of Philippine peso vis-à-vis US dollar.

The Parent Company's exposure to foreign currency risk pertains to its Dollar denominated cash and cash equivalents.

The following table demonstrates the sensitivity to a reasonable change in the US$ exchange rate, with all other variables held constant, of the Parent Company's income before tax and equity:

Increase/Decrease in	Effect on income before taxes		Effect on equity	
Peso to US Dollar Rate	**2016**	2015	**2016**	2015
+P5.00	**P 49,394**	P 49,010	**P 34,576**	P 34,307
-P5.00	**(49,394)**	(49,010)	**(34,576)**	(34,307)

ii. Interest rate risk
As of December 31, 2016 and 2015, financial instruments subject to variable interest rate risk are as follows:

	Interest	**Due in**	
2016	**rate**	**1 year**	**2-5 years**
Financial assets that are:			
Cash and cash equivalents	**0.75%-2.25%**	**P 227,103,524**	**P -**

2015	Interest rate	Due in 1 year	Due in 2-5 years
Financial assets that are:			
Cash and cash equivalents	0.75%-2.25%	P 240,590,604	P -

The table below demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Parent Company's profit before tax:

		Increase/decrease in interest rates	Effect on profit before tax
Cash and cash equivalents	**2016**	**+100 bps**	**P 2,338,471**
	2016	**-100 bps**	**(2,338,471)**
	2015	+100 bps	2,425,584
	2015	-100 bps	(2,425,584)

iii. Price risk

The Parent Company's price risk exposure at year end relates to financial assets whose rates will fluctuate as a result of changes in market prices, principally, financial assets at fair value through profit or loss and available-for-sale.

Management monitors movements of equity price on a regular basis by assessing the expected changes in the different portfolios due to parallel movements of a 5% increase or decrease in market values.

The equity securities are classified as fair value through profit or loss and available-for-sale. Any increase and a decrease in the market values of stocks would result to an impact on the statement of comprehensive income and equity.

% of change in market values	**Impact on income**		**Impact on equity**	
	2016	2015	**2016**	2015
+5%	**P 1,049,050**	P 1,015,300	**P 1,094,630**	P 1,061,048
-5%	**(1,049,050)**	(1,015,300)	**(1,094,630)**	(1,061,048)

Credit Risk

Generally, the maximum credit risk exposure of financial assets is the carrying amount of the financial assets as shown on the face of the statement of financial position (or in the detailed analysis provided in the notes to the financial statements). Credit risk, therefore, is only disclosed in circumstances where the maximum potential loss differs significantly from the financial asset's carrying amount.

The Parent Company actively monitors its receivables to avoid significant concentrations of credit risk. They set a maximum limit on the amount that each employee can borrow. In addition, receivables from employees are subject to salary deductions.

The maximum exposure to credit risk at the end of reporting period is as follows:

	2016	2015
Cash and cash equivalents*	**P 227,103,524**	P 240,590,604
Receivables	**35,091,244**	37,865,226
Financial assets at fair value through profit or loss	**9,311,677**	7,746,476
AFS financial assets	**1,070,000**	1,070,000
Other non-current assets**	**72,557,620**	72,557,620
	P 345,134,065	P 359,829,926

** Amount is exclusive of cash on hand amounting to P30,000.*

*** Amount is exclusive of nonfinancial asset amounting to P302,935.*

The tables below show the credit quality by class of financial assets as at December 31, 2016 and 2015:

	Neither past due nor impaired		Past due but not impaired	Past due and impaired	
2016	**High grade**	**Standard grade**	**90 days past due**	**impaired**	**Total**
Cash and cash equivalents	**P 227,103,524**	**P -**	**P -**	**P -**	**P 227,103,524**
Receivables	**4,752,034**	**30,339,210**	**-**	**-**	**35,091,244**
FVPL financial assets	**9,311,677**	**-**	**-**	**-**	**9,311,677**
AFS financial assets	**1,070,000**	**-**	**-**	**-**	**1,070,000**
Other non-current assets	**-**	**-**	**54,062,331**	**18,495,289**	**72,557,620**
	P 242,237,235	**P 30,339,210**	**P 54,062,331**	**P 18,495,289**	**P 345,134,065**

	Neither past due nor impaired		Past due but not impaired	Past due and	
2015	High grade	Standard grade	90 days past due	impaired	Total
Cash and cash equivalents	P 240,590,604	P -	P -	P -	P 240,590,604
Receivables	5,608,906	32,256,320	-	-	37,865,226
FVPL financial assets	7,746,476	-	-	-	7,746,476
AFS financial assets	1,070,000	-	-	-	1,070,000
Other non-current assets	-	-	54,424,161	18,133,459	72,557,620
	P 255,015,986	P 32,256,320	P 54,424,161	P 18,133,459	P 359,829,926

High grade cash and cash equivalents are short-term placements and working cash fund placed, invested, or deposited in banks belonging to the top banks in the Philippines in terms of resources and profitability.

High grade accounts, other than cash and cash equivalents, are accounts considered to be of high value. The counterparties have a very remote likelihood of default and have consistently exhibited good paying habits.

Standard grade accounts are active accounts with propensity of deteriorating to mid-range age buckets. These accounts are typically not impaired as the counterparties generally respond to credit actions and update their payments accordingly.

Liquidity Risk
Liquidity or funding risk is the risk that an entity will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from either the inability to sell financial assets quickly at their fair values; or counterparty failing on repayment of a contractual obligation; or inability to generate cash inflows as anticipated.

Liquidity risk is a risk due to uncertain liquidity. An institution may suffer liquidity problem when its credit rating falls. The Parent Company is also exposed to liquidity risk if markets on which it depends on are subject to loss of liquidity.

The table below summarizes the maturity profile of the Parent Company's financial liabilities as of December 31, 2016 and 2015, based on undiscounted contractual payments:

		On demand	Not later than one month	Later than 1 month & not Later than 3 months	Later than 3 months & not later than 1 year	Total
Accounts payable and accrued expenses	**2016**	**P -**	**P 843,037**	**P 436,578**	**P 12,229,613**	**P 13,509,228**
	2015	-	866,798	448,884	12,574,315	13,889,997
Due to subsidiary	**2016**	**221,084,873**	**-**	**-**	**-**	**221,084,873**
	2015	221,084,873	-	-	-	221,084,873

8. CASH AND CASH EQUIVALENTS

Cash and cash equivalents as of December 31, 2016 and 2015 are as follows:

	2016	2015
Cash on hand and in banks	**P 41,970,796**	P 50,372,324
Short-term placements	**185,162,728**	190,248,280
	P 227,133,524	P 240,620,604

Cash accounts with banks generally earn interest at rates based on prevailing bank deposit rates. Short-term placements can be pre-terminated at any time and have average interest rates ranging from 0.75% to 2.25% per annum in 2016 and 2015.

9. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

The Parent Company's financial assets at fair value through profit or loss consist of shares of stock of publicly listed companies which are classified as held for trading.

All amounts presented have been determined directly by reference to published price quoted in the stock market.

The reconciliation of this account is shown below:

	2016	2015
Balance, January 1	**P 7,746,476**	P 11,710,815
Acquisitions during the year	**1,075,000**	490,000
Disposals during the year	**(400,000)**	-
Changes in market value	**890,201**	(4,454,339)
	P 9,311,677	P 7,746,476

The Parent Company recognized a fair value gain amounting to P890,201 and fair value loss of P4,454,339 in 2016 and 2015, respectively. The Parent Company also disposed certain shares of stock which resulted to a gain of P200,000 in 2016. (see Note 20)

10. RECEIVABLES

As of December 31, 2016 and 2015, this account consists of the following:

		2016		2015
Contract receivable:				
Installment contract	**P**	**12,643,447**	P	16,661,473
Lease contract		**430,164**		-
Due from HDMF		**12,801,020**		11,448,610
Advances to subsidiaries		**6,425,218**		6,385,771
Advances to officers and employees		**2,043,812**		2,585,344
Advances to agent		**336,018**		339,018
Other receivables		**411,565**		445,010
		35,091,244		37,865,226
Less: Non-current portion of installment contracts receivable		**8,321,576**		11,052,567
	P	**26,769,668**	P	26,812,659

Installment contracts receivable on sale of house and lots which pertains to Sta. Rosa project are collectible in monthly installments for periods ranging from 3 to 7 years and bear an interest rate of 21% per annum computed on the diminishing balance. Portion of which are covered with postdated checks. For the years ended December 31, 2016 and 2015, interest income on these installment accounts amounted to P1,762,335 and P2,039,220, respectively.

Lease contract receivable pertains to receivables arising from contract of lease with option to purchase. These receivables are expected to be collected within one year.

Due from HDMF represents portion of take-out proceeds on sale of real estate properties that were withheld in accordance with financing agreement with Home Development Mutual Fund.

Advances to subsidiaries represent cash advances made by the Parent Company to cover the subsidiaries' working capital requirement. The advances are not subject to interest and have no fixed repayment terms.

Due to short-term nature of transactions of current receivables, the fair values approximate the carrying amounts at initial recognition.

11. REAL ESTATE FOR SALE

In the Parent Company's financial statements, this account is composed of the following:

		2016		2015
Sta. Rosa project	**P**	**91,675,230**	P	93,781,755
Share in joint operation *(see note 27)*		**22,833,694**		23,864,891
	P	**114,508,924**	P	117,646,646

Details of this account in 2016 and 2015 are as follows:

2016		Housing units and developments		Land		Total
Real estate inventory, beginning	**P**	**111,370,328**	**P**	**6,276,318**	**P**	**117,646,646**
Costs incurred:						
Materials		**8,907,111**		**-**		**8,907,111**
Labor		**4,957,341**		**-**		**4,957,341**
Others		**2,341,558**		**-**		**2,341,558**
Real estate available for sale		**127,576,338**		**6,276,318**		**133,852,656**
Less: Cost of sales (Note 21)		**18,476,876**		**866,856**		**19,343,732**
Real estate inventory, ending	**P**	**109,099,462**	**P**	**5,409,462**	**P**	**114,508,924**

2015		Housing units and developments		Land		Total
Real estate inventory, beginning	P	122,157,216	P	7,619,308	P	129,776,524
Costs incurred:						
Materials		7,786,314		-		7,786,314
Labor		4,554,362		-		4,554,362
Others		1,625,859		-		1,625,859
Real estate available for sale		136,123,751		7,619,308		143,743,059
Less: Cost of sales (Note 21)		24,753,423		1,342,990		26,096,413
Real estate inventory, ending	P	111,370,328	P	6,276,318	P	117,646,646

Real estate for sale, which is carried at cost, principally pertains to cost of raw land and property development and other expenses related to development and construction of subdivision and condominium units.

The cost of raw land includes its acquisition cost and expenses incurred to effect the transfer of title of the property to the Parent Company. Development costs include the cost of construction, rehabilitation and other related costs.

12. PREPAYMENTS AND OTHER CURRENT ASSETS

As of December 31, 2016 and 2015, this account is composed of the following:

		2016		2015
Input value added tax	**P**	**5,873,729**	P	5,154,179
Prepaid taxes		**8,092,772**		7,164,122
Deposit and others		**431,740**		439,909
	P	**14,398,241**	P	12,758,210

13. AVAILABLE-FOR-SALE FINANCIAL ASSETS

Available-for-sale financial assets consist of golf club shares in Manila Southwoods and Tagaytay Midlands. The fair values of available-for-sale financial assets have been determined directly by reference to published prices in an active market.

Details of available-for-sale financial assets in 2016 and 2015 is as follows:

		2016		2015
Acquisition cost	**P**	**1,070,000**	P	1,070,000
Allowance for market adjustment		**1,510,000**		1,510,000
	P	**2,580,000**	P	2,580,000

The movement of allowance for market adjustment is as follows:

		2016		2015
Balance at beginning of year	**P**	**1,510,000**	P	910,000
Change in market value		**-**		600,000
Balance at end of year	**P**	**1,510,000**	P	1,510,000

14. INVESTMENT IN SUBSIDIARIES

In the Parent Company financial statements, this account represents investment in Omico Kapital amounting to P200,000,000 and Omico Mining Inc. *(formerly Omico-Ivanhoe Mining Inc.)* amounting to P2,500,000, recorded at cost as required under PFRS 10, *Consolidated Financial Statements*.

15. PROPERTY AND EQUIPMENT

The movement of property and equipment as of December 31, 2016 is as follows.

	Condominium Units and Improvements	Office Furniture and Fixtures	Office Equipment	Transportation Equipment	Total
Cost					
At January 1, 2016	**P 14,140,270**	**P 2,133,079**	**P 5,093,635**	**P 11,061,249**	**P 32,428,233**
Additions	**-**	**-**	**113,862**	**3,632,143**	**3,746,005**
Retirement and disposals	**-**	**(1,279,848)**	**(3,112,215)**	**(1,180,000)**	**(5,572,063)**
At December 31, 2016	**14,140,270**	**853,231**	**2,095,282**	**13,513,392**	**30,602,175**
Accumulated depreciation					
At January 1, 2016	**10,839,108**	**2,131,944**	**4,856,248**	**10,015,393**	**27,842,693**
Provisions	**559,547**	**1,134**	**102,598**	**696,011**	**1,359,290**
Retirement and disposals	**-**	**(1,279,848)**	**(3,112,215)**	**(1,180,000)**	**(5,572,063)**
At December 31, 2016	**11,398,655**	**853,230**	**1,846,631**	**9,531,404**	**23,629,920**
Net Book Value					
At December 31, 2016	**P 2,741,615**	**P 1**	**P 248,651**	**P 3,981,988**	**P 6,972,255**

The movement of property and equipment as of December 31, 2015 is as follows.

	Condominium Units and Improvements	Office Furniture and Fixtures	Office Equipment	Transportation Equipment	Total
Cost					
At January 1, 2015	P 14,140,270	P 2,133,079	P 4,975,010	P 11,061,249	P 32,309,608
Additions	-	-	118,625	-	118,625
At December 31, 2015	14,140,270	2,133,079	5,093,635	11,061,249	32,428,233
Accumulated depreciation					
At January 1, 2015	10,279,562	2,129,582	4,723,548	9,160,153	26,292,845
Provisions	559,546	2,362	132,700	855,240	1,549,848
At December 31, 2015	10,839,108	2,131,944	4,856,248	10,015,393	27,842,693
Net Book Value					
At December 31, 2015	P 3,301,162	P 1,135	P 237,387	P 1,045,856	P 4,585,540

Certain transportation equipment disposed in 2016 resulted to a gain of P290,179. (See Note 20)

The Parent Company has fully depreciated assets which are still being used amounting to P14,620,850 and P18,369,535 as at December 31, 2016 and 2015, respectively.

16. INVESTMENT PROPERTIES

Investment properties comprise parcels of land in the following locations:

	2016	2015
Pasong Tamo, Makati City	**P 170,313,458**	P 170,313,458
Urdaneta City, Pangasinan	**73,853,003**	72,254,474
Mayapyap, Cabanatuan City	**19,200,222**	19,200,222
Haddad, Sablan, Benguet	**37,026,389**	37,026,389
Bueno, Sablan, Benguet	**16,372,765**	16,356,624
Belmonte, Sablan, Benguet	**3,095,081**	3,095,081
	P 319,860,918	P 318,246,248

- The property located in Pasong Tamo is a subject of joint venture agreement entered in 1995 with other property developers. Considering several hindrances besetting the proposed project, the agreement was rescinded in 2008. The Parent Company still believes that a residential or commercial or mix use development is most suitable for the said property as such the fair value of the property in terms of it highest and best use which is categorized as level 2 of the fair value hierarchy amounted to P204 million in 2016 and 2015. The fair value was determined based on a proposal to buy the property received from third parties which management believes to be a reasonable approximation of fair value.

- The property held in Urdaneta City, Pangasinan is also a subject of a joint venture with other property developers and co-owners (see Note 27). Pending certain clearances from government agencies, the property will be a location of low and medium cost residential and commercial subdivisions in Urdaneta City. Management determines that based on recent transactions and offers to buy/sell adjacent properties, the fair value of the property which is categorized as level 2 of the fair value hierarchy amounted to P211 million in 2016 and 2015.

The Parent Company spent a total of P1,598,528 and P191,689 in 2016 and 2015 for regulatory clearance, respectively. The same may be recovered once the joint venture operations commence.

- This property, which is situated in Bgy. Mayapyap Sur, Cabanatuan City, Nueva Ecija and located along the Maharlika National Highway, has an area of 42,333 square meters and has a fair value of P74 million in 2016 and 2015. The property has been re-classified as residential area by the local government, the highest and best use for the property. Development plans are being formulated for the property, which is beamed at the middle-income residential market. Fair value was determined by reference to the proposals to sell adjacent properties received from a certain seller which is categorized as level 2 of the fair value hierarchy.

- The Haddad property, which is situated in Bgy. Banangan, Muncipality of Sablan, Province of Benguet with an area of 66,846 square meters, has a spectacular view of the Cordilleras, and as far away as Lingayen Gulf, the beaches of La Union and the South China Sea. The Haddad Property is being planned as an upscale vacation and residential community in Metro Baguio and will be named the Omico Pine Villas.

- The Parent Company is currently evaluating the development of the Bueno property located in Bgy, Banangan, Municipality of Sablan, Province of Benguet. The project will be called Baguio Homes and has an area of 66,217 square meters located on the slopes of mountainside terrain with the majestic view of the Cordilleras. The project is designed to cater to the low cost housing needs of Metro Baguio, the highest and best use of the property. The land had already been converted in the local level from agricultural to residential use.

- The Belmonte property, which is situated in Dackes, Bgy. Banangan, Muncipality of Sablan, Province of Benguet and located along Naguilian Road, Baguio City has an area of 23,624 square meters.

The aggregate fair value of the Sablan, Benguet (Haddad, Bueno and Belmonte) properties is estimated to be P58 million in 2016 and 2015, determined under level 3 of the fair value hierarchy. The value was determined in consultation with real estate brokers operating within the Baguio district which management believes to be a representative of its fair value.

The description of valuation techniques and inputs used in determining the fair value of investment properties classified as Level 3 in the fair value hierarchy is as follows:

Valuation techniques	Significant unobservable inputs	Range
Sales comparison approach	Asking price (per square meter)	P200-P450
	Size	
	Location	
	Neighborhood	
	Transport/Road network	

Sales comparison approach is a comparative approach to value that considers the sales of similar or substitute properties and related market data and establishes a value estimate by processes involving comparison. Except for asking price, the quantitative information on significant unobservable inputs cannot be determined by management alone.

During 2016 and 2015, there were no transfers between levels of fair value hierarchy. No property has been pledge as collateral or security for any of the Parent Company's liabilities and there have been no restrictions on the realizability of these investment properties. Except for properties that are subject of a joint venture, no contractual obligations to purchase, construct or develop these properties or for repairs, maintenance or enhancements.

There was no rental income generated from investment properties. Direct operating expenses included in the statements of comprehensive income related to the investment properties amounted to P1 million in 2016 and P1.1 million in 2015.

17. OTHER NON-CURRENT ASSETS

As of December 31, 2016 and 2015, other non-current assets account consists of the following:

		2016		2015
Other financial asset	**P**	**50,000,000**	P	50,000,000
Advances		**20,542,775**		20,542,775
Other receivables		**2,014,845**		2,014,845
Mining and other equipment - net		**302,935**		302,935
		72,860,555		72,860,555
Less: Allowance for impairment losses		**18,495,289**		18,133,459
	P	**54,365,266**	P	54,727,096

Other financial asset represents the contractual right of the Parent Company to receive 2.5% equity interest in Macawiwili Gold Mining and Development Corporation based on the valuation of Macawiwili at P2 billion. The security is carried at cost due to lack of a reliable observable and non-observable inputs necessary to calculate the fair value.

The details of Advances as of December 31, 2016 and 2015, which represent funds given by the Parent Company as its contribution to various housing projects, are as follows:

Beneco Housing	**P**	**11,528,881**
Sto. Domingo Housing		**4,983,363**
DVF Homes-Talavera		**4,030,531**
	P	**20,542,775**

Other receivables represent advances to third parties for real estate projects.

Movement of allowance for impairment losses follow:

		2016		2015
Balance at beginning of year	**P**	**18,133,459**	P	18,133,459
Provision for impairment losses		**361,830**		-
Balance at end of year	**P**	**18,495,289**	P	18,133,459

Breakdown of allowance for impairment losses is as follows:

		2016		2015
Advances:				
Beneco Housing	**P**	**11,528,881**	P	11,528,881
DVF-Homes Talavera		**4,030,531**		4,030,531
Sto. Domingo Housing		**618,097**		618,097
Other receivables		**2,014,845**		1,955,950
Mining and other equipment		**302,935**		-
	P	**18,495,289**	P	18,133,459

18. ACCOUNTS PAYABLE AND ACCRUED EXPENSES

This account consists of:

		2016		2015
Customers' advances and deposits	**P**	**9,414,525**	P	9,912,657
Accounts payable		**3,716,366**		3,699,163
Accrued taxes and other liabilities		**378,337**		278,177
	P	**13,509,228**	P	13,889,997

Customers' advances pertain to funding from buyers of real estate for future application against transfer and registration fees and other taxes to be incurred upon transfer of properties to the buyer.

Customers' deposits represent collections from the buyers which have not reached the minimum required percentage of collections. These deposits will be recognized as revenue in the statement of comprehensive income when the required percentage of collection is met.

Accounts payable comprise of amounts due to contractors and suppliers of goods and services.

Accrued taxes and other liabilities include deferred output tax and withholding taxes payable.

19. EQUITY

Share capital
The Parent Company's capital structure as of December 31, 2016 and 2015 is as follows:

Authorized-P1 par value	P	2,000,000,000
Issued and outstanding-1,050,461,673 shares		1,050,461,673

Deficit
As of December 31, 2016 and 2015, the balance of deficit includes the remaining balance of the deemed cost adjustment amounting to P71,194,369 related to investment property which arose when the Parent Company transitioned to PFRS in 2005. This amount is not available for dividend declaration.

Capital management
The Parent Company manages its capital requirements by assessing shortfalls between reported and required capital levels on a regular basis. Adjustments to current capital levels are made in light of changes in economic conditions and risk characteristics of the Parent Company's activities. In order to maintain or adjust the capital structure, the Parent Company may adjust the amount of dividends paid or require infusion of additional capital.

20. REVENUES

(a) Real estate sales

Real estate sale comprise the sale of lots, house and lot and condominium units related to Sta. Rosa in Nueva Ecija and Tagaytay. The Sta. Rosa project is registered with the Housing and Land Use Regulatory Board as seller of low-cost housing units. Low-cost housing units refer to housing units which are within the affordability level of the average and low-income earners.

Real estate sales of low-cost housing units and condominium units amounted to P27,967,487 and P39,817,081 in 2016 and 2015, respectively.

(b) Income from lease
This account pertains to income from lease contracts of condominium units in Tagaytay. The lease contract contains an option for the lessee to purchase the condominium units subject to certain conditions and approval of the Parent Company.

Income from lease amounted to P705,848 in 2016.

(c) Investment and other income - net consists of:

		2016		2015
Interest income on:				
Cash and cash equivalents	**P**	**3,289,404**	P	2,401,878
Installment contract receivable		**1,762,335**		2,039,220
HTM investments		**-**		251,389
Fair value gain (loss) on FVPL financial asset		**890,201**		(4,454,339)
Gain on sale of transportation equipment		**290,179**		-
Gain on sale of FVPL financial asset		**200,000**		-
Unrealized foreign exchange gain		**26,149**		24,985
Miscellaneous income		**289,904**		434,769
	P	**6,748,172**	P	697,902

21. COST OF REAL ESTATE SALES

For the year ended December 31, 2016 and 2015, details of this account are as follows:

		2016		2015
Real estate inventory, beginning	**P**	**117,646,646**	P	129,776,524
Add: Development costs incurred		**16,206,010**		13,966,535
Real estate available for sale		**133,852,656**		143,743,059
Less: Real estate inventory, ending		**114,508,924**		117,646,646
Cost of real estate sales	**P**	**19,343,732**	P	26,096,413

22. ADMINISTRATIVE EXPENSES

This account consists of:

		2016		2015
Compensation and other employees' benefits (Note 23)	**P**	**9,908,515**	P	8,488,144
Transportation and travel		**6,217,014**		7,608,007
Representation and entertainment		**2,529,572**		2,827,648
Taxes, licenses and filing fees		**2,006,206**		5,312,685
Depreciation (Note 15)		**1,359,290**		1,549,848
Professional fees		**1,225,643**		1,149,443
Communication, light and water		**806,778**		783,563
Meetings and conferences		**733,960**		371,166
Security fees		**672,296**		1,165,932
Repairs and maintenance		**495,266**		904,739
Office supplies		**382,034**		364,557
Provision for impairment losses (Note 17)		**361,830**		-
Directors' fee		**204,000**		270,000
Insurance		**150,338**		239,347
Association and membership dues		**132,893**		137,967
Caretaker's fee		**119,838**		117,775
Miscellaneous		**275,670**		688,699
	P	**27,581,143**	P	31,979,520

23. COMPENSATION AND OTHER EMPLOYEES' BENEFITS

The breakdown of the compensation and other benefits is as follows:

		2016		2015
Salaries and wages	**P**	**7,335,380**	P	7,061,792
Retirement expense		**1,575,575**		521,310
13th month pay		**615,606**		611,080
Social security cost		**194,954**		196,562
Other employee benefits		**187,000**		97,400
	P	**9,908,515**	P	8,488,144

The movements in the defined benefit obligation recognized and presented as *Accrued Retirement Liability* under Non-current Liabilities in the statements of financial position are as follows:

		2016		2015
Balance, January 1	**P**	**8,535,759**	P	8,014,449
Expense recognized		**1,575,575**		521,310
	P	**10,111,334**	P	8,535,759

The Parent Company's retirement benefit plan is patterned under the requirements of R. A. 7641 and covers 12 employees. As such, the plan is deemed to be a Defined Benefit Plan. The retirement expense for the years ended December 31, 2016, and 2015 amounted to P1,575,575 and P521,310, respectively. No actuarial valuations are made as management believes that the defined benefit obligation computed using the provisions of R.A. 7641 is not materially different with the amount computed using the projected unit credit method required under the revised PAS 19, *Employee Benefits*.

24. RELATED PARTY TRANSACTIONS

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence which include affiliates.

Transactions with related parties are made at normal market prices. There have been no guarantees provided or received for any related party receivables or payables. The Parent Company does not provide any allowance relating to receivable from related parties. This assessment is undertaken each financial year through examining the financial position of the related parties and the markets in which the related parties operate.

The following tables provide the total amount of transactions that have been entered into with related parties and the outstanding balances as of December 31, 2016 and 2015:

2016	**Amount of transaction**	**Amounts owed by related party**	**Amounts owed to related party**
Subsidiaries:			
Omico Kapital Corporation	**P 22,473**	**P 208,735**	**P 221,084,873**
Omico Mining Inc.	**16,974**	**6,216,483**	**-**
	P 39,447	**P 6,425,218**	**P 221,084,873**

2015	Amount of transaction	Amounts owed by related party	Amounts owed to related party
Subsidiaries:			
Omico Kapital Corporation	P 48,217	P 186,262	P 221,084,873
Omico Mining Inc.	17,138	6,199,509	-
	P 65,355	P 6,385,771	P 221,084,873

The Parent Company's advances to its subsidiaries represent cash advances for subsidiaries' operating expenses paid by the Parent Company. These advances are shown as part of Receivables in the Parent Company's statements of financial position. The outstanding balance amounted to P6,425,218 and P6,385,771 as of December 31, 2016 and 2015, respectively. These advances are non-interest bearing and have no fixed repayment terms.

The Parent Company's cash advances from its subsidiary in previous years are shown as Due to subsidiary in the Parent Company's statements of financial position. The outstanding balance amounted to P221,084,873 as of December 31, 2016 and 2015. These borrowings from subsidiary are non-interest bearing and have no fixed repayment terms.

Compensation of key management personnel by benefit type is as follows:

		2016		2015
Short-term employee benefits	**P**	**6,067,750**	P	6,045,000
Post-employment benefits		**568,750**		546,000
	P	**6,636,500**	P	6,591,000

25. EARNINGS (LOSS) PER SHARE

The following table presents the computation of basic EPS.

		2016		2015
Loss for the period	**P**	**(13,748,803)**	P	(20,249,172)
Divided by: Weighted Average Shares		**1,050,461,673**		1,050,461,673
Basic/Diluted earnings (loss) per share	**P**	**(0.013088)**	P	(0.019276)

26. INCOME TAXES

- In 2016 and 2015, the Parent Company has no income tax expense under the regular corporate income tax (RCIT) because it has incurred taxable losses. However, the Parent Company is subject to the minimum corporate income tax (MCIT) as defined under the tax regulations. The Parent Company recorded MCIT amounting to P233,940 and P323,942, in 2016 and 2015, respectively, which formed part of current tax expense in those years. The MCIT can be applied against the regular income tax payable until 2019 and 2018, whenever RCIT is greater than MCIT.

- Parent Company's reconciliation of tax on pretax income from operation computed at the applicable statutory rates to tax expense are as follows:

		2016		2015
Statutory income tax	**P**	**(3,856,342)**	P	(5,833,651)
Adjustments resulting from:				
Income subjected to final taxes		**(386,431)**		(240,837)
Income exempt from income tax		**(267,060)**		(75,417)
Non-deductible expenses		**771,403**		4,223,958
Unrecognized deductible temporary differences		**4,632,762**		2,729,615
Tax expense reported in the statements of comprehensive income	**P**	**894,331**	P	803,668

- The Parent Company did not recognize the balance of the deferred tax assets on net operating loss carry over (NOLCO), excess MCIT and other temporary differences because management believes that the related deferred tax assets may not be recovered. The breakdown of deferred tax assets, which can still be applied if the Parent Company has taxable income in the future, are as follows:

		2016		2015
Net operating loss carryover (NOLCO)	**P**	**7,515,792**	P	5,834,682
Allowance for impairment losses		**5,548,587**		5,440,038
Accrued retirement		**3,033,400**		2,560,728
Excess MCIT		**1,015,821**		1,193,337
	P	**17,113,600**	P	15,028,785

The carry-forward benefits of the NOLCO and the excess of the MCIT over the regular corporate income tax, which can be claimed by the Parent Company as credits against the regular corporate income tax due, are as follows:

	NOLCO			
Year Incurred	**Amount**	**Expired**	**Unused/ Unexpired**	**Expiry**
2013	P 7,122,794	P 7,122,794	P -	2016
2014	4,805,996	-	4,805,996	2017
2015	7,520,151	-	7,520,151	2018
2016	12,726,494	-	12,726,494	2019
	P 32,175,435	P 7,122,794	P 25,052,641	

	MCIT			
Year Incurred	**Amount**	**Expired**	**Unused/ Unexpired**	**Expiry**
2013	P 411,456	P 411,456	P -	2016
2014	457,939	-	457,939	2017
2015	323,942	-	323,942	2018
2016	233,940	-	233,940	2019
	P 1,427,277	P 411,456	P 1,015,821	

- Deferred tax liability represents the deferred income tax effect of revaluation increment in investment property amounting P30.5 million in 2016 and 2015. The revaluation increment was closed to retained earnings in accordance with Philippine Interpretations Committee (PIC) Q & A No. 2011-05.

27. JOINT VENTURE AGREEMENTS

Robinsons Land Corporation (RLC)
On December 21, 2006, the Parent Company entered into a Joint Venture (JV) Agreement with Robinsons Land Corporation (the Developer), whereby the Parent Company contributed three (3) parcels of land located in Tagaytay City, with an approximate land area of 9,372 square meters. Robinsons Land Corporation (formerly Robinsons Homes, Inc.) will develop a high density two-

phase residential subdivision, consisting of five (5) 5-storey residential condominium buildings. Under the agreement, the Parent Company and the Developer shall share in the development of Phase I, consisting of 2 Medium Rise Buildings with a land area of 2,606 square meters. By dividing the saleable floor area of Phase I between them, the Parent Company will be entitled to a saleable floor area of 485.04 square meters equivalent to 9 units. The development of Phase 2, consisting of 3 Medium Rise Buildings, with a land area of 3,909 square meters shall also be undertaken by the developer.

On May 14, 2009, the Parent Company signed the Addendum to the Joint Venture Agreement with Robinsons Land Corporation for the development of Phase 2 and the Parent Company will be entitled to a saleable floor area of 801.19 square meters which is equivalent to 16 units.

As of December 31, 2016 and 2015, the Parent Company's share in JV represents developed condominium units with carrying value of P22,833,694 and P23,864,891, respectively.

The movement of this account is as follows:

		2016		2015
Balance, January 1	**P**	**23,864,891**	P	23,864,891
Units sold		**(1,031,197)**		-
Balance, December 31	**P**	**22,833,694**	P	23,864,891

Sta. Lucia Realty and Development, Inc. (SLRDI)
On April 19, 2005, the Parent Company entered into a Memorandum of Agreement on Property Development (the "Agreement") with Sta. Lucia Realty and Development, Inc., as developer and Asian Pacific Estates Development Corporation and Asian Empire Corporation as co-landowners, whereby Sta. Lucia will develop into residential and commercial subdivisions the parcels of land situated at Pinmaludpod, Urdaneta owned by the Parent Company and the co-landowners. For this jointly-controlled asset, the Parent Company contributed 232,540 square meters of raw land. As part of the Agreement, Sta. Lucia is entitled to 55% of the developed saleable lots while the remaining 45% will be allocated to the Parent Company and co-landowners. The release of the title of the developed saleable lots is subject to the terms and conditions set out in the Agreement. The carrying amount of property contributed, which pertains to the parcel of land, amounted to P73,853,002 and P72,254,474 as of December 31, 2016 and 2015, respectively.

The Parent Company engaged the services of a consultant to process the Parent Company's application for the DAR Land Use Conversion (LUC) for the property. On October 31, 2012, the Department of Agriculture issued the Certificate of Eligibility for Reclassification of Agricultural Lands. On April 16, 2013, the Parent Company filed the application for DAR LUC for 4.68 hectares, the initial area for development, which was approved by DAR on August 22, 2013. The residential subdivision plan/site development plan for the 4.68 hectares, which is the initial area for development, has been prepared consisting of two hundred (200) saleable lots and the Parent Company is now considering the proposed house designs for the single detached and duplex housing units.

The movement of this account is as follows:

		2016		2015
Balance, January 1	**P**	**72,254,474**	P	72,062,785
Additions		**1,598,528**		191,689
Balance, December 31	**P**	**73,853,002**	P	72,254,474

Additions to Sta. Lucia Joint Venture represent expenses incurred in connection with the Parent Company's application to the DAR LUC for the property. Apart from contributing the parcels of land, there are no other capital commitments that were required by the other venturers.

The above joint venture agreements were accounted under "Joint Arrangements" in accordance with PFRS 11. The summarized financial information on these joint arrangements is as follows:

	2016			2015		
	RLC	**SLRDI**	**Total**	RLC	SLRDI	Total
Current Assets						
Real estate for sale	**P 22,833,694**	**P -**	**P 22,833,694**	P 23,864,891	P -	P 23,864,891
Noncurrent Assets						
Investment properties	**-**	**73,853,002**	**73,853,002**	-	72,254,474	72,254,474
	P 22,833,694	**P 73,853,002**	**P 96,686,696**	P 23,864,891	P 72,254,474	P 96,119,365

28. OPERATING SEGMENTS

The Parent Company's businesses are organized and managed separately according to the nature of products provided, with each segment representing a strategic business unit that offers different products and serves different markets. The segment information in the financial statements as of December 31, 2016 and 2015 are as follows:

	As of December 31, 2016		
	Real estate	**Corporate and others**	**Total**
Segment revenue	**P 30,435,670**	**P 4,985,837**	**P 35,421,507**
Segment result	**9,740,834**	**(22,595,306)**	**(12,854,472)**
Segment asset	**460,540,204**	**526,181,845**	**986,722,049**
Segment liabilities	**10,838,909**	**264,378,399**	**275,217,308**
Segment cash flows			
Operating	**637,828**	**(11,895,380)**	**(11,257,552)**
Investing	**(1,614,670)**	**(641,007)**	**(2,255,677)**
Other information:			
Depreciation	**-**	**1,359,290**	**1,359,290**
Capital expenditures	**1,614,670**	**3,746,005**	**5,360,675**

	As of December 31, 2015		
	Real estate	Corporate and others	Total
Segment revenue	P 41,856,301	P (1,341,318)	P 40,514,983
Segment result	13,875,334	(33,320,838)	(19,445,504)
Segment asset	464,305,874	534,970,172	999,276,046
Segment liabilities	11,337,041	262,685,461	274,022,502
Segment cash flows			
Operating	7,863,177	(13,797,325)	(5,934,148)
Investing	(197,144)	12,170,804	11,973,660
Other information:			
Depreciation	-	1,549,848	1,549,848
Capital expenditures	197,144	118,625	315,769

Reconciliation between segment information and financial statements is shown below:

		2016		2015
Total segment results	**P**	**(12,854,472)**	P	(19,445,504)
Income tax expense		**(894,331)**		(803,668)
Loss for the period	**P**	**(13,748,803)**	P	(20,249,172)

29. COMMITMENTS AND CONTINGENCIES

The following are the significant commitments and contingencies involving the Parent Company.

a. The Parent Company filed an appeal with the Office of the Secretary of the Department of Agrarian Reform (DAR) on October 15, 2002 for the reversal of a Resolution promulgated by the Regional Director of the Department of Agrarian Reform, Cordillera Administrative Region, reversing an earlier Order granting the application of the Parent Company for exemption of its landholdings in Banangan, Sablan, Benguet from the coverage of the Comprehensive Agrarian Reform Program (CARP). This landholding is included as part of Investment Properties in the statements of financial position. On August 22, 2012, DAR issued an Order granting Omico's appeal for exemption from CARP coverage, pursuant to Section 10 of R.A. 6657, of Omico's lot property situated at Banangan, Sablan, Benguet consisting of 6.6217 hectares. On July 13, 2016, a Certificate of Finality of the DAR Order dated August 22, 2012 was issued by the DAR - Bureau of Agrarian Legal Assistance Office.

b. The Parent Company is either a defendant or plaintiff in lawsuits and legal actions arising from its various business activities. Management believes that the claims against the Parent Company are either without merit or that the ultimate liability, if any, resulting from lawsuits and legal actions will not materially affect the Parent Company's financial statements.

30. SUPPLEMENTARY INFORMATION REQUIRED BY THE BUREAU OF INTERNAL REVENUE

The Bureau of Internal Revenue (BIR) issued Revenue Regulations 15-2010 and 19-2011 which require additional tax information to be disclosed in the Notes to Financial Statements. The following information covering the calendar year ended December 31, 2016 is presented in compliance thereto.

(i) Supplementary information under RR 15-2010

- The VAT output tax declared in the Parent Company's VAT returns for 2016 amounted to P341,164 corresponding to P2,843,032 net receipts from interest income on installment contracts receivable, income from lease and gain on sale of transportation equipment.

  The Parent Company has vat exempt sales amounting to P27,967,487 pursuant to the provisions of Revenue Regulation No. 16-2005, *Consolidated Value-Added Tax Regulations of 2005*.

- The VAT input tax claimed is broken down as follows:

Balance at the beginning of the year	P	5,154,179
Current year' domestic purchases/payments for:		
Goods and services		624,857
Capital goods subject to amortization		435,857
Claims for tax credit/refund and other adjustment		(341,164)
	P	5,873,729

- The amounts of withholding taxes, by category is as follows:

Tax on compensation and benefits	P	1,889,329
Creditable withholding tax		466,009

- Documentary stamps tax on insurance policies paid during the year amounted to P7,427.

- As of December 31, 2016, the Parent Company has a pending tax investigation covering calendar year 2013.

(ii) Supplementary information under RR 19-2011

- Details of Parent Company's sales for income tax purposes are shown below:

Sales	P	27,993,660
Sales discount		(26,173)
Income from lease		705,848
	P	28,673,335

- The breakdown of the Parent Company's cost of sales for income tax purposes is as follows:

Real estate inventory, beginning	P	117,646,646
Add: Development costs during the year		16,206,010
Real estate available for sale		133,852,656
Less: Real estate inventory, ending		114,508,924
Cost of real estate sales	P	19,343,732

- The non-operating and taxable other income of the Parent Company consists of:

Interest income on installment contract receivable	P	1,762,335
Gain on sale of transportation equipment		290,179
Foreign exchange gain		24,985
Miscellaneous income		289,904
	P	2,367,403

- Details of the Parent Company's itemized deductions for the year are as follows:

Compensation and other employees' benefits	P	8,332,940
Transportation and travel		6,217,014
Taxes and licenses		2,006,206
Commission		1,351,104
Professional fees		1,225,643
Depreciation		1,177,683
Communication, light and water		806,778
Meetings and conferences		733,960
Security fees		672,296
Repairs and maintenance		495,266
Office supplies		382,034
Directors' fee		204,000
Insurance		150,338
Representation and entertainment		139,837
Association and membership dues		132,893
Caretaker's fee		119,838
Miscellaneous		275,670
	P	24,423,500

- Taxes and licenses presented as part of Administrative Expenses in the Parent Company's statement of comprehensive income is broken down as follows:

Real property taxes	P	912,204
Local business tax		720,781
Annual listing fee to PSE		250,000
Documentary stamps		7,427
Others		115,794
	P	2,006,206

R. R. TAN & ASSOCIATES, CPAs

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PRC-BOA Reg. No. 0132, valid until December 31, 2018
SEC Accreditation No.0220-FR-1, valid until March 25, 2017
BIR Accreditation No. 07-001080-002-2016, valid until October 3, 2019

Independent Auditors' Report on Other Regulatory Requirements

The Board of Directors and Stockholders
OMICO CORPORATION
Unit 401, Capri Oasis-Solare Bldg.
Dr. Sixto Antonio Ave.
Maybunga, Pasig City

We have audited the accompanying financial statements of Omico Corporation (the Company) for the year ended December 31, 2016, on which we have rendered the attached report dated March 17, 2017. Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole.

The information contained in Schedules I and II are the responsibility of the Company's management. This schedule is presented for purposes of additional analysis and not a required part of the basic financial statements but supplementary information required by the Financial Reporting Bulletin No. 001 of the Securities and Exchange Commission. Such information has been subjected to the auditing procedures applied in our audit and in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

R. R. TAN AND ASSOCIATES, CPAs

By: **CHESTER NIMITZ F. SALVADOR**
Partner
CPA Certificate No. 0129556
Tax Identification No. 307-838-154
PTR No. 2535320, January 17, 2017, Pasig City
SEC Accreditation No. 1608-A, valid until January 26, 2020
BIR Accreditation No. 07-001050-002-2016, valid until
June 22, 2019

March 17, 2017
Pasig City

Omico Corporation
Schedule I - Tabular Schedule of All Effective Standards and Interpretations Pursuant to SRC Rule 68, as Amended
December 31, 2016

PHILIPPINE FINANCIAL REPORTING AND STANDARDS AND INTERPRETATIONS Effective as of December 31, 2016		Adopted	Not adopted	Not applicable
Framework for the Preparation and Presentation of Financial Statements Conceptual Framework Phase A: Objectives and Qualitative Characteristics		x		
PFRS's Practice Statement Management Commentary				x
Philippine Financial Reporting Standards				
PFRS 1	First-time Adoption of Philippine Financial Reporting Standards	x		
	Amendments to PFRS 1 and PAS 27: Cost of an Investment in a Subsidiary; Jointly Controlled Entity or Associate	x		
	Amendments to PFRS 1: Additional Exemptions for First-time Adopters			x
	Amendments to PFRS 1: Limited Exemptions from Comparative PFRS 7 Disclosures for First-time Adopters			x
	Amendments to PFRS 1: Severe Hyperinflation and Removal of Fixed Date for First-time Adopters			x
	Amendments to PFRS 1: Government Loans			x
	Amendments to PFRS 1: Borrowing Costs			x
	Amendments to PFRS 1: Meaning of Effective PFRS			x
PFRS 2	Share-based Payment			x
	Amendments to PFRS 2: Vesting Conditions and Cancellations			x
	Amendments to PFRS 2: Group Cash-settled Share-based Payment Transactions			x
	Amendments to PFRS 2: Definition of Vesting Condition			x
PFRS 3	Business Combinations			x
	Amendments to PFRS 3: Accounting for Contingent Consideration in a Business Combination			x
	Amendments to PFRS 3: Scope Exceptions for Joint Arrangements			x
PFRS 4	Insurance Contracts			x
	Amendments to PAS 39 and PFRS 4: Financial Guarantee Contracts			x
	Amendments to PFRS 4: Applying PFRS 9 'Financial Instrument' with PFRS 4 'Insurance Contracts'	Not early adopted		
PFRS 5	Non-current Assets Held for Sale and Discontinued Operations			x
	Amendments to PFRS 5: Changes in Methods of Disposal			x
PFRS 6	Exploration for and Evaluation of Mineral Resources			x
PFRS 7	Financial Instruments: Disclosures	x		
	Amendments to PFRS 7: Transition	x		
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets	x		
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets - Effective Date and Transition	x		
	Amendments to PFRS 7: Improving Disclosures About Financial Instruments	x		
	Amendments to PFRS 7: Disclosures - Transfers of Financial Assets	x		
	Amendments to PFRS 7: Disclosures - Offsetting Financial Assets and Financial Liabilities	x		
	Amendments to PFRS 7: Mandatory Effective Date of PFRS 9 and Transition Disclosures	x		
	Amendments to PFRS 7: Servicing Contracts			x
	Amendments to PFRS 7: Applicability of the Amendments to PFRS 7 to Condensed Interim Financial Statements	x		
PFRS 8	Operating Segments	x		
	Amendments to PFRS 8: Aggregation of Operating Segments and Reconciliation of the Total of the Reportable Segments' Assets to the Entity's Assets	x		
PFRS 9	Financial Instruments	Not early adopted		
	Amendments to PFRS 9: Mandatory Effective Date of PFRS 9 and Transition Disclosures	Not early adopted		
PFRS 10	Consolidated Financial Statements	x		
	Amendments to PFRS 10: Investment Entities			x
	Amendments to PFRS 10, PFRS 12 and PAS 28: Investment Entities - Applying the Consolidation Exception			x
	Amendments to PFRS 10: Consolidated Financial Statements and PAS 28: Investments in Associates and Joint Ventures - Sale or Contribution of Assets Between an Investor and its Associate or Joint Venture	Not early adopted		

PHILIPPINE FINANCIAL REPORTING AND STANDARDS AND INTERPRETATIONS Effective as of December 31, 2016		Adopted	Not adopted	Not applicable
PFRS 11	Joint Arrangements	x		
	Amendments to PFRS 11: Joint Arrangements - Accounting for Acquisitions of Interests in Joint Operations	x		
PFRS 12	Disclosure of Interest in Other Entities	x		
	Amendments to PFRS 12: Investment Entities - Applying the Consolidation Exception			x
PFRS 13	Fair Value Measurement	x		
	Amendments to PFRS 13: Short-term Receivables and Payables	x		
	Amendments to PFRS 13: Portfolio Exceptions	x		
PFRS 14	Regulatory Deferral Accounts			x
PFRS 15	Revenue from Contracts with Customers	Not early adopted		
PFRS 16	Leases	Not early adopted		
Philippine Accounting Standards				
PAS 1 (Revised)	Presentation of Financial Statements	x		
	Amendment to PAS 1: Capital Disclosures	x		
	Amendments to PAS 32 and PAS 1: Puttable Financial Instruments and Obligations Arising on Liquidation			x
	Amendments to PAS 32 and PAS 1: Presentation of Items of Other Comprehensive Income	x		
	Amendments to PAS 1: Clarification of the Requirements for Comparative Presentation	x		
	Amendments to PAS 1: Disclosure Initiative	x		
PAS 2	Inventories	x		
PAS 7	Statement of Cash flows	x		
	Amendments to PAS 7: Disclosure Initiative	Not early adopted		
PAS 8	Accounting Policies, Changes in Accounting Estimates and Errors	x		
PAS 10	Events After the Balance Sheet Date	x		
PAS 11	Construction Contracts	x		
PAS 12	Income Taxes	x		
	Amendment to PAS 12 - Deferred Tax: Recovery of Underlying Assets	x		
	Amendment to PAS 12: Recognition of Deferred Tax Assets for Unrealized Losses	Not early adopted		
PAS 16	Property, Plant and Equipment	x		
	Amendments to PAS 16: Classification of Servicing Equipment	x		
	Amendments to PAS 16: Revaluation Method - Proportionate Restatement of Accumulated Depreciation	x		
	Amendments to PAS 16: Property, Plant and Equipment and PAS 38: Intangible Assets - Clarification of Acceptable Methods of Depreciation and Amortization	x		
	Amendments to PAS 16: Agriculture - Bearer Plants			x
PAS 17	Leases	x		
PAS 18	Revenue	x		
PAS 19 (Amended)	Employee Benefits	x		
	Amendments to PAS 19: Defined Benefit Plans: Employee Contributions	x		
	Amendments to PAS 19: Regional Market Issue Regarding Discount Rate	x		
PAS 20	Accounting for Government Grants and Disclosure of Government Assistance			x
PAS 21	The Effects of Changes in Foreign Exchange Rates	x		
	Amendment: Net Investment in a Foreign Operation			x
PAS 23	Borrowing Costs			x
PAS 24	Related Party Disclosures	x		
	Amendments to PAS 24: Key Management Personnel	x		
PAS 26	Accounting and Reporting by Retirement Benefit Plans	x		
PAS 27 (Revised)	Separate Financial Statements	x		
	Amendments to PAS 27: Investment Entities			x
	Amendments to PAS 27: Separate Financial Statements - Equity Method in Separate Financial Statements	x		
PAS 28 (Amended)	Investment in Associates and Joint Ventures			x
	Amendments to PAS 28: Investment Entities: Applying the Consolidation Exception			x
	Amendments to PAS 28: Investment in Associates and Joint Ventures and PFRS 10: Consolidated Financial Statements - Sale or Contribution of Assets Between an Investor and its Associate or Joint Venture	Not early adopted		
PAS 29	Financial Reporting in Hyperinflationary Economies			x
PAS 31	Interest in Joint Ventures			x

PHILIPPINE FINANCIAL REPORTING AND STANDARDS AND INTERPRETATIONS Effective as of December 31, 2016		Adopted	Not adopted	Not applicable
PAS 32	Financial Instruments: Disclosure and Presentation	x		
	Amendments to PAS 32 and PAS 1: Puttable Financial Instruments and Obligations Arising on Liquidation			x
	Amendment to PAS 32: Classification of Rights Issues			x
	Amendments to PAS 32: Tax Effect of Distribution of Holders of Equity Instruments			x
	Amendments to PAS 32: Offsetting Financial Assets and Financial Liabilities	x		
PAS 33	Earnings Per Share	x		
PAS 34	Interim Financial Reporting	x		
	Amendments to PAS 34: Interim Financial Reporting and Segment Information for Total Assets and Liabilities	x		
	Amendments to PAS 34: Disclosure of Information 'Elsewere in the Interim Financial Report'	x		
PAS 36	Impairment of Assets	x		
	Amendments to PAS 36: Recoverable Amount Disclosures for Non-financial Assets	x		
PAS 37	Provisions, Contingent Liabilities and Contingent Assets	x		
PAS 38	Intangible Assets	x		
	Amendments to PAS 38: Revaluation Method - Proportionate Restatement of Accumulated Amortization	x		
	Amendments to PAS 38: Clarification of Acceptable Methods of Depreciation and Amortization	x		
PAS 39	Financial Instruments: Recognition and Measurement	x		
	Amendments to PAS 39: Transition and Initial Recognition of Financial Assets and Financial Liabilities	x		
	Amendments to PAS 39: Cash Flow Hedge Accounting of Forecast Intragroup Transactions			x
	Amendments to PAS 39: The Fair Value Option	x		
	Amendments to PAS 39 and PFRS 4: Financial Guarantee Contracts	x		
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets	x		
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets - Effective Date and Transition	x		
	Amendments to Philippine Interpretation IFRIC-9 and PAS 39: Embedded Derivatives			x
	Amendment to PAS 39: Eligible Hedged Items			x
	Amendments to PAS 39: Novation of Derivatives and Continuation of Hedge Accounting			x
PAS 40	Investment Property	x		
	Amendment to PAS 40: Investment Property	x		
	Amendments to PAS 40: Transfers of Investment Property	Not early adopted		
PAS 41	Agriculture			x
	Amendments to PAS 41: Agriculture - Bearer Plants			x

Philippine Interpretations				
IFRIC 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities			x
IFRIC 2	Member's Share in Co-operative Entities and Similar Instruments			x
IFRIC 4	Determining whether an Arrangement contains a Lease	x		
IFRIC 5	Rights to Interests Arising from Decommisioning, Restoration and Environmental Rehabilitation Funds			x
IFRIC 6	Liabilities Arising from Participating in a Specific Market-Waste Electrical and Electronic Component			x
IFRIC 7	Applying the Restatement Approach under PAS 29 Financial Reporting under Hyperinflationary Economies			x
IFRIC 8	Scope of PFRS 2			x
IFRIC 9	Reassessment of Embedded Derivatives			x
	Amendments to Philippine Interpretations IFRIC-9 and PAS 39: Embedded Derivatives			x
IFRIC 10	Interim Financial Reporting and Impairment	x		
IFRIC 11	PFRS 2-Group and Treasury Share Transactions			x
IFRIC 12	Service Concession Arrangements			x
IFRIC 13	Customer Loyalty Programmes			x
IFRIC 14	The Limit on a Defined Benefit Asset, Minimum Funding Requirement and Their Interaction			x
	Amendments to Philippine Interpretations IFRIC-14, Prepayments of a Minimum Funding Requirement			x

PHILIPPINE FINANCIAL REPORTING AND STANDARDS AND INTERPRETATIONS Effective as of December 31, 2016		Adopted	Not adopted	Not applicable
IFRIC 15	Agreements for Construction of Real Estate	Not early adopted		
IFRIC 16	Hedges of a Net Investment in Foreign Operation			x
IFRIC 17	Distribution of Non Cash Assets to Owners			x
IFRIC 18	Transfers of Assets from Customers			x
IFRIC 19	Extinguishing Financial Liabilities with Equity Instruments			x
IFRIC 20	Stripping Costs in the Production Phase of a Surface Mine			x
IFRIC 21	Levies			x
IFRIC 22	Foreign Currency Transactions and Advance Consideration	Not early adopted		
SIC - 7	Introduction of the Euro			x
SIC - 10	Government Assistance - No Specific Relation to Operating Activities			x
SIC - 12	Consolidation - Special Purpose Entities			x
	Amendment to SIC - 12: Scope of SIC - 12			x
SIC - 13	Jointly Controlled Entities - Non Monetary Contributions by Venturers			x
SIC - 15	Operating Leases - Incentives			x
SIC - 25	Income Taxes - Changes in the Tax Status of an Entity or its Shareholders	x		
SIC - 27	Evaluating the Substance of Transactions Involving the Legal Form of a Lease	x		
SIC - 29	Service Concession Arrangements - Disclosures			x
SIC - 31	Revenue - Barter Transactions Involving Advertising Services			x
SIC - 32	Intangible Assets - Web Site Costs			x

OMICO CORPORATION
Schedule II - Parent Company Retained Earnings Available for Dividend Declaration
DECEMBER 31, 2016

Deficit as at December 31, 2015, *as previously reported*			P	(326,796,129)
Add (Less):	Deemed cost adjustment on investment property			(71,194,369)
	Cumulative mark to market loss on FVPL financial asset			12,559,521
Deficit as at December 31, 2015, *as adjusted*			P	(385,430,977)
Add: Net income actually earned/realized during the period				
Net loss during the period closed to deficit		(13,748,803)		
Less:	Non-actual/unrealized income net of tax	-		
	Equity in net income of associate/joint venture	-		
	Unrealized foreign exchage gain - net (except those attributable to cash and cash equivalents)	-		
	Unrealized actuarial gain	-		
	Fair value adjustment (mark-to-market gains)	890,201		
	Fair value adjustment of investment property resulting to gain	-		
	Recognized deferred tax asset that increased the net income	-		
	Adjustment due to deviation from PFRS/GAAP - gain	-		
	Other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under PFRS	-		
Subtotal		890,201		
Add:	Non-actual losses			
	Depreciation on revaluation increment (after tax)	-		
	Unrealized actuarial loss	-		
	Fair value adjustment (mark-to-market losses)	-		
	Adjustment due to deviation from PFRS/GAAP - loss	-		
	Loss on fair value adjustment of investment property (after tax)	-		
Subtotal		-		
Net loss actually incurred during the period				(14,639,004)
Add(less):				
	Dividend declarations during the period	-		
	Appropriations of retained earnings during the year	-		
	Reversals of appropriations	-		
	Deemed cost adjustment on investment property	-		
	Treasury shares	-		
Subtotal				
Deficit as at December 31, 2016			P	(400,069,981)