111112016000198

SECURITIES AND EXCHANGE COMMISSION

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Company Information

SEC Registration No.	0000036190
Company Name	OMICO CORP.
Industry Classification	
Company Type	Stock Corporation

Document Information

Document ID	111112016000198
Document Type	17-Q (FORM 11-Q:QUARTERLY REPORT/FS)
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Department	CFD
Remarks	

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
Contact Person

637-6923 to 25
Company Telephone Number

1	2		3	1

Month *Day*
Fiscal Year

September 30, 2016

1	**7**	**-**	**Q**	

FORM TYPE

Last Friday

0	5			

Month *Day*
Annual Meeting

Secondary License Type, If Applicable

M	**S**	**R**	**D**

Dept. Requiring this Doc.

Amended Articles Number/Section

Total Amount of Borrowings

2 8 8 7 as of September 30, 2016
Total No. of Stockholders

N O N E
Domestic

N O N E
Foreign

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-Q

QUARTERLY REPORT PURSUANT TO SECTION 17 OF THE SECURITIES REGULATION CODE AND SRC RULE 17(2)(b) THEREUNDER

1. For the quarterly period ended: **September 30, 2016**

2. Commission ID Number: **36190 .**

3. BIR Tax ID No.: **047-000-483-136**

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

OMICO CORPORATION

5. **Pasig City, Philippines**
   Province, Country or other jurisdiction
   of incorporation or organization

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

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

8. **(02) 637-6923 to 25**
   Registrant's telephone number, including area code

9. Former name, former address, and former fiscal year, if changed since last report.
   Suite 1109, 11th Floor, East Tower, PSE Centre,
   Exchange Road, Ortigas Center, Pasig City

10. Securities registered pursuant to Sections 4 & 8 of the RSA

Title of Each Class	Number of Shares of Common Stock Outstanding
Common Stock	**1,050,461,673 shares**

11. Are any of these securities listed on the Philippine Stock Exchange? Yes (/) No ( )

12. Indicate by check mark whether registrant:

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

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

PART I - FINANCIAL INFORMATION

Item 1. Financial Statements

The Unaudited Interim Financial Statements of the Company for the period ending September 30, 2016 are hereto attached as follows:

Balance Sheet	-	Annex "A"
Income Statement (For Nine Months)	-	Annex "B"
Income Statement (For Three Months)	-	Annex "B1"
Statement of Cash Flows	-	Annex "C"
Statement of Changes in Equity (For Nine Months)	-	Annex "D"
Statement of Changes in Equity (For Three Months)	-	Annex "D1"
Aging of Accounts Receivable	-	Annex "E"
Notes to Interim Financial Statements	-	Annex "F"

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations - Annex "G"

PART II – OTHER INFORMATION (None)

SIGNATURES

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

OMICO CORPORATION
Issuer

By:

ANNA MEI NGA TIA
President/CEO

JUANA LOURDES M. BUYSON
SVP – Treasurer

Date: November 10, 2016

Annex "A"

OMICO CORPORATION
STATEMENTS OF FINANCIAL POSITION
September 30, 2016

	30-Sep-16	(Audited Figures) December 31, 2015
A S S E T S		
CURRENT ASSETS		
Cash and cash equivalents	232,854,102	240,838,173
Financial assets at fair value through profit or loss	9,255,135	7,746,476
Receivables - net	15,497,726	20,426,888
Real estate for sale	119,847,294	117,646,646
Prepayments and other current assets	14,393,511	13,596,481
Total Current Assets	391,847,769	400,254,664
NON-CURRENT ASSETS		
Installment contract receivable-net of current portion	11,052,567	11,052,567
Available-for-sale (AFS) financial assets - net	2,580,000	2,580,000
Property and equipment - net	7,384,331	4,585,540
Investment properties	319,428,083	318,246,248
Other non-current assets-net	54,727,096	54,727,096
Total Non-current Assets	395,172,078	391,191,451
TOTAL ASSETS	787,019,846	791,446,115
LIABILITIES AND EQUITY		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	15,362,139	13,889,997
Total Current Liabilties	15,362,139	13,889,997
NON-CURRENT LIABILITIES		
Accrued retirement liability	8,535,759	8,535,759
Deferred tax liability	30,511,873	30,511,873
Total Non-Current Liabilties	39,047,632	39,047,632
TOTAL LIABILITIES	54,409,771	52,937,629
EQUITY		
Capital Stock (at P1.00 par value)		
Authorized - 2 billion shares		
Issued and outstanding - 1,050,461,673 shares	1,050,461,673	1,050,461,673
Additional paid-in capital	78,000	78,000
Fair value loss on available-for-sale financial assets	1,510,000	1,510,000
Deficit	(319,439,599)	(313,541,187)
Total Equity	732,610,074	738,508,486
TOTAL LIABILITIES AND EQUITY	787,019,846	791,446,115

Annex "B"

OMICO CORPORATION
STATEMENTS OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED SEPTEMBER 30, 2016 AND 2015
(For Nine Months)

	2016 January to September	2015 January to September
REVENUES		
Realized gross profit on real estate sale	9,557,141	10,833,505
Interest income	3,423,321	3,191,734
Gain on market recovery	833,659	
Gain on sale of transportation equipment	218,750	
Gain on sale of marketable securities	200,000	
Miscellaneous Income	116,307	125,578
	14,349,177	14,150,818
EXPENSES		
Compensation and other employee's benefits	6,284,843	6,325,097
Transportation and travel, gas and oil	3,903,077	4,245,542
Representation and entertainment	2,592,533	2,509,369
Taxes and Licenses	1,821,860	1,145,667
Professional fees	1,344,106	984,557
Depreciation and amortization	1,144,905	1,239,821
Commission	1,018,797	1,624,323
Security services	480,795	984,862
Repairs and maintenance	470,661	483,505
Office supplies	355,580	288,574
Light, power and utilities	232,113	252,444
Communications	148,347	74,048
Insurance and bond expenses	121,317	198,807
Association and membership dues	158,000	257,108
Fair value loss	-	3,949,002
Miscellaneous	170,656	120,089
TOTAL EXPENSES	20,247,589	24,682,816
NET INCOME (LOSS)	**(5,898,412)**	**(10,531,998)**
INCOME (LOSS) PER SHARE	**(0.0056151)**	**(0.0100261)**

Computation:
September 30, 2016 (PhP-5,898,412.00 /1,050,461,673)
September 30, 2015 (PhP-10,531,998.00 /1,050,461,673)

Annex "B1"

OMICO CORPORATION
STATEMENTS OF COMPREHENSIVE INCOME
FOR THE QUARTER ENDED SEPTEMBER 30, 2016 AND 2015
(For Three Months)

	2016 July to September	2015 July to September
REVENUES		
Realized gross profit on real estate sale	2,781,139	3,848,674
Interest income	1,152,672	1,208,200
Gain on sale of transportation equipment	218,750	
Gain on market recovery	-	-
Miscellaneous Income	57,631	28,482
	4,210,193	5,085,356
EXPENSES		
Compensation and other employee's benefits	2,000,930	1,978,377
Transportation and travel, gas and oil	1,255,637	1,841,945
Representation and entertainment	1,186,778	1,283,658
Taxes and Licenses	574,945	139,978
Fair value loss	570,105	1,725,988
Professional fees	554,100	250,786
Depreciation and amortization	485,691	381,494
Commission	254,338	642,685
Office supplies	202,981	146,346
Security services	164,143	328,287
Repairs and maintenance	107,655	104,162
Light, power and utilities	79,797	77,793
Insurance and bond expenses	64,485	106,197
Association and membership dues	42,309	152,528
Communications	38,812	12,774
Miscellaneous	73,429	26,236
TOTAL EXPENSES	7,656,136	9,199,235
NET INCOME (LOSS)	**(3,445,943)**	**(4,113,878)**
	-	
INCOME (LOSS) PER SHARE	**(0.0032804)**	**(0.0039163)**

Computation:
September 30, 2016 (PhP-3,445,943.00/1,050,461,673)
September 30, 2015 (PhP-4,113,878.00/1,050,461,673)

Annex "C"

OMICO CORPORATION
STATEMENTS OF CASH FLOWS
FOR THE PERIOD ENDED SEPTEMBER 30, 2016 and 2015
(For Nine Months)

	30-Sep-16	30-Sep-15
CASH FLOWS FROM OPERATING ACTIVITIES		
Net Income (loss)	(5,898,412)	(10,531,998)
Adjustments for:		
Depreciation and amortization	1,144,905	1,239,820
Financial assets at fair value through profit & loss	(1,508,659)	3,459,002
(Increase) decrease in receivables	4,929,162	4,726,866
(Increase) decrease in real estate for sale	(2,200,648)	3,322,516
(Increase) decrease in prepayment and other current assets	(797,030)	(804,903)
(Increase) decrease held-to-maturity financial assets		10,000,000
(Increase) decrease investment properties	(1,181,835)	(127,145)
(Increase) decrease in property and equipment	(3,943,696)	(118,625)
(Increase) decrease in other non-current assets-net		-
Increase (decrease) in accounts payable and accrued expenses	1,472,142	4,181,236
Net Cash Used in Operating Activities	(7,984,071)	15,346,769
CASH FLOWS FROM INVESTING ACTIVITIES		
(Increase) decrease availabe for sale (AFS) financial assets - net	-	-
Net Cash From Investing Activities	-	-
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(7,984,071)	15,346,769
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	240,838,173	234,747,874
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**232,854,102**	**250,094,643**

Annex "D"

OMICO CORPORATION
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE PERIOD ENDED SEPTEMBER 30, 2016 AND 2015
(For Nine Months)

	30-Sep-16	30-Sep-15
CAPITAL STOCK		
Common Stock- P1.00 par value		
Authorized - 2,000,000,000 shares		
Issued and outstanding - 1,050,461,673 shares	1,050,461,673	1,050,461,673
	1,050,461,673	1,050,461,673
ADDITIONAL PAID-IN CAPITAL	78,000	78,000
FAIR VALUE LOSS ON AVAILABLE FOR-SALE FINANCIAL ASSETS		
Balance at beginning of year	1,510,000	910,000
	1,510,000	910,000
DEFICIT		
Balance at beginning of year	(313,541,187)	(293,252,462)
Net Income (loss) for the period	(5,898,412)	(10,531,998)
Balance at end of period	(319,439,599)	(303,784,461)
TOTAL EQUITY	**732,610,074**	**747,665,213**

Annex "D1"

OMICO CORPORATION
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE QUARTER ENDED SEPTEMBER 30, 2016 AND 2015
(For Three Months)

	30-Sep-16	30-Sep-15
CAPITAL STOCK		
Common Stock- P1.00 par value		
Authorized - 2,000,000,000 shares		
Issued and outstanding - 1,050,461,673 shares	1,050,461,673	1,050,461,673
	1,050,461,673	1,050,461,673
ADDITIONAL PAID-IN CAPITAL	78,000	78,000
FAIR VALUE LOSS ON AVAILABLE FOR-SALE FINANCIAL ASSETS		
Balance at beginning of year	1,510,000	910,000
	1,510,000	910,000
DEFICIT		
Balance at beginning of quarter	(315,993,656)	(299,670,582)
Net Income (loss) for the period	(3,445,943)	(293,556)
Balance at end of period	(319,439,600)	(299,964,138)
TOTAL EQUITY	**732,610,074**	**751,485,535**

Annex "E"

OMICO CORPORATION
Accounts Receivable Aging Schedule
September 30, 2016

	Advances to Officers and Employees	Accrued Interest Receivable	Installment Contracts Receivable	Receivable from Joint Venture	Advances to Agents	HDMF Retention	Other Receivables	TOTAL
Current	1,180,354	415	7,888,284	-	327,018	12,609,245	2,614,978	24,620,293
								-
30 days			855,000					855,000
								-
60 days			650,000					650,000
								-
90 days			425,000					425,000
180 days			-					
More than 180 days	-	-	-		-		-	
T O T A L	**1,180,354**	**415**	**9,818,284**	**-**	**327,018**	**12,609,245**	**2,614,978**	**26,550,293**
								-

Annex “F”

NOTES TO FINANCIAL STATEMENTS
Third Quarter 2016

1. Corporate Information

Omico Corporation (the “Company”) was incorporated in the Philippines and was registered with the Securities and Exchange Commission (“SEC”) on August 30, 1968. 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 Company listed its shares of stock in the Philippine Stock Exchange 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 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.

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 Statement 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 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 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.

Principle of Consolidation
The consolidated statements of financial position, statements of comprehensive income, statements of changes in equity and cash flows comprise the accounts of Omico Corporation (Omico), the parent company and its wholly owned subsidiaries, Omico Kapital Corporation (Omico Kapital) and Omico Mining, Inc. (formerly Omico-Ivanhoe Mining Inc.), after elimination of material intercompany transactions.

The financial statements of the subsidiaries are prepared for the same reporting period as the Parent company, using consistent accounting policies.

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.

Financial Assets and Liabilities
Date of recognition
Financial assets and financial liabilities are recognized in the statements of financial position of the 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 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 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 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 Company's equity investments listed in the Philippine Stock 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 Company's investments in club shares.

(iii) 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 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 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.

(iv) Held-to-maturity (HTM)

HTM investments are non-derivative financial assets with fixed or determinable payments and fixed maturities wherein the 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.

Included under this category is the Company’s *Pag-ibig Housing Bonds* amounting to P10,000,000 in 2014 issued by Home Development Mutual Fund in compliance with the twenty percent (20%) socialized housing development requirement under Section 18 of Republic Act No. 7279 for the Sta. Rosa Homes project. As of December 31, 2015, there are no financial assets under this category.

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 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 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 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, the 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 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 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 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 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 Company could be required to repay.

Financial liability
A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. 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 income.

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 and subsequently 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.

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
Mining and other equipment	3-5 years
Office furniture, fixtures and 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 Company. Investment properties are stated at deemed cost less impairment loss, if any. The cost of an investment property comprises its purchase price and directly attributable cost incurred.

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.

Impairment of Non-financial Assets
The carrying values of investments in subsidiaries and 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, investment properties and mine exploration and evaluation costs 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.

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.

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 Parent company and its subsidiaries and the revenue can be reliably measured. The following specific recognition criteria must be met before revenue is recognized:

- Real estate – Revenue from sales of completed house and lot is accounted under the full accrual method. The percentage of completion 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.

- 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.

Cost and expenses are recognized in the statements of comprehensive income upon receipt of goods and utilization of the service or at the date they are incurred.

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.

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 and subsidiaries' functional currency.

- *Transaction and Balances*

The accounting records of the Parent company and subsidiaries 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 the Reporting Period
The Company identifies subsequent events as events that occurred after the balance sheet date but before the date when the financial statements were authorized for issue. Any subsequent events that provide additional information about the 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. Significant Accounting Judgments and Estimates

The preparation of financial statements in conformity with PFRS requires management to make judgments and estimates that affect the reported amounts of assets and liabilities at the date of financial statements, and revenue and expenses during the period reported.

The estimates and assumptions used in the financial statements are based upon management's evaluation of relevant facts and circumstances of the Company's financial statements. Actual results could differ from those estimates.

5. 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 Company recognizes the difference between the transaction price and fair value in the statements of income unless it qualifies for recognition as some other type of asset.

6. Risk Management Objectives and Policies

Risk management framework
The Parent company and its Subsidiary'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 Company's risk management, control and governance processes.

(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 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.

ii. Interest Rate Risk
As of September 30, 2016 and December 31, 2015, financial instruments subject to variable interest rate risk represents short-term placement with banks.

iii. Price risk
The Parent company and its Subsidiary's price risk exposure at year end relate 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 statements of comprehensive income and equity.

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 statements 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 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.

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.

Substandard grade accounts are accounts which have probability of impairment based on historical trend. These accounts show propensity to default in payment despite regular follow-up actions and extended payment terms.

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 Company is also exposed to liquidity risk if markets on which it depends on are subject to loss of liquidity.

The ability of the Company to finance increases in assets and meet obligations as they become due is extremely important to the Company's operations. The Company's policy is to maintain liquidity at all times. This policy aims to honor all cash requirements on an ongoing basis and to avoid raising funds above market rates or through forced sale of assets.

7. Financial Soundness Indicators

The financial soundness indicators of the Company for the comparative periods ended September 30, 2016 and 2015 are as follows:

Ratios	Formula	09.30.16	09.30.15
Current Ratio		25.51:1	22.75:1
	Current Assets/	391,847,769	411,570,750
	Current Liabilities	15,362,139	18,094,864
Debt to Equity Ratio		0.074:1	0.076:1
	Total Liabilities/	54,409,771	56,621,186
	Stockholders' Equity	732,610,074	747,665,213
Asset to Equity Ratio		1.074:1	1.076:1
	Total Assets/	787,019,846	804,286,400
	Stockholders' Equity	732,610,074	747,665,213
Interest Coverage Ratio	EBIT*/Interest Expense	Not Applicable	Not Applicable
Return on Assets			
	Net Income/	Not Applicable	Not Applicable
	Average Total Assets		
Return on Equity			
	Net Income/	Not Applicable	Not Applicable
	Average Total Equity		
Book Value Per Share		PhP0.6974	PhP0.7117
	Stockholders' Equity/	732,610,074	747,665,213
	Total No. Shares	1,050,461,673	1,050,461,673
Earnings/(Loss) Per Share		(PhP0.00561)	(PhP0.01003)
	Net Income/ (Loss)	(5,898,412)	(10,531,998)
	Weighted Average Shares	1,050,461,673	1,050,461,673

**Earnings before interest and taxes (EBIT)*

Annex "G"

Management's Discussion and Analysis of Financial Condition and Results of Operations As of September 30, 2016

Gross revenues for the period ended September 30, 2016 amounted to PhP14.35Million as compared to PhP14.15Million for the same period in 2015. The Company's revenues for the period ended September 30, 2016 were derived mainly from realized gross profit from the sale of Sta. Rosa Homes housing units, interest income on time deposits/placements with banks and fair value gain on marketable securities while revenues for the period ended September 30, 2015 were derived mainly from realized gross profit from the sale of Sta. Rosa Homes housing units and interest income on time deposits/placements with banks. Total expenses amounted to PhP20.25Million and PhP24.68Million for the period ended September 30, 2016 and 2015, respectively, resulting to a net loss of PhP5.90Million for the period ended September 30, 2016 as compared to a net loss of PhP10.53Million for the same period in 2015.

The Company's total assets decreased by 0.56% from PhP791.45Million as of December 31, 2015 to PhP787.02Million as of September 30, 2016 while total liabilities increased by 2.78% from PhP52.94Million to PhP54.41Million. Stockholders' Equity decreased to PhP732.61Million as of September 30, 2016 from PhP738.51Million as of December 31, 2015.

The key performance ratios of the Company for the period ended September 30, 2016 and for the year ended December 31, 2015 are as follows:

Financial Ratios:

Ratios	Formula	09.30.16	12.31.15
Current Ratio		25.51:1	28.82:1
	Current Assets/	<u>391,847,769</u>	<u>400,254,664</u>
	Current Liabilities	15,362,139	13,889,997
Debt to Equity Ratio		0.074:1	0.072:1
	Total Liabilities/	<u>54,409,771</u>	<u>52,937,629</u>
	Stockholders' Equity	732,610,074	738,508,486
Debt to Total Assets Ratio		0.069:1	0.067:1
	Total Liabilities/	<u>54,409,771</u>	<u>52,937,629</u>
	Total Assets	787,019,846	791,446,115
Book Value Per Share		PhP0.697	PhP0.703
	Stockholders' Equity/	<u>732,610,074</u>	<u>738,508,486</u>
	Total No. Shares	1,050,461,673	1,050,461,673
Earnings/(Loss) Per Share		(PhP.0056)	(PhP.0187)
	Net Income/ (Loss)	<u>(5,898,412)</u>	<u>(19,688,725)</u>
	Weighted Average Shares	1,050,461,673	1,050,461,673

The Company's Total Liabilities of PhP54,409,771 and PhP52,937,629 as of September 30, 2016 and December 31, 2015, respectively, include Deferred Tax Liability of PhP30,511,873 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.

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.

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.

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.

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.

Known Trends, Events or Uncertainties Affecting Sales or Revenues

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

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.

Causes for Any Material Changes in the Financial Statements

Financial Position Accounts

Decrease in Cash and Cash Equivalents - 3.32%

September 30, 2016	December 31, 2015	Increase/(Decrease)
232,854,102	240,838,173	(7,984,071)

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.

Increase in Financial Assets at Fair Value through Profit or Loss - 19.48%

September 30, 2016	December 31, 2015	Increase/(Decrease)
9,255,135	7,746,476	1,508,659

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 Receivables - Net - 24.13%

September 30, 2016	December 31, 2015	Increase/(Decrease)
15,497,726	20,426,888	(4,929,162)

The net decrease in Receivables is mainly due to the collection on Installment Contract Receivables on the Sta. Rosa Homes project.

Increase in Real Estate for Sale - 1.87%

September 30, 2016	December 31, 2015	Increase/(Decrease)
119,847,294	117,646,646	2,200,648

The increase in Real Estate for Sale is mainly due to the capitalized property development costs related to the development and construction of the Sta. Rosa Homes project located in Sta. Rosa, Nueva Ecija, which was partially offset by the sale of Sta. Rosa Homes' housing units. 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 - 5.86%

September 30, 2016	December 31, 2015	Increase/(Decrease)
14,393,511	13,596,481	797,030

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

Increase in Property and Equipment – Net - 61.04%

September 30, 2016	December 31, 2015	Increase/(Decrease)
7,384,331	4,585,540	2,798,791

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

Increase in Accounts Payable and Accrued Expenses - 10.60%

September 30, 2016	December 31, 2015	Increase/(Decrease)
15,362,139	13,889,997	1,472,142

The increase in Accrued Expenses and Other Payables is mainly due to the additional sales of Sta.Rosa Homes' housing units wherein the buyers' deposits were recognized as accounts payable.

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 OPERATIONS

The Company's main business activity as of the present is in real property development. It had also been engaged in mining activities and remains an investor in the Macawiwili Mining Project. The Company is licensed to operate, prospect, mine, and deal with all kinds of ores, metals and minerals. Presently, it is on the lookout for mining projects to invest in. The Company has segregated its real property development business from its mining business.

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.

Other Mining Projects/Activities

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.

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 September 30, 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 PhP95.98Million. 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 PhP472Milion.

As of September 30, 2016, the Company sold or received reservation payments for 789 units, 496 units through Pag-IBIG housing scheme and 293 units through in-house financing. The total sales contract amount of the 789 units is PhP429.36Million. As of September 30, 2016, total collections on the sale of housing units amounted to PhP374.10Million including HDMF loan takeout proceeds amounting to PhP220.32Million.

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 PhP23.86Million as of September 30, 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 September 30, 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 September 30, 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 PhP48.36Million 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 P73.42Million as of September 30, 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 (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.

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 September 30, 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 September 30, 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 Department of Environment and Natural Resources – Cordillera Administrative Region (DENR – CAR) the Environmental Compliance Certificate from agricultural to residential/commercial purposes. The carrying value of the Haddad Property in the books of the Company as of September 30, 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 September 30, 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 September 30, 2016 is PhP3.10 Million.