

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17 – Q

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

1. For the quarterly period ended MARCH 31, 2017

2. Commission identification number

3. BIR Tax Identification No.

7443

000 – 062 – 736

4. Exact name of issuer as specified in its charter

VULCAN INDUSTRIAL & MINING CORPORATION

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

6. Industry Classification Code: ..... (SEC Use Only)

7. Address of issuer’s principal office

Postal Code

125 Pioneer Street Mandaluyong City

1550

8. Issuer’s telephone number, including area code

Tel (632) 631 – 80 - 78

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

10. Securities registered pursuant to Sections 8 and 12 of the RSA

Title of each class

Number of shares of common stock outstanding

Common

1,450,000,000

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

Yes [ X ]            No [ ]

12. Indicate by check mark whether the registrant:

(a) has filed all reports required to be filed by Section 17 of the Code and RSC Rule 17 thereunder or Sections 11 of the RSA and RSA Rule 11 (a)-1 thereunder, and Sections 28 and 141 of the Corporation Code of the Philippines, during the preceding twelve (12) months (or such shorter period the registrant was required to file such reports)

Yes [X]            No [ ]

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

Yes [X]            No [ ]

## **PART I - FINANCIAL INFORMATION**

### **Item 1. Financial Statements**

The financial statements are filed as part of this Form 17-Q.

The interim financial reports of the Company are in compliance with the generally accepted accounting principles applied on a basis consistent with that of the preceding quarters/period.

The financial statements are prepared in conformity with the same accounting policies and methods of computation are followed in the interim financial statements as compared with the most recent annual financial statements.

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

The Company has no revenue for the quarter ended March 31 for years 2017 and 2016 and incurred a net loss of P0.6 million for the same period. The net loss pertains to administrative expenses incurred such as PSE annual listing fees, security cost, and professional fees.

The Company has total assets of P870.7 million and P870.1 million as of December 31, 2016 and March 31, 2017, respectively. The decrease in total assets was mainly due to payment of administrative expenses for the three-month period ending March 31, 2017.

There is no material movement seen on the Company's total liabilities as of March 31, 2017 and December 31, 2016; it remains at P20.5 million.

Deficit increased from P170.1 million as of December 31, 2016 to P170.7 million as of March 31, 2017. The increase in deficit was due to additional losses incurred by the Company during the three-month period ending March 31, 2017.

Total Stockholders' equity decreased from P850.2 million as of December 31, 2016 to P849.5 million as of March 31, 2017 due to net loss incurred for the three-month period ending March 31, 2017.

The top five (5) key performance indicators of the Company and its wholly owned subsidiary are as follows:

	<u>31 March 2017</u>	<u>31 Dec. 2016</u>
<b>Current Ratio</b>	<b>1.52: 1</b>	<b>1.56: 1</b>
<u>Current Assets</u>	<u>31,300,2249</u>	<u>31,904,832</u>
Current Liabilities	20,531,009	20,502,299
<b>Debt to Equity Ratio</b>	<b>0.02:1</b>	<b>0.02:1</b>
<u>Total Liabilities</u>	<u>20,531,009</u>	<u>20,502,299</u>
Stockholders Equity	849,528,350	850,161,643
<b>Equity to Debt Ratio</b>	<b>41.38:1</b>	<b>41.47:1</b>
<u>Stockholders Equity</u>	<u>849,528,350</u>	<u>850,161,643</u>
Total Liabilities	20,531,009	20,502,299
<b>Book Value per share</b>	<b>P0.59</b>	<b>P0.59</b>
<u>Stockholders Equity</u>	<u>849,528,350</u>	<u>850,161,643</u>
Total # of shares	1,450,000,000	1,450,000,000
<b>Earnings (Loss) per share</b>	<b>(0.0004)</b>	<b>(0.08)</b>
<u>Net Income (Loss)</u>	<u>(633,293)</u>	<u>(117,304,505)</u>
Total # of shares	1,450,000,000	1,450,000,000

Management is not aware of any material event/s and uncertainties that would address the past nor would have material impact on future operations of the Company.

The Company is preparing for its intended acquisition by National Book Store, Inc. (NBS) for purposes of listing with the Exchange. It is well to note that NBS has recently subscribed to 850,000,000 shares from the increase in authorized capital stock of the Corporation. On October 30, 2014 the Securities and Exchange Commission approved the increase in authorized capital stock of the Company from P600 million to P4 billion.

In general, Management is not aware of any material event or uncertainty that has affected the current fiscal period and/or would have a material impact on future operations of the Company. The Company will continue to be affected by the Philippine business environment as may be influenced by any local/regional financial and political crises.

There are NO known trends, demands, commitments, events or uncertainties that have or are reasonably likely to have material impact on the Company's liquidity. Should the Company's cash position be not sufficient to meet current requirements, the Company may consider undertaking programs to raise additional funds thru increase in capital and sale of Available-for-sale (AFS) financial assets to finance the various projects. The Company is also considering prospective investors for its various projects.

The Company has NO material commitments for capital expenditures EXCEPT for the Company's exploration and development costs in mineral projects.

The standards mentioned in SEC Memorandum Circular No. 6 Series of 2013 are not applicable to the Company's interim financial statements as of the period ended-March 31, 2017.

There will be no purchase /sale of significant equipment in the next twelve months.

The number of employees will have no significant change in the next twelve (12) months.

Any material commitment for capital expenditures- the Company has NO material commitments for capital expenditures EXCEPT for the Company's exploration and development costs in mineral projects.

Any known trends, events or uncertainties that have had or that are reasonably expected to have a material favorable or unfavorable impact on net sales/revenues/income from continuing operations is not applicable

Any significant elements of income or loss that did not arise from the issuer's continuing operations is not applicable

Any seasonal aspects that had material effect on the financial condition or results of operations is not applicable

The Company activities expose it to a variety of financial risks. The Board of Directors reviews and approves on policies for managing each of these risks namely:

### ***Credit Risk***

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instruments fails to meet its contractual obligations, and arises principally from the Company's receivables and due from related parties. The Company trades only with recognized, creditworthy third parties. It is the Company's policy that all customers who wish to trade on credit terms are subject to credit verifications procedures. In addition, receivable balance are monitored on an ongoing basis.

### ***Liquidity Risk***

Liquidity risk is defined as the risk the Company would not be able to settle or meet its obligations on time or at a reasonable price. Management is responsible for liquidity, funding as well as settlement management. The Company's objective is to maintain a balance between continuity of funding and flexibility by availing credit facilities from various suppliers. The Company mainly sources its funds from bank loans and payable to related parties.

### ***Equity Price Risk***

Equity price risk is the risk that the value of a financial instrument will fluctuate because of changes in market prices. The Company is exposed to equity price risk because of quoted financial assets held by the Company, which are classified on the financial statements of consolidated balance sheets as AFS financial assets.

### **Financial instruments**

The Company's financial instruments consist of cash and due from/to related parties. The main purpose of the financial instruments is to fund the Company's operations. The Company has various other financial instruments such as receivables and accrued expenses and other payables which arise directly from its operations.

Financial instruments are recognized initially at fair value, which is the fair value of the consideration given (in case of asset) or received (in case of a liability). The initial measurement of financial instruments, except for those financial assets and financial liabilities at fair value through profit or loss (FVPL), includes transaction cost.

On initial recognition, the Company classifies its financial assets in the following categories: Held-for-Maturity (HTM) investments, AFS financial assets, and loans and receivables. The classification depends on the purpose for which the investments were acquired and whether they are quoted in an active market. Management determines the classification of its financial assets at initial recognition and, where allowed and appropriate, re-evaluates such designation at every financial reporting date.

Under PAS 39, all financial liabilities are recognized initially at fair value and in case of loans and borrowings, plus directly attributable transaction costs. Financial liabilities are classified as FVPL, loans and borrowings and derivatives designated as hedging instruments in an effective hedge, as appropriate.

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual agreement. Interest, dividends, gains and losses relating to a financial instrument or a component that is a financial liability are reported as expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity net of any related income tax benefits.

The Company's financial assets consist of loans and receivables and AFS investments. The Company's financial liabilities are classified as loans and borrowings. The Company has no financial assets and liabilities at FVPL and HTM investment.

The fair value of financial instruments that are actively traded in organized financial markets is determined by reference to quoted market bid prices at the close of business on the reporting date. For investments and all other financial instruments where there is no active market, fair value is determined by using generally accepted valuation techniques. Such techniques include using arm's length market transactions; reference to the current market value of another instrument, which are substantially the same; discounted cash flow analysis and other valuation models.

### **Financial Soundness Indicators**

<i><b>Profitability Ratios</b></i>	<b>March 31, 2017</b>	<b>March 31, 2016</b>
Return on Assets	-0.07%	-0.14%
Return on Equity	-0.07%	-0.15%
Gross profit margin	0	0
Net profit margin	0	0
<i><b>Liquidity and Solvency Ratios</b></i>		
Current Ratio	1.52 : 1	1.71 : 1
Quick Ratio	1.35 : 1	1.71 : 1
Solvency Ratio	-0.03 : 1	-0.03 : 1
<i><b>Financial Leverage Ratios</b></i>		
Asset to Equity Ratio	1.02 : 1	1.02 : 1
Debt Ratio	0.02 : 1	0.02 : 1
Debt to Equity Ratio	0.02 : 1	0.02 : 1
Interest Coverage Ratio	0	0

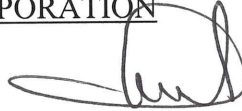
## **PART II - OTHER INFORMATION**

There were items for disclosure that were made under SEC Form 17-C during the current interim period (01 January to 31 March 31, 2017).

**SIGNATURES**

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

Issuer VULCAN INDUSTRIAL & MINING CORPORATION



**CHRISTOPHER M. GOTANCO**  
Vice-Chairman/COO and Chief  
Corporate Information Officer

Date \_\_\_\_\_

**VULCAN INDUSTRIAL AND MINING CORPORATION**  
**STATEMENTS OF FINANCIAL POSITION**

<b>ASSETS</b>	<b>Unaudited 31-Mar-17</b>	<b>Audited 31-Dec-16</b>
<b>Current Assets</b>		
Cash	288,315	428,534
Receivables	1,259,479	1,259,479
Due from related parties	29,240,652	29,740,652
Other current assets	511,803	476,167
<b>Total Current Assets</b>	<b>31,300,249</b>	<b>31,904,832</b>
<b>Non Current Assets</b>		
Available-for-sale (AFS) investments	6,276,718	6,276,718
Property and Equipment	87,144	87,144
Deferred exploration costs	832,395,248	832,395,248
<b>Total Non Current Assets</b>	<b>838,759,111</b>	<b>838,759,110</b>
<b>TOTAL ASSETS</b>	<b>870,059,359</b>	<b>870,663,942</b>
<b>LIABILITIES AND EQUITY</b>		
<b>Current Liabilities</b>		
Trade and other payables	12,399,409	12,370,700
Due to related parties	1,601,741	1,601,741
Subscriptions payable	6,529,858	6,529,858
<b>Total Current Liabilities</b>	<b>20,531,009</b>	<b>20,502,299</b>
<b>TOTAL LIABILITIES</b>	<b>20,531,009</b>	<b>20,502,299</b>
<b>EQUITY</b>		
Capital Stock - P1 par value		
Authorized - 4,000,000,000 shares		
Issued	963,944,338	963,944,338
Subscribed	486,055,662	486,055,662
Subscription Receivable	(457,502,880)	(457,502,880)
Net unrealized valuation gains on AFS investments	27,747,414	27,747,414
Deficit	(170,716,184)	(170,082,891)
<b>TOTAL EQUITY</b>	<b>849,528,350</b>	<b>850,161,643</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>870,059,359</b>	<b>870,663,942</b>



**VULCAN INDUSTRIAL AND MINING CORPORATION**  
**STATEMENTS OF COMPREHENSIVE INCOME**

	<b>Unaudited Jan. to March 2017</b>	<b>Unaudited Jan. to March 2016</b>
<b>REVENUE</b>	-	-
<b>General and Administrative expenses</b>	633,381	591,281
<b>Other Income (Charges)</b>		
Interest income	88	851
	88	851
Income from continuing operations before income tax	(633,293)	(590,430)
Provision for current income tax	-	-
Income from continuing operations after tax	(633,293)	(590,430)
Net Income/(Loss)	(633,293)	(590,430)
Other Comprehensive Income/Loss	-	-
Total Other comprehensive Income/(Loss)	-	-
<b>Total Comprehensive Income/(Loss)</b>	<b>(633,293)</b>	<b>(590,430)</b>
	<b>Jan. to March 2017</b>	<b>Jan. to March 2016</b>
<b>Earnings/(Loss) per share was computed as follows:</b>		
Net Income/(Loss) Attributable to Equity	(633,293)	(590,430)
Weighted Average Number of Shares	1,450,000,000	1,450,000,000
<b>Earnings/(Loss) Per Share</b>	<b>(0.0004)</b>	<b>(0.0004)</b>

**VULCAN INDUSTRIAL & MINING CORPORATION**  
**STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY**

	<b>Unaudited Jan. to March 2017</b>	<b>Unaudited Jan. to March 2016</b>
<b>Balances, at January 1</b>		
<b>Capital Stock - P1 par value</b>		
Authorized - 4,000,000,000 shares		
Issued	963,944,338	963,944,338
Subscribed	486,055,662	486,055,662
Subscription Receivable	(457,502,880)	(457,502,880)
Additional Paid-in capital	-	-
Net unrealized valuation gains on AFS investments	27,747,414	27,747,414
<b>Deficit, beginning</b>	<b>(170,082,891)</b>	<b>(52,513,926)</b>
Add: Net Income/(Loss) during the period	(633,293)	(117,568,964)
Deficit, ending	(170,716,184)	(170,082,891)
	849,528,350	850,161,643
Other Comprehensive Income/(Loss)	-	-
<b>Balances, at March 31</b>	<b>849,528,350</b>	<b>850,161,643</b>

**VULCAN INDUSTRIAL & MINING CORPORATION  
STATEMENTS OF CASH FLOWS**

	<b>FOR THE PERIOD</b>	
	<b>Jan. 1 to March 31 2017</b>	<b>Jan. 1 to March 31 2016</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net income/(Loss)	(633,293)	(590,430)
Loss form discontinued operations before income tax		
Changes in operating assets & liabilities		
Decrease (increase) in:		
Due from Related Parties	500,000	550,000
Prepaid expenses and other current assets	(35,635)	(35,182)
Increase (decrease) in:		
Accounts payable and accrued expenses	28,709	(31,607)
<b>Net cash used in operating activities</b>	<b>(140,219)</b>	<b>(107,220)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Decrease (increase) in:		
<b>Net cash used in investing activities</b>	<b>-</b>	<b>-</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
<b>Net cash provided by financing activities</b>	<b>-</b>	<b>-</b>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>(140,219)</b>	<b>(107,221)</b>
<b>CASH AND CASH EQUIVALENTS, BEGINNING</b>	<b>428,534</b>	<b>444,554</b>
<b>CASH AND CASH EQUIVALENTS, END</b>	<b>288,315</b>	<b>337,333</b>

## **Corporate Information**

Vulcan Industrial & Mining Corporation (The Company) was registered with the Securities and Exchange Commission (SEC) on January 13, 1953. The Company was listed in the Philippine Stock Exchange on 1970.

The Company is involved in finding, developing and producing mineral properties.

The registered office address of the Company is at 6<sup>th</sup> Floor Quad Alpha Centrum Bldg., 125 Pioneer Street, Mandaluyong City.

## **Status of operations**

The Company has a number of mineral properties that are in various stages of exploration and has participation in several petroleum projects in the Philippines. The ability of the Company to realize its deferred exploration cost depends on the success of its exploration activities and future development work proving the viability of its mining properties that can produce minerals in commercial quantities and the discovery of oil and gas that can be produced in commercial quantities, which cannot be determined at this stage.

The Company has incurred cumulative losses from operations resulting in a deficit amounting to P0.6 million as of March 31, 2017. These conditions indicate the existence of a material uncertainty which may cast significant doubt about the Company's ability to continue as going concern. However, Management is confident that with the renewed interest in mining and oil and gas industry and the continuing support of related parties, the going concern issue will be resolved favorably.

On January 18, 2013, the Board of Directors (BOD) approved the retirement of all its employees under its former policies as a result of the Company's change in management.

## **Basis of preparation**

The financial statements of the Company have been prepared under the historical cost basis. The financial statements are presented in Philippine Peso, which is the Company's functional currency.

## **Statement of compliance**

The financial statements have been prepared in accordance with Philippine Financial Reporting Standards (PFRS).

## **PFRS 9**

This standard is effective for annual periods beginning on or after January 2015. It introduces new requirements on the classification and measurement of financial assets. It uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing many different rules in PAS 39, Financial Instruments: Recognition and Measurement. The approach in the new standard is based on how entity manages its financial instruments (its business model) and the contractual cash flow characteristics of the financial assets. The new standard also requires a single impairment method to be used, replacing the many different methods in PAS 39. The company expects significant impact on its financial statements when it adopts this standard.

The company has decided not to early adopt either PFRS 9(2009) or PFRS 9 (2010) for its financial reporting. The company continues to assess the impact of the new and amended accounting standard

and interpretation effective subsequent to 2011 on its financial statements in the period of initial application. Additional disclosures required by the amendments will be included in the financial statements when the amendments are adopted.

### **Accounting Estimates and Assumptions**

The key assumptions concerning the future and other key source of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year:

#### *Impairment of loans and receivables*

The Group evaluates specific accounts where the Group has information that certain customers or third parties are unable to meet their financial obligations. Factors, such as the Group's length of relationship with the customers or other parties and the customers' or other parties' current credit status, are considered in determining the amount of impairment that will be recorded relating to trade and other receivables account. The allowance is re-evaluated and adjusted as additional information is received.

In addition to specific allowances against individually significant loans and receivables, the Group also makes a collective impairment allowance against exposures which, although not specifically identified as requiring a specific allowance, have a greater risk of default than when originally granted. This takes into consideration the credit risk characteristics such as customer type, geographical location, payment history, past due status and term.

#### *Impairment of AFS financial assets*

The Company treats AFS financial assets as impaired when there has been a significant or prolonged decline in fair value below its cost or where other objective evidence of impairment exists. The determination of what is "significant" or "prolonged" required judgment. In addition, the Company evaluates other factors, including normal volatility in share price for quoted equities and the future cash flows and the discount factors for unquoted securities.

#### *Impairment of other current assets*

The Company estimates the allowance for impairment of inventories included under the "Other current assets" account, based on the age of inventories. The amounts and timing of recorded expenses for any period would differ if different judgments or different estimates are made. An increase in the decline in value of inventories would increase recorded expenses and decrease current assets.

#### *Estimating useful lives of property and equipment*

The Company estimates the useful lives of property and equipment based on the period over which assets are expected to be available for use. The estimated useful lives of the property and equipment are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the assets. In addition, the estimation of the useful lives of property and equipment is based on internal technical evaluation and experience with similar assets. It is possible, however, that future results of operations could be materially affected by changes in the estimates brought about by changes in factors mentioned above. The amounts and timing of recorded expenses for any period would be affected by changes in these factors and circumstances.

#### *Recoverability of deferred exploration costs*

The Company assesses impairment on deferred exploration cost when facts and circumstances suggest that the carrying amount of the assets may exceed its recoverable amount.

Facts and circumstances that would require an impairment assessment as set forth in PFRS 6, *Exploration for and Evaluation of Mineral Reserves*, are as follows:

- the period for which the Company has the right to explore in the specific area has expired or will expire in the near future, and is not expected to be renewed;
- substantive expenditure on further exploration for and evaluation of mineral resources in the specific area is neither budgeted nor planned;
- exploration for and evaluation of mineral resources in the specific area have not led to the discovery of commercially variable quantities of mineral resources and the entity has decided to discontinue such activities in the specific area; and
- sufficient data exist to indicate that, although a development in the specific area is likely to proceed, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development of by sale.

The Company reviews the carrying values of its mineral property interests whenever events of changes in circumstances indicate that their carrying values may exceed their estimated net recoverable amounts.

#### *Impairment of non-financial assets*

The Company performs asset impairment review on its other current assets, investments and advances, property and equipment, and other noncurrent assets when certain impairment indicators are present. This requires the estimation of the asset's recoverable amount. Impairment losses, if any, are recognized in the statement of operations in those expense categories consistent with the function of the impaired asset. Changes in estimates and assumptions may result to additional provision for impairment.

#### *Valuation of financial assets and financial liabilities*

The Company carries certain financial assets and financial liabilities at fair value, which requires the use of accounting estimates and judgment. While significant components of fair value measurement were determined using verifiable evidence, the amount of changes in fair value would differ if the Company utilized a different valuation methodology. Any change in fair value of these financial assets and financial liabilities would affect the profit or loss and equity.

#### *Estimating retirement benefits cost*

The determination of the Company's obligation and cost for retirement benefits is dependent on the selection of certain assumptions used by actuaries in calculating such amounts. The assumed discount rates were determined using the market yields on Philippine government bonds with terms consistent with the expected employee benefit payout as of the balance sheet dates. The overall expected rate of return on assets is determined based on the market prices prevailing on that date, applicable to the period over which the obligation is to be settled. In accordance with PAS 16, actual results that differ from the Company's assumptions are accumulated and amortized over future periods and therefore, generally affect the Company's recognized expense and recorded obligation in such future periods. While management believes that its assumptions are the assumptions may materially affect the Company's pension and other retirement obligations.

### Cash and Cash Equivalents

	March 31, 2017	December 31, 2016
Cash on hand and in bank	288,315	428,534
Cash equivalents	-	-
	<u>288,315</u>	<u>428,534</u>

Cash in banks earns interest at the respective bank deposit rates. Cash equivalents are short-term investments that are made for varying periods of up to three months depending on the cash requirements of the Company, and earn interest at the respective short-term deposit rates.

### Receivables

	March 31, 2017	December 31, 2016
Unimpaired	1,259,479	1,259,479
Impaired	<u>3,948,300</u>	<u>3,948,300</u>
	5,207,779	5,207,779
Less: allowance for impairment losses	<u>3,948,300</u>	<u>3,948,300</u>
	<u>1,259,479</u>	<u>1,259,479</u>

Trade receivables are non-interest bearing and generally have due within 30 days. Other receivables consist of advances to officers and employees, among others.

### Other Current Assets

	March 31, 2017	December 31, 2016
Advances to suppliers	745,829	745,829
Input VAT	503,803	468,167
	1,249,632	1,213,996
Less: allowance for impairment losses	<u>737,829</u>	<u>737,829</u>
	<u>511,803</u>	<u>476,167</u>

Advances against royalties are deposits made to owners of mining area wherein the Company operates/conducts exploration activities. The advances are deductible from future royalty obligations of the Company and will be refunded in case exploration activities in the related area are unsuccessful.

### AFS Financial Assets

	March 31, 2017	December 31, 2016
Investment in quoted shares of stocks of:		
Philodrill	1,584,362	1,584,362
Other quoted equity securities	<u>4,618,071</u>	<u>4,618,071</u>
	6,316,761	6,202,433
Investment in unquoted shares of stocks of:		
Other unquoted equity investments	<u>74,285</u>	<u>74,285</u>
	<u>6,276,718</u>	<u>6,276,718</u>

Quoted shares consist of equity securities that are traded at the Philippine Stock Exchange. The fair values of these listed shares are based on their bid market as of the last trading day during the period.

Unquoted equity securities include unlisted shares of stocks in various mining companies which the Company will continue to carry as part of its investments.

Deferred Exploration Cost

	March 31, 2017	December 31, 2016
Deferred Exploration Costs:		
Petroleum exploration	872,146,374	872,146,374
Mineral exploration projects	<u>78,048,939</u>	<u>78,048,939</u>
	950,195,313	950,195,313
Allowance for impairment losses	<u>117,800,065</u>	<u>117,800,065</u>
	<u>832,395,248</u>	<u>832,395,248</u>

The Company is participant in several SCs and GSECs entered into the Philippine government through the DOE to conduct exploration, exploitation and development activities in the contract areas designated in the SCs and GSECs. These SCs and GSECs provide for certain minimum work expenditure obligations and the drilling of a specific number of wells and are covered by operating agreements which set forth the participating interest rights and obligations.

Accrued Expenses and other Payables

	March 31, 2017	December 31, 2016
Accrued expenses	11,207,670	11,206,920
Statutory liabilities	691,481	663,522
Others	<u>500,258</u>	<u>500,258</u>
	<u>12,399,409</u>	<u>12,370,700</u>

Advances to related parties

The amounts due from related parties are as follows:

	March 31, 2017	December 31, 2016
VMC	28,701,478	29,201,479
UPMC	<u>539,173</u>	<u>539,173</u>
	<u>29,240,651</u>	<u>29,740,652</u>

The amounts payable to related parties consist of the following:

	March 31, 2017	December 31, 2016
Palawan Granite	709,242	709,242
San Jose (SJ)	892,499	<u>892,499</u>
	<u>1,601,741</u>	<u>1,601,741</u>



### **Retirement Benefits**

On January 18, 2013, the BOD approved the retirement of all its employees under its former policies as a result of the Group's change in management.

Prior to the payment of retirement benefits, the Company has unfunded defined benefit retirement plan covering all its regular full-time employees. The benefits are computed equivalent to one-half month's salary for every year of service with six months or more of service considered one year.

The Company paid retirement benefits amounting to P0.1 million in 2016 and nil for three-month ended March 31, 2017. There were no outstanding balance on the Company's retirement benefit as of December 31, 2016 and March 31, 2017.

### **Capital Stock**

	<b>March 31, 2017</b>	<b>December 31, 2016</b>
<b>Issued</b>	963,944,338	600,000,000
<b>Subscribed</b>	486,055,662	850,000,000
<b>Total</b>	1,450,000,000	1,450,000,000

**VULCAN INDUSTRIAL & MINING  
CORPORATION**  
**Aging of Accounts Receivable**  
**March 31, 2017**

	<b><u>TOTAL</u></b>	<b><u>1-60 days</u></b>	<b><u>61-90 days</u></b>	<b><u>90-120 days</u></b>	<b><u>over 120 days</u></b>
-					
<b><u>Types of Accounts Receivable</u></b>	-	-	-	-	-
a. Trade receivable	388,831	-	-	-	388,831
-					
b. Non-Trade receivable	-	-	-	-	-
b. Advances for Liquidation	152,731	-	-	-	152,731
c. Advances to Officers and Employees	427,251	-	-	-	427,251
d. Advances Against Royalties	1,745,147	-	-	-	1,745,147
c. Others	2,493,819	-	-	-	2,493,819
	5,207,779	-	-	-	5,207,779
Less: Allowance for Doubtful Accounts	(3,948,300)	-	-	-	(3,948,300)
<b>Net Receivable</b>	<b>1,259,479</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,259,479</b>

**SCHEDULE A**  
**VULCAN INDUSTRIAL & MINING CORPORATION FINANCIAL ASSETS**  
**FINANCIAL ASSETS**  
**PURSUANT TO SRC RULE 68, AS AMENDED**  
**MARCH 31, 2017**

Name of issuing entity and association of each issue	Number of shares or principal amounts of bonds and notes	Amount shown in the balance sheet	Income received and accrued
<b>Loans and Receivables</b>			
<b>Cash</b>	NA	288,314	88
<b>Receivables</b>	NA	1,259,479	
<b>AFS Investments</b>			
<b>Quoted equity shares</b>			
<b>The Philodrill Corporation</b>	132,030,188	1,584,362	
<b>The Philippine Realty Corporation Phil. Long Distance Co.</b>	10,822,528	4,491,351	
<b>Phil. Long Distance Co.</b>	11,000	122,320	
<b>Oriental Petroleum Corporation</b>	400,000	4,400	
<b>Unquoted equity shares</b>	1,577,500	74,285	

**SCHEDULE B**

**VULCAN INDUSTRIAL MINING CORPORATION  
AMOUNTS RECEIVABLE FROM DIRECTORS, OFFICERS, EMPLOYEES, RELATED PARTIES AND PRINCIPAL  
STOCKHOLDERS  
(OTHER THAN RELATED PARTIES)  
MARCH 31, 2017**

Name and Designation of Debtor	Balance at Beginning period	Additions	Amounts Collected / Settlements	Amounts Written-off	Current	Not Current	Balance at end period
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NOT APPLICABLE

SCHEDULE C

**VULCAN INDUSTRIAL MINING CORPORATION  
AMOUNTS RECEIVABLE FROM RELATED PARTIES  
WHICH ARE ELIMINATED DURING THE  
CONSOLIDATION OF FINANCIAL STATEMENTS  
MARCH 31, 2017**

Name and Designation of Debtor	Balance at Beginning period	Additions	Amounts Collected/Settlements	Amounts Written-off	Current	Not Current	Balance at end period
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NOT APPLICABLE

**SCHEDULE D**

**VULCAN INDUSTRIAL MINING CORPORATION  
INTANGIBLE ASSETS - OTHER ASSETS  
MARCH 31, 2017**

Description	Beginning balance	Additions at cost	Charged to cost and expenses	Charged to other accounts	Other changes additions (deductions)	Ending balance
<div style="border: 1px solid black; padding: 5px; display: inline-block;">NOT APPLICABLE</div>						

**SCHEDULE E**

**VULCAN INDUSTRIAL MINING CORPORATION  
LONG-TERM DEBT  
MATCH 31, 2017  
(Amounts in Thousands)**

Title of Issue and type of obligation	Amount authorized by: Indenture	Amount shown under the caption “Current Portion of long-term borrowings” in related balance sheet	Amount shown under the caption “Long-term borrowings- net of current portion” in related balance sheet
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NOT APPLICABLE

**SCHEDULE F**

**VULCAN INDUSTRIAL MINING CORPORATION  
INDEBTEDNESS TO RELATED PARTIES  
(LONG-TERM LOANS FROM RELATED COMPANIES)  
MARCH 31, 2017**

Name of Related Party	Balance at beginning of period	Balance at end of period
	NOT APPLICABLE	



**SCHEDULE G**

**VULCAN INDUSTRIAL MINING CORPORATION  
GUARANTEES OF SECURITIES OF OTHER ISSUERS  
MARCH 31, 2017**

Name of issuing entity of securities guaranteed by the Parent Company for which this statement is filed	Title of issue of each class of securities guaranteed	Total amount guaranteed and outstanding	Amount owed by person for which statement is filed	Nature of guarantee
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NOT APPLICABLE

**SCHEDULE H**

**VULCAN INDUSTRIAL MINING CORPORATION  
CAPITAL STOCK  
MARCH 31, 2017**

The Company's authorized share capital is ₱4.0 billion divided into 4 billion shares at ₱1.0 par value. As at March 31, 2017, total shares issued and outstanding is 1.45 billion shares held by 1,920 shareholders.

<u>Title of Issue</u>	<u>Number of shares authorized</u>	<u>Number of shares issued and outstanding as shown under related financial condition caption</u>	<u>Number of shares reserved for option, warrants, conversions and other rights</u>	<u>Directors and Officers</u>	<u>Principal/ Substantial Stockholders</u>	<u>No of shares held by Government</u>	<u>Banks</u>	<u>Others</u>
Common Stock	4,000,000,000	1,450,000,000	-11,046,215		987,248,170	-	-	451,705,615