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SEC Registration No.

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(Company's Full Name)

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

Atty. Ma. Julieta C. Santos

Contact Person

(632) 848-0848

Contact Telephone No.

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Fiscal Year

	1	7		-	Q		
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FORM TYPE

Any day in May

Month Day
Annual Meeting

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Secondary License Type, If Applicable

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Dept. Requiring this Doc.

Amended Articles Number/Section

1,156

Total No. of Stockholders

Total Amount of Borrowings

Domestic

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Foreign

To be accomplished by SEC Personnel concerned

[illegible]

File Number

LCU

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Document I.D.

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Quarterly Report: WIN

Quarterly Report: WIN

**SECURITIES AND EXCHANGE COMMISSION
SEC FORM 17-Q**

**QUARTERLY REPORT PURSUANT TO SECTION 11
OF THE SECURITIES REGULATION CODE AND SECTION 141
OF THE CORPORATION CODE OF THE PHILIPPINES**

1. For the Quarterly Period ended **September 30, 2005**

2. SEC Identification Number **11790** 3. BIR Tax Identification No. **003-946-426**

4. **WELLEX INDUSTRIES, INC.**
Exact name of registrant as specified in its charter

5. **Metro Manila, Philippines**
(Province, country or other jurisdiction of incorporation or organization)

6. (SEC Use only)
Industry Classification Code

7. **22nd Floor Citibank Tower, 8741 Paseo De Roxas Street, Makati City, Metro Manila**
Address of principal office

8. **Telephone No. 848-08-48 / 1226**
Registrant's telephone number, including area code

9. **REPUBLIC RESOURCES AND DEVELOPMENT CORPORATION**
Former name, former address, and former fiscal year, if changed since last report.

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

<u>Title of Each Class</u>	<u>No. of Shares of Common Stock Outstanding: and Amount of Debt Outstanding</u>
Common Shares – P1.00 par value	Issued - P3,271,900,932.00

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

Yes ☒ No. ☐

12. Check whether the registrant:

(a) has filed all reports required to be filed by Section 11 of of the Revised Securities Act (RSA) and RSA Rule 11(a)-1 thereunder and Sections 26 and 141 of the Corporation Code of the Philippines during the preceding 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 90 days.

Yes ☒ No ☐

PART I - FINANCIAL INFORMATION

Item 1. Financial Statements

See Annex A.1 to A.5, and the accompanying notes to financial statements (including Accounts Receivables Aging Schedule)

Item 2. Managements Discussion and Analysis of Financial Condition and Results of Operations

⊖ Income Statements (Amounts in P '000)

	Jan – Sept 2005	Jan – Sept 2004
Revenues	1,761	1,070
Less: Cost and Expenses	47,100	48,837
Income from operations	-45,339	-47,767
Other Income(Charges)	3,792	3,659
Income(Loss)before income tax	-41,547	-44,108
Provision for income tax	0	0
Net Income(Loss)	-41,547	-44,108
Earnings (Loss) Per Share	-0.012682	-0.013463

⊖ Balance Sheet (Amounts in P '000)

	Jan – Sept 2005	Jan – Sept 2004
ASSETS		
Assets	2,849,836	2,937,646
LIABILITIES & STOCKHOLDERS' EQUITY		
Liabilities	857,313	703,902
Stockholders' Equity	1,992,522	2,233,744
Total Liabilities & Stockholders' Equity	2,849,836	2,937,646

Quarter ended September 30, 2005 as compared with quarter ended September 30, 2004

As of the quarter ending September 30, 2004, since the company have ceased commercial operations and is disposed to lease out its warehouse facilities. Other income account represents rental income of which an increase of 5% compared on last quarter of 2004. Still the leasing of warehouse facilities gave the company another income. Lessee includes giants such as San Miguel Corporation and Coke and upstart manufacturing/distribution companies.

Since the company was started to disposing its inventories from previous years up to present time. This vision was put in to reality by selling them off in baratillo's and the like offering big discounts to all takers. In results of this the company produced in revenue from sales amounting to 1.761M compared to 1.070M from last year or an increased by .691M or 39%.

And at the end the earnings per shares comparison from 30 September 2005 and 2004 is -0.012682 and -0.013463 respectively.

Cost and expenses for the third quarter of 2005 amounted to P13,846,085.22 as compared to P16,912,181.18 of 2004. The decrease of P3,066,095.96 or 18% is mainly attributable to the following.

1. Decrease in depreciation expense of P1,726,480.03; an increased of P145,968.76 in cost of sales
2. Bond and bidding expense decrease of P373,106.31
3. Retainers & Professional Fees increase by P119,800; Billing was received and paid in company's external auditor (audit fee)
4. Increased in Salaries & Wages by P32,299.82
5. Postage, telephone & telegraph decreased by P165,776.70
6. Decreased in repairs & maintenance expense by P794,921.75
7. Security Services decreased by P122,757.94
8. Light & Power decreased by P255,492.60
9. Commission expense for the quarter P220,862.76. Corollary to rental income, a 3.5% commission is given to agents who were able to close a leasing agreement. With this incentive, the company is expecting rental income to go on an upswing move for the next few months.

Some cost reduction measures where implemented which somehow soften the impact of the increases enumerated above.

Total assets of the company as of September 30, 2005 amounted to P2,849,836,108.27 as compared to P 2,937,645,836.40 of 2004. The decrease can be mainly traces to the foreclosure of assets mortgage to Social Security System.

There are no known trends, events of uncertainties in the past that have a material favorable or unfavorable impact on the future operations of the company.

There are also no seasonal aspects that have a material effect on the financial condition or results of operations of the company.

Performance Indicators

The Company and its subsidiaries determine their performance on the following five (5) key performance indicators.

1. Selling Price, Volume and Revenue Growth
2. Cost Contribution
3. Gross Profit Contribution
4. Operating Margin
5. Plant Capacity Utilization

The foregoing indicators, however, cannot be brought to bear on the company since its subsidiaries have temporarily stopped their operation. At present the company's major source of income is generated from leasing of its warehouse facilities.

The intuition of the Company is to continue operating as a going concern. Meanwhile, it is focusing its business activities among others in "injection molding" and "vacuum forming" with encouraging prospects. Placed on commercial scale operations, they can contribute towards the improvement of the company's financial position.

In spite of the generally dismal economic outlook, the company is aggressively looking for strategic partnerships or alliances that will actualize the company's drive for normal operations as a going concern.

Be that as it may, the Company is not aware of any event that will trigger direct or contingent financial obligation that is material to the Company, including any default or acceleration of an obligation. There are also no material off-balance sheet transactions, arrangement, obligation (including contingent obligation), and other relationships of the Company with unconsolidated entities or other persons created during the reporting period. Further discussion of accounts of which registered an increased or decreased by 5% or more follows:

Accounts Receivable. This account consists mainly of trade receivable from customers of Plastic City Industrial Corporation subsidiaries. Of the P8.456M added on the 3rd Quarter, major on this increase came from PCIC regular customers.

Inventories. Consists mainly of finished goods, raw materials and supplies. Compared to year 2004 and 2005 almost 40% of finished goods was purchased on the current year. Also a decreased in Allowance for inventory losses has been made of at least 15%.

Prepaid expense and other current assets. This account increased by P1.7M due to reclassification.

Advances to Affiliates. The increase was caused by the recognition of related receivables.

Property, plant and equipment. This consist mainly of land, buildings and various equipments of PCIC subsidiaries and Phil foods used for the manufacturing of plastic products and food processing. The decrease in amount is attributable to depreciation, set up of impairment loss and dacion en pago.

Accounts Payable. This consists mainly of trade payable to various suppliers of PCI subsidiaries.

Accrued interest and other current liabilities. Accounts payable others amounting to P494M is the biggest number on this account , followed by VAT payable P3.7M.

Advances from Affiliates. Account increased by P20M due to some reclassification / offsetting of account from PCIC subsidiaries.

Advances from lessee. An increased by P.967M

OTHER INFORMATION

(1) Market Information

a) The principal market of Wellex Industries Inc. common equity is the Philippine Stock Exchange, Inc. (PSE) where it was listed in 1958. Here are list of the high and low sales price by quarter as follows :

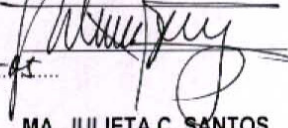
“ CLASS A “

2005	<u>High</u>	<u>Low</u>
First Quarter	0.27	0.16
Second Quarter	0.215	0.12
Third Quarter	0.17	0.11
2004	<u>High</u>	<u>Low</u>
First Quarter	0.45	0.30
Second Quarter	no transaction	
Third Quarter	0.30	0.18
Fourth Quarter	0.245	0.16

SIGNATURES

Pursuant to the requirements of Section 17 of the Code and Section 141 of the Corporation Code, this report is signed on behalf of the issuer by the undersigned, thereunto duly authorized, in the City of Makati on November 03, 2005.

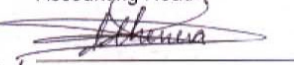
Registrant **ELVIRA A. TING**
Title President

Signature 
Date 11-03-05

Registrant **MA. JULIETA C. SANTOS**
Title Corporate Secretary

Signature 
Date 11/03/05


Registrant **DOMINGO DENNIS D. HERRERA**
Title Accounting Head

Signature 
Date 11/03/05

SUBSCRIBED AND SWORN to before me this 03rd day of November 2005 affiants exhibiting to me their respective Residence Certificates as follows:

<u>NAMES</u>	<u>RES. CERT. NO.</u>	<u>DATE OF ISSUE</u>	<u>PLACE OF ISSUE</u>
1. Elvira A. Ting	15543153	01/10/05	Valenzuela City
2. Ma. Julieta C. Santos	14665756	01/19/05	Makati City
3. Domingo Dennis D. Herrera	15963754	01/07/05	Mandaluyong

Doc. No. 83
Page No. 17
Book No. 44
Series of 2005.


ATTY. LOPE M. VELASCO
NOTARY PUBLIC
UNTIL DEC. 31, 2005
IBP NO. 628318 DEC. 14/04
PTR NO. 3598840 JAN. 3/05 MI
POLL NO 287571

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WELLEX INDUSTRIES INCORPORATED AND SUBSIDIARIES
NOTES TO FINANCIAL STATEMENTS
September 30, 2004

Note 1 – Corporate Information

Wellex Industries Incorporated was originally incorporated to engage primarily in the business of mining and oil exploration and was known as Republic Resources and Development Corporation. It was granted permit by the Securities and Exchange Commission in October 19, 1956. From its beginnings as a mining and oil exploration company it has exhibited the ability to adapt to the ever-changing business environment and succeed in the process.

Beset by difficulties experienced by the oil and mining industries during the 1980's, REDECO's pursuit of activities to revitalize the company led to the entry of The Wellex Group, Inc. (TWGI) in 1994. REDECO was subsequently transformed into a holding company for manufacturing concerns. Wellex Industries, Inc., approved by SEC its application to change the corporate name last September 18, 1997.

Both subsidiaries, **Plastic City Industrial Corporation (PCIC)** and **Philfoods Asia, Inc.** have CEASED commercial operations and the company disposed to lease out its warehouse facilities.

The Company's present activity is focused on reorganizing its operations in preparation for its new businesses. It is now looking for strategic partners to operate the PCIC plant.

The company has 8 and 21 employees as of December 31, 2004 and 2003, respectively.

The share of WIN are listed and traded on the Philippine Stock Exchange (PSE). On May 28, 2005, however, PSE suspended the trading of its shares for failure to submit financial reports for the year ended 2004. This was subsequently lifted in July 2005.

The accompanying financial statements have been prepared assuming that the Company will operate as a going concern. The Company had been incurring losses for the past three years and had a deficit amounting to P1,277,373,689 and P1,194,663,388 as of December 31, 2004 and 2003. The intention of the Company is to continue operating as a going concern. Meanwhile, it is bent on focusing on activities such as "injection molding" and "vacuum forming" due to their very encouraging prospects which have shown to have a high viability rating that will contribute highly towards the Company's maximum operation and financial position. It is also looking for strategic partnership or alliances to put this vision into a reality

Note 2 – Basis of Consolidation and Financial Statement Presentation

The financial statements have been prepared in conformity with generally accepted accounting principle in the Philippines applied consistently with that of the preceding years and are based on historical cost convention, except as stated otherwise.

The consolidated financial statements include the financial statements of the Company and those of the following subsidiaries, which were all incorporated in the Philippines.

Name of Subsidiary	Principal Activity	Percentage of Ownership	
		2004	2003
Direct Ownership			
Phil foods Asia, Inc. (Phil foods)	Manufacturing	100	100
Plastic City Industrial Corporation (PCIC)	Holding	100	100
Indirect Ownership (Subsidiaries of PCIC)			
Inland Container Corporation (ICC)	Manufacturing	100	100
Kennex Container Corporation (KCC)	Manufacturing	100	100
MPC Plastic Corporation (MPC)	Manufacturing	100	100
Pacific Plastic Corporation (PPC)	Manufacturing	100	100
Rexlon Industrial Corporation (RIC)	Manufacturing	100	100
Weltex Industires Corporation (WIC)	Manufacturing	100	100

Subsidiaries are consolidated from the date when the Company obtains control and cease to be consolidated from the date when the Company loses control.

Except as stated otherwise, consolidated financial statements are prepared using uniform accounting policies for like transactions and other events or similar circumstances. Intercompany balances and transactions and other events, including intercompany profits and unrealized profit losses, are eliminated. Shares of the Company held by a subsidiary are treated in the consolidated balance sheets as treasury shares.

Note 3– Summary of Significant Accounting Policies

The accompanying financial statements have been prepared in accordance with generally accepted accounting principles in the Philippines and under the historical cost convention, except as stated otherwise.

The Accounting Standard Council has been adopting the International Accounting Standards (IAS) issued by the International Accounting Standard Committee or IASC. The International Accounting Standards Board or IASB has assumed from the IASC the responsibility for setting the IAS. The standards issued by the IASB are designated as International Financial Reporting Standards or IFRS. The IAS issued by the IASB has been adopted and have been improved by the IASC for the full adoption of IFRS effective January 1, 2005.

The ASC has renamed the new standards “Philippine Accounting Standards” or PAS and “Philippine Financial Reporting Standards” or PFRS to correspond with those adopted by the IASB.

The accounting policies adopted are consistent with those of its previous except those effective January 01, 2004, the Company has adopted the following accounting standards.

PAS 12, “Income Taxes,” which prescribes the accounting treatment for current and deferred income taxes requiring the use of a balance sheet liability method for deferred income taxes and the recognition of a deferred tax liability and, subject to certain conditions, asset for all temporary differences with certain exceptions.

It also provides for the recognition of a deferred tax asset when it is probable that taxable income will be available against which the deferred tax asset can be used, and the recognition of a deferred tax liability with respect to asset revaluation. The Company believes that the adoption of PAS 12 has no material effect on its financial statements.

PAS 17, “Leases,” which prescribes the accounting policies and disclosure to be applied to finance and operating leases. Finance leases are those that transfer substantially all risk and rewards of ownership to the lessor. The standard provides the certain guidelines on assessing whether leases on similar agreements would qualify as finance lease.

The Accounting Standards Council (ASC) has approved the following accounting standards, which will be effective subsequently to 2004:

PAS 40, “Investment Property,” which prescribes the measurement in a lessee’s financial statements of investment property held under a finance lease and with the measurement in a lessor’s financial statements of investment property leased out under an operating lease.

PFRS 3, “Business Combination,” which will result in the cessation of amortization of goodwill and a requirement for an annual test for goodwill impairment. Any resulting negative goodwill after performing reassessment will be credited to income. Moreover, pooling of interests in accounting for business combination will no longer be permitted.

The following principal accounting policies have been applied:

Revenue Recognition

Sales are recognized when the significant risks and rewards of ownership of the goods have passed to the buyer and the amount of revenue can be reliably measured.

Rental Income is recognized on accrual basis in accordance with the terms of the operating lease contract.

Cash and Cash Equivalents

Cash and cash equivalents are cash balances and other cash items with original maturity of three months or less from the date of acquisition.

Receivables

Receivables are stated at nominal value , as reduced by appropriate allowance for doubtful accounts.

Bad debts are written off during the year, if any.

Allowance for Doubtful Accounts

The company provides allowance for doubtful accounts equal to the estimated collection losses based on past collection experience and management reviews of the current status of long-outstanding receivables.

Inventories

Inventories are stated at the lower of cost and net realizable value. Cost is determined as follows:

Raw Materials	- cost of purchase on first-in, first-out basis
Work in Process and Finished Goods	- cost of the materials and labor together with attributable overheads

Net realizable value is based on estimated selling price less further cost for completion and disposal.

INVESTMENT

The Company's investments in its associates are accounted for under the equity method. These associates are entities in which the Parent Company has significant influence mainly through presentation in the associate's board of directors and participation in policy-making processes and which are neither subsidiaries nor joint ventures. Under the equity method, the Parent Company recognizes in its statements of operations its share in the earnings or losses of the investees. The cost of investments is increased or decreased by the Parent Company's equity in net earnings or losses of the investees since the date of the acquisition adjusted for the amortization of the excess of the underlying equity in the net assets of the investees. Dividends received from the investee are considered a return of capital and are credited to the investment account.

Other investments in shares of stock (other than non-current marketable equity and securities); which do not qualify for the use of equity method are carried at cost. When there is a significant and apparently decline in value of the individual investment, the carrying amount of the individual investment is written down to its net realizable value.

Land Held for Future Development

Acquisition costs of raw land intended for future development, including other costs and expenses incurred to effect the transfer of title to the property, are charged to the Land Held for Future Development account.

Property, Plant and Equipment

Property, plant and equipment are carried at cost, except for the property, plant and equipment of PCIC subsidiaries, which are carried at appraised value, less accumulated depreciation and any impairment in value.

An independent firm of appraisers determined the appraisal increase in August 10, 1997. Subsequently additions are carried at cost. The proportion of property stated at cost to the aggregate carrying amount of property, plant and equipment at December 31, 2004 and 2003 is 30% in both years.

The initial cost of property, plant and equipment comprises its purchase price plus any cost directly attributable to bringing the assets to its working condition and location for its intended use. Expenditures incurred after the assets have been put into operation, such as repair and maintenance and overhaul costs are charged to income in the period the cost are incurred. However, expenditures that result in an increase in the future economic benefits in excess of the originally assessed standard of performance of the existing asset are capitalized as an additional cost of property, plant and equipment. When assets are sold or retired, its cost, accumulated depreciation and amortization and accumulated impairment losses are eliminated from the accounts and any resulting gain or loss is included in the statement of operations of such period.

Depreciation and amortization is calculated on a straight-line basis over the following useful lives of the assets:

Building	- 50 years
Leasehold Improvement	- 5 to 10 years
Machinery and Equipment	- 10 to 26 years
Delivery Trucks	- 10 years
Moulds and Dies	- 10 years
Tools and Equipment	- 5 to 10 years
Transportation and Equipment	- 5 to 10 years
Furniture and Fixture	- 5 to 10 years
Office Equipment	- 3 to 10 years
Laboratory Equipment	- 5 years
Computer Software	- 4 years

Impairment of Assets

Property, plant and equipment, investments, goodwill and other long-lived assets are reviewed for impairment whenever events or circumstances indicate that the carrying amount of an asset exceeds its recoverable amount. The excess shall be recognized as impairment loss on the statements of operations, or a revaluation decrease in case of revalued assets. The recoverable amount is the higher of an asset's net selling price and value in use. The net selling price is the amount obtainable from the sale of an asset in an arm's length transaction while value in use is the present value of estimated cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life. Recoverable amounts are estimated for individual assets or, if it is not possible, for the cash-generating unit to which the asset belongs. Impairment losses recognized in prior years are reversed when there is an indication that the impairment losses recognized for the asset no longer exist or have decreased. The reversal is recorded as income, except for revalued assets, which is credited to revaluation surplus in the stockholders' equity section of the balance sheets, to extent previously recognized as expense in the statements of operations.

Provisions

A provision is recognized when the company has a present obligation (legal or constructive) as a result of past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

Retirement Benefits

In 2003, the Company adopted Republic Act No. 7641 as its arrangement to provide retirement benefits to all regular employees. In case of retirement, employees shall be entitled to receive such retirement benefits as may have been earned under the existing laws

The cost providing retirement benefits is determined using the Projected Unit Credit Method. Under this method, each year of service is deemed to give rise to an additional unit of pension entitlement and each unit is valued separately to build up a total retirement benefit obligation.

Earning (Loss) Per Share

Earnings (loss) per share (EPS) are determined by dividing net income (loss) for the year by the weighted average number of shares outstanding during the year.

Segment Reporting

Segment accounts include operating assets used by a segment and consist principally of operating cash, receivables, inventories and property, plant and equipment, net of allowances and provision. Segment liabilities it has incurred, any income from the sale or use of its share of the output of the joint venture and any expenses with respect to the joint venture. These are presented according to the nature of the items recognized and not as a separate investment account.

Income Taxes

Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial reporting bases of assets and liabilities and their related tax

bases and the carry forward benefit of the minimum corporate income tax (MCIT) and the tax effect of the net operating loss carry over (NOLCO). Deferred tax asset and liabilities are measured using the tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled and NOLCO and MCIT are expected to be applied.

A valuation allowance is provided for the portion of deferred tax assets, which is not expected to be realized in the future. Any change in the valuation allowance on deferred tax assets is included in the computation of the provision for the deferred income tax.

Note 4 – Receivables – net

This account consist of the following:

	<u>September 2005</u>	<u>September 2004</u>
Trade	3,249,425.49	35,504,713.36
Joint Venture	42,471,884.90	174,763,504.77
Others	<u>197,471,625.19</u>	<u>24,883,276.89</u>
	243,192,935.58	235,151,495.02
Less: Allowance for doubtful accounts	<u>35,321,398.27</u>	<u>35,736,314.00</u>
	<u>207,871,537.31</u>	<u>199,415,181.02</u>

In 2003, ICC, together with IRC and KCC, recognized a receivable amounting to P113,131,418 from Kenstar Industrial Corporation (Kenstar), a related party, due to the foreclosure of land owned by them and other affiliated companies in settlement of Kenstar's loan payable to Union Bank of the Philippines. ICC, RIC and KCC and three other related parties executed the Third Party Real Estate Mortgage on December 12, 1994.

In 2004, certain trade accounts are written off from the books of several PCIC subsidiaries amounting to P414,319. In 2003, additional allowance for doubtful accounts amounting to P9,473,870 was provided.

Note 5 – Inventories – net

The balances of these accounts as of September 30, 2004 and 2003 consist of the following:

	<u>September 2005</u>	<u>September 2004</u>
Finished Goods	49,990,143.22	67,040,313.77
Raw Materials	43,373,976.31	54,623,717.55
Supplies	<u>8,081,973.28</u>	<u>5,482,310.39</u>
	101,446,092.81	127,146,341.71
Less: Allowance for decline in selling price	<u>89,335,657.62</u>	<u>104,123,792.19</u>
	<u>12,110,435.19</u>	<u>23,022,549.52</u>

Certain PCIC subsidiaries estimated that there would be a decline in selling price and incurrence of additional costs to dispose goods.

Note 6 – Investment in Shares of Stock

	<u>2004</u>	<u>2003</u>
At Cost :		
Philippine Polystyrene Recycling Corp.	<u>375,000.00</u>	<u>375,000.00</u>

Note 7 – Land Held for the Future Development

This account includes various parcels of land received by the Company in 1996 in exchange for its shares of stocks in accordance with stock-for-assets swap agreements entered into with various affiliates. The total appraised value of the properties received, as determined by an independent firm of appraisers, is P699,540,000. In 1997, the Company issued the equivalent number of shares of stock at par value based on the appraised values of the properties received.

On September 7, 1999, the Board of Directors approved the execution of a third-party real estate mortgage on the Company's properties located in Quezon City consisting of an actual area of 6,678 square meters to secure the loan of Waterfront Philippines, Incorporated, an affiliate, with the Social Security System (SSS) amounting to P375 million. In 2003, SSS foreclosed the asset mortgaged in the amount of P198,638,000. All the other properties are not subject to any liens or encumbrances.

Note 8 – Property, Plant and Equipment - net

	<u>PCIC</u>	<u>WIN</u>	<u>PHILFOODS</u>	<u>TOTAL</u>
Land	1,539,179,882.70	-	-	1,539,179,882.70
Land improvement	-	2,303,742.21	944,295.14	3,248,037.35
Leasehold improvements	504,239.17	-	-	504,239.17
Buidlings	375,054,200.00	-	-	375,054,200.00
Allowance for impairment loss	(46,950,978.35)	-	-	(46,950,978.35)
Machinery and equipment	708,901,710.12	-	47,642,957.12	756,544,667.24
Moulds and dies	3,215,066.80	-	-	3,215,066.80
Transportation and equipment	2,361,546.27	-	1,970,359.24	4,331,905.51
Office furniture, fixtures and equipments	6,761,843.85	2,348,788.75	768,652.39	9,879,284.99
Tools and other equipments	6,629,612.04	-	289,881.83	6,919,493.87
Total	2,595,657,122.60	4,652,530.96	51,616,145.72	2,651,925,799.28
Acumulated depreciation	396,264,224.39	4,651,492.93	35,797,371.86	436,713,089.18
Net	<u>2,199,392,898.21</u>	<u>1,038.03</u>	<u>15,818,773.86</u>	<u>2,215,212,710.10</u>

In 2004, certain lots included in the joint venture arrangement of KCC, ICC, RIC and another related party was sold, decreasing the land cost by P6,171,249 and appraisal capital by P16,764,493.

Depreciation on appraisal amounted to P20,644,169 and P20,564,759 in 2004 and 2003, respectively. Recovery on impairment loss amounting to P5,425,745 and P9,164,459 was recognized by PCIC in 2004 and 2003, respectively; an over-reversal of impairment loss amounting to P4,179,223 recorded in 2003 was adjusted by PCIC in 2004. Phil foods recognized an impairment loss amounting to P13,907,709 in 2003.

In 2003, the Union Bank of the Philippines foreclosed the certain properties owned by KCC, RIC and ICC and three other related parties, in settlement of a loan amounting to P175,366,210 owed to the bank by Kenstar Industrial Corporation, another related company. The property consisting of several parcel of lands located in Valenzuela City as described in the Repurchase Agreement dated September 9,1999 among the parties totaling 94,079 square meters had a carrying amount of P125,016,000. Property conveyed to the bank consists of parcels of land located in Valenzuela City with an original cost of P5,865,000 and a revalued amount of P125,016,000. The Companies (ICC, KCC, RIC) recognized a total gain of P107,266,418 and booked a reversal of appraisal capital totaling to P119,151,000. The Companies also recognized a receivable from Kenstar in the amount of P113,131,418. Further certain lots included in the joint venture arrangement with ICC, RIC and another related party were sold in 2003, decreasing land cost by P6,366,384 and appraisal capital by P21,794,847.

In view of the cessation of the operations, PCIC and its subsidiaries reviewed company assets in 2004 and 2003 to determine their recoverability. Management did not recognize impairment loss, On the plant, machinery and equipment for 2004 because their net selling price was higher than their net carrying amount on an arm's length transaction basis. In 2004 there were certain changes in the estimates used by management in measuring the recoverable amount of the building, which resulted to a reversal of impairment loss amounting to P5,425,745 and an adjustment of over-reversal recognized in 2003 amounting to P4,179,223. This was treated as an appraisal increase.

Certain real estate properties owned by RIC, ICC, KCC, MPC and another related party with a total carrying amount of P514,533,952, stated at appraised value, are mortgaged with Equitable PCI Bank to secure the loans of ICC amounting to P94,794,072, and of another related party.

Note 9 – Related Party Transactions

Related party transactions consist of advances to and from affiliated companies and stockholders to meet the operational needs of the Company.

	<u>September 2005</u>	<u>September 2004</u>
The Wellex Group Inc.	112,286,771.15	11,589,275.16
Genwire Manufacturing Corp.	48,400,021.65	48,400,021.65
Plastic City Corporation	20,378,302.68	20,378,302.68
Wellex Petroleum, Inc.	2,106,652.20	1,367,181.84
Continental Wire & Cable Corporation	1,448,792.41	1,443,792.41
Waterfront Philippines, Inc.	1,349,442.05	2,078,711.49
Fort Ilocandia Resort Hotel	368,464.00	365,464.00
Insular Century Hotel Davao	303,456.57	303,456.57
Air Philippines International	141,418.99	141,418.99
Asian Pacific Corporation	33,923.18	33,923.18
Forum Exploration, Inc.	7,228.70	7,228.70
Express Savings Bank, Inc.	4,793.05	4,793.05
Philippine International Airways	4,148.72	4,148.72
Recruitment & Staffing Specialist, Inc.	630.91	630.91
	186,834,046.26	86,118,349.35
Allowance for Doubtful Accounts	(25,554,233.00)	(24,200,011.00)
	<u>161,279,813.26</u>	<u>61,918,338.35</u>

In 2003, provision for doubtful accounts amounting to P1,354,222 was set up.

The PCIC subsidiaries agreed to sell their products to PCIC and vice versa, at a discount. As a general practice, PCIC and its subsidiaries gives 20% reduction from its selling price to come up with the inter-company sales price factor.

Note 10 – Notes Payable

Note 11 – Accounts Payable

Accounts Payable is broken down into:

	<u>September 2005</u>	<u>September 2004</u>
Trade	40,689,992.80	37,118,783.57
Affiliates	<u>18,566,455.52</u>	<u>16,677,908.59</u>
	<u>59,256,448.32</u>	<u>53,796,692.16</u>

Note 12 – Capital Stock and Other Transaction

The details of the capital stock account are as follows:

	<u>2005</u>	<u>2004</u>
Common Stock - P1 par value		
Authorized - 3.5 Billion Shares		
Issued - 3,276,045,637	<u>3,276,045,637.00</u>	<u>3,276,045,637.00</u>

Note 13 – Loss per Share

The following table presents information necessary to calculate loss per share:

	<u>September 2005</u>	<u>September 2004</u>	<u>December 2004</u>
Net loss	(41,547,432.59)	(44,108,049.28)	(81,954,835.00)
Weighted average number of shares			
outstanding during the year	3,276,045,637	3,276,045,637	3,276,045,637
Loss per Share	(0.012682)	(0.013464)	(0.025016)

Note 14 – Management Fees

In 2001, the company received P18,000,000 as management fees from Genwire Manufacturing Corporation. The company did not recognize any management fee in 2002 as the management contract between its subsidiaries expired and was not renewed.

Note 15 – Joint Venture Transactions

PCIC's subsidiaries namely KCC, ICC and RIC are parties to a joint venture agreement for the development of a certain real estate property into an industrial estate by a related party. The joint ventures assets include real estate property with a carrying amount of P481,891,348 and P118,326,505 and receivable amounting to P42,471,885 and 35,504,713 as of December 31, 2004 and 2003.

KCC, ICC and RIC, together with other four related parties, sold certain lots in 2004, which resulted to a net gain of P974,598 and reduced the appraisal capital by P16,764,493.

Revenues and expenses recognized during the year amounted to P1,227,619 and P431,697 respectively.

Note 16– Commitments and Contingencies

Commitments, guarantees and contingent liabilities that arise in the normal course of operations of the Company and subsidiaries are not reflected in the accompanying financial statements. The Company and the subsidiaries' management are of the opinion that losses, if any, from these commitments and contingencies will not have a material effect on the financial statements.

WELLEX INDUSTRIES INCORPORATED AND SUBSIDIARIES**Annex 5****Aging of Accounts Receivable - September 30, 2005**

<i>Over 180 Days</i>	
1 Kenwood Corp.	2,663.90
2 Catfish Enterprises	6,352.50
3 Joint Venture	15,281,714.90
4 Wellex Group	31,510,663.35
5 Kenstar Industrial Corp.	12,307,122.92
Total Inland Container Corp.	59,108,517.57
6 AQUA 2000 Bottling	110,000.00
7 Champion Marketing	42,462.72
8 Clarmil Manufacturing Ing.	2,643.64
9 DEECO	32,631.96
10 F.F. Cruz & Co. Inc.	3,546.60
11 Gaisano Metro	45,288.00
12 Hanson Hardware	7,364.14
13 Hayakawa Component Tech.Inc.	3,475.00
14 Homeworks - Commonwealth	8,203.20
15 Jesus for Life	35,948.50
16 KCC Warehouse Plaza	15,421.82
17 Kimball Plaza	17,127.36
18 Kim Kio Tae	57,603.43
19 LYS Marketing	7,069.82
20 Mara Foods Franchises	48,200.00
21 Price Warehouse Club	231,002.52
22 Regors General Mdse	51,238.63
23 RH TV & Radio Ads	30,835.00
24 Sugni Super Stores - Kidapawan	42,156.00
25 Uniwide Sales Group of Companies	3,984.00
26 WIN Action Center	684,521.38
27 Concept Moulding Corporation	3,868,184.30
28 Dee Hua T. Gatchalian	100.00
29 Felino Canio	100.00
30 Flexiway Trucking	6,563.73
31 Genwire Mfg. Corporation	3,623,100.00
32 International Polymer Corp.	7,870,575.01
33 Manuel Nicolas	100.00
34 Philippine Estate Corporation	42,864.00
35 Polygem Enterprises	10,968,286.75
36 Reynaldo Caranto	100.00

37 Wellex Group	12,014,546.09	
38 Phil-Air	22,968.32	
39 Philfoods	12,395.87	
40 Wellex Petroleum	13,333.22	
41 Plastic City Corp.	31,189.08	
Total Plastic City Ind'l Corporation		39,955,130.09
42 Homeworld - Ortigas	24,178.04	
43 LI FU Marketing Corp.	3,480.00	
44 Philacor	713,932.80	
45 SM Ace Hardware, Inc.	17,280.00	
46 Unno Marketing (Factory Depot)	13,320.60	
47 SAFI - Bldg 22	10,825.73	
48 Orion Rubber - Bldg 19	263.00	
Total Pacific Plastic Corporation		783,280.17
49 Frosty Foods, Inc.	38,650.00	
50 Gatchalian, Sherwin	615.00	
51 Uncle JR	71,000.00	
52 WIN Action Center	660.00	
53 Plastic City Corp	7,903,296.03	
54 Kenstar Industrial Corp.	99,376,397.86	
Total Rexlon Industrial Corporation		107,390,618.89
55 LI FU Marketing Corp.	1,680.00	
56 Joint Venture	23,703,609.36	
Total Kennex Container Corp.		23,705,289.36
57 Phil. Cable Network	109,180.00	
58 Pipe Master (Cebu) Corporation	21,588.00	
59 A.A. Salazar Construction	90,362.34	
Total Weltex Industries Corporation		221,130.34
60 International Polymer Corp.	274,763.45	
Total MPC Plastic Corporation		274,763.45
<i>121 - 180 Days</i>		
1 Catfish Enterprises	6,352.50	
2 Joint Venture	3,486,560.64	
Total Inland Container Corp.		3,492,913.14
3 Concept Moulding Corporation	535,500.00	
4 Genwire Mfg. Corporation	157,000.00	

5 International Polymer Corp.	69,341.75	
6 Plastic City Corp.	55,000.00	
7 Golden Rich Warehouse 32	200.00	
Total Plastic City Ind'l Corporation		817,041.75

8 SAFI - Bldg 22	5,412.27	
9 Orion Rubber - Bldg 19	263.00	
Total Pacific Plastic Corporation		5,675.27

91 - 120 Days

1 Catfish Enterprises	3,493.88	
Total Inland Container Corp.		3,493.88

2 Concept Moulding Corporation	332,200.00	
3 Genwire Mfg. Corporation	20,000.00	
4 Golden Rich Warehouse 32	180.00	
5 Salem Bed	479.78	
Total Plastic City Ind'l Corporation		352,859.78

6 SAFI - Bldg 22	5,412.27	
7 Orion Rubber - Bldg 19	263.00	
8 CFS Waste Management - Bldg 18	36,618.75	
9 Far East Fuel - Open Space	2,625.00	
Total Pacific Plastic Corporation		44,919.02

61 - 90 Days

1 Catfish Enterprises	3,493.88	
Total Inland Container Corp.		3,493.88

2 Concept Moulding Corporation	164,000.00	
3 Genwire Mfg. Corporation	4,000.00	
4 CFS Waste Management Corporation	140.00	
5 Golden Rich Warehouse 32	140.00	
6 Salem Bed	440.00	
Total Plastic City Ind'l Corporation		168,720.00

7 San Miguel Bldg 23	16,301.25	
8 SAFI - Bldg 22	5,412.27	
9 Orion Rubber - Bldg 19	55,230.00	
10 Far East Fuel - Open Space	2,625.00	
Total Pacific Plastic Corporation		79,568.52

31 - 60 Days

1 Catfish Enterprises	3,493.88	
Total Inland Container Corp.		3,493.88
2 Concept Moulding Corporation	317,500.00	
3 Genwire Mfg. Corporation	74,500.00	
4 Plastic City Corp.	5,000.00	
5 CFS Waste Management Corporation	720.00	
6 EXCEL Chemical Tech.Inc.	1,760.00	
7 New Pro Industrial Mfg Corp.	2,160.00	
8 Salem Bed	320.00	
9 South East Asia Food Inc	20.00	
Total Plastic City Ind' l Corporatio		401,980.00
SAFI - Bldg 22	5,412.27	
Far East Fuel - Open Space	2,625.00	
Total Pacific Plastic Corporation		8,037.27

1 - 30 Days

1 Salem Oceanic	90,720.00	
2 Catfish Enterprises	3,493.88	
Total Inland Container Corp.		94,213.88
3 Concept Moulding Corporation	849,500.00	
4 Genwire Mfg. Corporation	1,308,079.90	
5 International Polymer Corp.	2,400,000.00	
6 AEM Enterprises	200.00	
7 Catfish Enterprises	6,060.00	
8 CFS Waste Management Corporation	680.00	
9 EXCEL Chemical Tech.Inc.	3,020.00	
10 Far East Fuel Corporation	160.00	
11 Krisca Flex	140.00	
12 New Pro Industrial Mfg Corp.	1,940.00	
13 Pandayan Bookstore	940.00	
14 Salem Bed	360.00	
15 South East Asia Food Inc	40.00	
Total Plastic City Ind' l Corporatio		4,571,119.90
16 SAFI - Bldg 22	5,412.27	

17 Far East Fuel - Open Space	2,625.00	
18 Far East Fuel - Bldg 26	32,238.94	
Total Pacific Plastic Corporation		40,276.21

Current

1 Salem Oceanic	90,720.00	
2 Catfish Enterprises	3,493.88	
3 Orion Rubber	19,845.00	
Total Inland Container Corp.		114,058.88

4 WaterFront Hotel - Davo	385,347.64	
5 Concept Moulding Corporation	679,000.00	
6 Genwire Mfg. Corporation	39,337.94	
7 AEM Enterprises	100.00	
8 CFS Waste Management Corporation	280.00	
9 EXCEL Chemical Tech.Inc.	1,200.00	
10 Krisca Flex	440.00	
11 New Pro Industrial Mfg Corp.	1,560.00	
12 Pandayan Bookstore	860.00	
13 Salem Bed	300.00	
14 San Miguel - Bldg 23	6,040.00	
15 South East Asia Food Inc	80.00	
16 State Quality Enterprises	320.00	
Total Plastic City Ind' l Corporatio		1,114,865.58

17 San Miguel Bldg 23	179,313.75	
18 San Miguel Shipping Yard	41,291.25	
19 SAFI - Bldg 22	119,070.00	
20 EXCEL Chemical Vacant Lot	7,584.78	
21 Orion Rubber - Bldg 35	32,764.73	
22 Far East Fuel - Open Space	2,625.00	
23 Far East Fuel - Bldg 26	32,238.94	
Total Pacific Plastic Corporation		414,888.45

Total	243,170,349.16	
Less: Alloance for Doubtful Accounts	(35,321,398.27)	
Sub - Toal	207,848,950.89	
Add : Others	22,586.42	
<u>Accounts Receivable as of September 30, 2005</u>	<u>207,871,537.31</u>	