COVER SHEET

3 0 9 3 9

S.E.C. Registration Number

PHILIPPINE NATIONAL CONSTRUCTION CORPORATION

(Company's Full Name)

PNCC COMPLEX KM 15 EAST SERVICE ROAD BICUTAN PARANAQUE CITY

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

FRANCES LYNETTE V. SAYSON

Contact Person

846-2906

Company Telephone Number

1 2	3 1
Month	*Day*

Fiscal Year

17A

FORM TYPE

0 3	4th Tuesday
Month	*Day*

Annual Meeting

Secondary License Type, If Applicable

Dept. Requiring this Doc.

Amended Articles Number / Section

Total No. of Stockholders

Domestic

Foreign

To be accomplished by SEC Personnel Concerned

File Number

LCU

Document ID

Cashier

STAMPS

REPUBLIC OF THE PHILIPPINES)
City of Parañaque)

SECRETARY'S CERTIFICATE

I, **FRANCES LYNETTE V. SAYSON**, the duly designated Corporate Secretary of Philippine National Construction Corporation ("the Corporation"), a corporation duly organized and existing under the laws of the Philippines, with business address at PNCC Compound, Km. 15 East Service Road, Bicutan, Parañaque City, after having been sworn to in accordance with law, do hereby certify that the information contained in the submitted hardcopy and softcopy of the 2015 Annual Report pursuant to Section 11 of the Revised Securities Act and Section 141 of Corporation Code of the Philippines are one and the same.

IN WITNESS WHEREOF, I have hereunto set my hands this ___ day of April 2016 in Parañaque City.

FRANCES LYNETTE V. SAYSON
Corporate Secretary

APR 13 2016

SUBSCRIBED AND SWORN to before me this _____ day of April 2016, City of QUEZON CITY, affiant exhibiting to me her passport no. EB5765888.

Doc. No. 385;
Page No. 64;
Book No. 24 A;
Series of 2016.

ATTY. BENJAMIN P. ALFONSO
NOTARY PUBLIC
UNTIL DECEMBER 31, 2016
PTR NO. 2147797 1/4/2016 - QUEZON CITY
IBP NO. 1015954 1/4/2016 - QUEZON CITY
ROLL NO. 13296
COMMISSION NO. NP-144 (2015-2016) QUEZON CITY
TIN NO. 177-967-619
MCLE EXEMPTED

SECURITIES AND EXCHANGE COMMISSION
SEC FORM 17-A

ANNUAL REPORT PURSUANT TO SECTION 17 OF THE REVISED SECURITIES ACT SECTION 141 OF CORPORATION CODE OF THE PHILIPPINES

1. For the fiscal year ended December 31, 2015

2. SEC Identification Number 30939

3. BIR Tax Identification No. 410-000-058-V

4. Exact name of registrant as specified in its charter
PHILIPPINE NATIONAL CONSTRUCTION CORPORATION

5. Metro Manila, Philippine
Province, Country or other jurisdiction

6. (SEC Use Only)
Industry Classification Code:

7. PNCC Complex, KM. 15, East Service Road, Bicutan, Parañaque City

8. (02) 846-3045 Fax: 846-1395
Registrant's telephone number, including area code

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

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

Title of Each Class	*Number of Shares*
Common	75,000,000
Special Common	10,000,000
Preferred	10,000,000
	95,000,000

Note:

The Philippine Construction Corporation (PNCC) has 141,519,380 shares (99,444,759 common shares and 42,074,621 preferred shares) issued without prior registration. The PNCC, however, had already filed an application for registration of the said shares on August 2000 to the Commission and had engaged the services of Feria, Feria, Lao Noche Law Offices for the purpose.

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

Yes [x] No [ ]

12. Check whether the registrant:

(a) has filed all reports required to be filed by section 11 of the Revised Securities Act (RSA) and RSA Rule 11 (a) 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 report(s);

Yes [x] No [ ]

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

Yes [x] No [ ]

13. Aggregate market value of the stock held by non-affiliates:

PMO (Preferred D)	25,500,000
Republic of the Philippines thru PMO	79,271,024
GSIS	47,490,383
Land Bank of the Philippines	657,836
RM Cuenca & Family	2,786,248
Universal Holding Corporation	24,780,746
Independent Realty Corporation	39,605
Others	19,418,917
Total	199,944,759
Par Value	x 10.00
	₱ 1,999,447,590

EXHIBITS AND SCHEDULES

Exhibits and Reports on SEC Form 17-C

(a) Exhibit – none

(b) Reports on SEC Form 17 – C

SIGNATURES

Pursuant to the requirement of Section 17 of the Corporation 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 Parañaque on ________________.

By:

MIRIAM M. PASETES
Principal Financial Officer

SUBSCRIBED AND SWORN to before me this APR 13 2016 in QUEZON CITY affiants exhibiting to me her Government issued I.D. SSS no. 03-284-665-1.

Doc. No.: 304
Book No. 61
Page No. 26A
Series of 2016

ATTY. BENJAMIN F. ALFONSO
NOTARY PUBLIC
UNTIL DECEMBER 31, 2016
PTR NO. 2147797 1/4/2016 - QUEZON CITY
IBP NO. 1015954 1/4/2016 - QUEZON CITY
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PHILIPPINE NATIONAL CONSTRUCTION CORPORATION

Annual Report 2015

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Message to Shareholders

From the President and CEO

Our mandate is clear : We are to ensure that the policies we pursue bear on fostering the long-term success of the corporation, its long-term viability and strength and its sustained competitiveness.

The year 2015 saw the Corporation take further steps to streamline its operations pursuant to the directive issued by His Excellency, President Benigno Simeon C. Aquino through the Governance Commissopn on GOCCs (GCG), to abolish or privatize the following subsidiaries: Alabang-Sto. Tomas Development, Inc. (ASDI); DISC Contractors, Builders and General Services, Inc. (DCBGSI); Traffic Control Products Corporation (TCPC); CDCP Farms Corporation (CDCPFC); and Tierra Factors Corporation (TFC).

For the purpose of implementing the directive of President Aquino, the Board of Directors undertook steps for the respective boards of the enumerated subsidiary corporations implement the corporate resolutions and approvals necessary for a formal closure of said subsidiaries. PNCC consequently absorbed on October 1, 2015 the operations of DCBGSI, the only subsidiary with outstanding business commitments to its clients. Said absorption resulted in the separation of personnel deemed redundant under the new arrangements.

The Board likewise addressed the issue of payment of the corporation's obligations to the national government. For this purpose, a special committee was formed to draft a proposal thereon, with the following as members:

Chairman Elpidio C. Jamora, Jr.
President Luis F. Sison
Tomas C. Alvarez
Rosanna E. Velasco

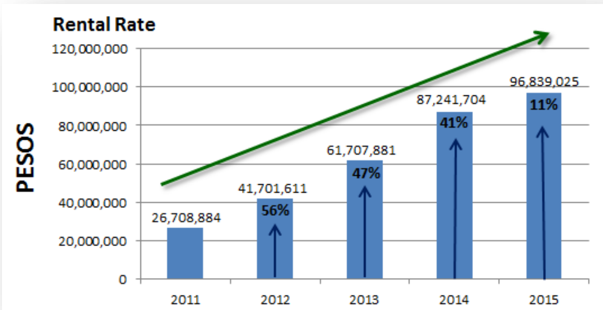
The committee's proposal entitled "Memorandum on the Payment of Debt to the National Government", was authorized to be transmitted to the Office of the President of the Republic of the Philippines for consideration and approval. A corollary step taken by the Board was to propose the termination of the case between PNCC and the Privatization and Management Office, also at the level of the Office of the President of the Republic of the Philippines.

I am pleased to report the following financial information that augers well for the company.

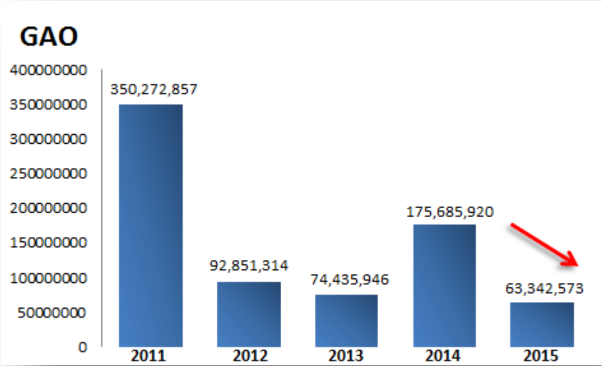
For 2015, PNCC received revenue share from MNTC, CMMTC and SLTC in the amounts of ₱83,802,795, which is higher by almost 15% over the corresponding ₱72,964,748 received in 2014. Dividend shares likewise improved to ₱36,423,420 received in 2015 from CMMTC alone, while on ₱32,905,320 from CMMTC and TMC combined was received in 2014. This represents an 11% over te 2014 figures. If the dividend share of ₱26,219,320 received from CMMTC n 2014 was considered alone vis-à-vis our revenue share in 2015, then this represent an almost 40% increase in revenue share from CMMTC.

	2015	2014
Revenue Share		
MNTC	**43,649,658**	39,955,949
CMMTC	**27,566,205**	25,281,618
SLTC	**12,586,932**	7,727,181
	83,802,795	72,964,748
Dividend Share		
MNTC		
TMC		6,686,000
CMMTC	**36,423,420**	26,219,320
	36,423,420	32,905,320
	120,226,215	105,870,068

Total rental generated in 2015 amounted to ₱ 96,839,025. An 11% increase is seen when compared to the ₱ 87,241,704 generated in 2014. Rental incomes from the FCA property represent 99% and 98.57% of the total rent income for 2015 and 2014, respectively.



General and Administrative Overhead dropped from ₱175,685,920 in 2014 to ₱63,342,573 in 2015, which is in part explained by the separation of PNCC personnel in 2015, and the austerity measures we further introduced to our operations.



Overall, I am pleased that 2015 ushered in the genuine embrace of leanness in doing our corporate work. And this is seen in our financials. But more work is to be done in addressing our obligations, and in being responsible stewards of what are in our hads to develop and protect.

Our mandate is clear: We are to ensure that the policies we pursue bear on fostering the long-term success of the corporation, its long-term viability and strength and its sustained competitiveness.

The last day of our corporate life, which is November 22, 2016 is just around the bend. We cannot forget that we have just a brief period of time to make sure that a day later, our Company still subsists, and on the road to another fifty years of doing good business and doing it best.

LUIS F. SISON
President & CEO

Business Development

The Philippine National Construction Corporation (PNCC) is known for its vision, expertise and landmark projects and has been distinguished partner in Philippine progress and economic development,

On November 22, 1966 as a consortium of well known contractor firms, it was originally incorporated under the name of Construction Development Corporation of the Philippines (CDCP) for a term of fifty (50) years. CDCP's entry into the construction field was a big break-away from tradition. For the first time, the concept of private financing for the construction of government infrastructure projects was introduced in the Philippines. Since its establishment, CDCP had constructed billions pesos worth of engineering and construction projects. This covered a broad range of projects, from the construction of highways, bridges and industrial facilities, even land development.

On August 14, 1968, the 28 km. Manila North Expressway (MNEX), a fully fenced limited access highway consisting of a four-lane divided roadway was opened as a tollway facility, with CDCP managing its operations and maintenance. It was originally a project of the Department of Public Highways (now DPWH), but the completion of the major portion of the project fell on CDCP to pioneer the toll concept of funding infrastructure. It was carried out under the private financing scheme provided for under RA 3741. This first big success in public works construction gave way to CDCP's rise in the road building industry. The construction of the Manila South Expressway (MSEX), the second major roadway project completed by CDCP, was opened on December 16, 1969. It provided a vital artery to Southern Luzon stretching 15 kilometers from Makati to Alabang.

On March 31, 1977, PD 1113 granted CDCP the franchise to operate, construct, and maintain the above toll facilities for a period of 30 years. From May 1, 1977 these roadways already then called the North and South Luzon Tollways, were operated and maintained under the franchise granted to CDCP. The franchise expired on April 30, 2007.

While the terms of the franchise provided under PD 1113 for the North Luzon Expressway and the South Luzon Expressway which is thirty (30) years from May 1, 1977 shall remain the same, the franchise granted for the Metro Manila Expressway and all extensions, linkages, stretches and diversions that may be constructed after the date of approval of this decree shall also have a term of thirty (30) years commencing from the date of completion of the project. On December 22, 1983, PD 1894 was issued further granting PNCC a franchise over the Metro Manila Expressway (MME), and the expanded and delineated NLEX and SLEX. PNCC was granted the *"right, privilege and authority to construct, maintain and operate any and all such extensions, linkages or stretches, together with the toll facilities appurtenant thereto, from any part of the North Luzon Expressway, South Luzon Expressway and/or Metro Manila Expressway and/or to divert the original route and change the original end-points of the North Luzon Expressway and/or South Luzon Expressway as may be approved by the TRB."*

In 1981, in order to strengthen the financial structure of the Corporation, LOI 1136 was issued mandating the National Development Company (NDC) to invest the sum of ₽250 million in CDCP at par value.

In 1983, LOI 1295 was issued directing lender/guarantor government financial institutions to convert PNCC debts into equity in PNCC. However, only P1.4 billion of the estimated ₽7 billion debt was converted to equity and the balance of ₽5.5 billion remain unconverted due to Central Bank intervention.

The accomplished conversion in 1983 gave the Government a majority shareholding, and pursuant to this substantial change in ownership, the corporate name was changed from CDCP to Philippine National Construction Corporation (PNCC) in the same year. The increase in the company's capital stock was approved by SEC on

December 7, 1983. By virtue of LOI 1136 and PD 1295, 76.96% of the PNCC's voting equity has been held by the then Asset Privatization Trust (APT), now the Privatization and Management Office (PMO). The PMO was created on December 8, 1986 by virtue of Proclamation No. 50 that authorized the privatization program of government. The program is guided by the Committee on Privatization (COP) that was also created under Proclamation No. 50, and is now called the Privatization Council (PrC). As a result of the aforesaid PMO holdings, only 12.09% of the Corporation's voting equity is considered as under private ownership. However, 24% of GSIS shares is considered private because owned by government employees and financed by the premiums they pay.

The Company's debt of ₽5.552 billion which remained unconverted to equity is treated as part of equity in the Company's books, instead of a liability with the interest and penalties unilaterally charged thereon by the PMO/BTr amounting to ₽52.066 billion and ₽52.482 billion as of December 31, 2014 and 2013, respectively, are not considered or taken up in the Company's books. The Company maintains the position that the account/amount shall be booked as equity and not as a liability (inclusive of interests and penalty charges). The assertion that the ₽5.552 billion should be part of equity is supported by a Supreme Court ruling that recognizes the validity of LOI 1295 confirming that the ₽5.552 billion is no longer a debt but equity. The Office of the Government Corporate Counsel, and a private firm engaged by PMO have concurred with this ruling. Pursuant to the mutual agreement between the Company and the PMO, the option/authority to convert the mentioned debt into equity was submitted to the Department of Justice (DOJ) on June 21, 2012 for arbitration. In DOJ decision decision dated February 18, 2014 dismissing the Company's petition against the PMO, the former filed a Motion for Reconsideration (MR) at the DOJ on March 14, 2014. On January 22, 2015, the DOJ denied the Company's MR.

Thereafter, the Company filed a Supplement to the MR on May 28, 2015 which was also denied by the DOJ in its order dated July 13, 2015.

On June 26, 2015, the Company filed a Notice of Appeal at the Office of the President (OP) of the Philippines and filed the corresponding Appeal Memorandum on July 27, 2015. The Company is awaiting the resolution of the OP on its appeal.

From 1987 to 2001, PNCC still implemented selected construction projects, but this resulted in losses. Since 2002, the Corporation has refrained from actively engaging in the construction business, and focused more on the operation and maintenance of its tollways.

Earlier in 1995, PNCC entered into Joint Venture Agreements (JVAs) that resulted in the division of the Tollways into 3 portions, the North Luzon Expressway (NLEX), the Skyway, and the South Luzon Expressway (SLEX). The objective was to improve the manner by which the tollways were operated and maintained.

The NLEX JVA was entered into originally with First Philippine Infrastructure Development Corporation (FPIDC) together with Leighton Contractor Asia Ltd. and Egis Project Systems, which formed the JV company, Manila North Tollways Corporation (MNTC). The operation of the NLEX was officially turned over to MNTC on February 10, 2005, where PNCC had 20% shareholding. PNCC's inability to respond to succeeding capital calls limited its participation to 2.5% in MNTC. FPIDC was acquired by the Pangilinan (MVP) Group in November 2008. In the O&M company for NLEX, the Tollway Management Corp. however, PNCC is a 20% shareholder.

For the South Luzon Tollways, PNCC entered into a partnership with Indonesia's P.T. Citra Lamtoro Gung Persada to build the elevated toll road or Skyway System from Nichols to Alabang and to upgrade the at-grade portion for the same stretch. Citra Metro Manila Tollways Corporation (CMMTC) is the Joint Venture Company and concessionaire, and has been running these segments since 1999. The PNCC Skyway Corporation (PSC) originally managed the operation and maintenance of the Skyway System and its corresponding at-grade section, but due to operational inefficiencies, PSC suffered financial losses. The Skyway Operation and Maintenance

Corporation (SOMCO) took over the operations and maintenance of the Skyway Systems in 2008. PNCC has 11% share in CMMTC (also diluted from 20%) and a 20% share in SOMCO, which up to this day remains unissued to PNCC because of legal disputes with CMMTC.

For the Alabang to Calamba stretch, PNCC entered into a JVA with the Malaysian Corporation, MTD Manila Expressways, Inc. (MTDME) under the corporate name of South Luzon Tollway Corporation (SLTC). Under this JVA, are the following South Luzon Expressway (SLEX) Projects: the rehabilitation and upgrading of the Alabang Viaduct, the expansion and rehabilitation of the Alabang to Calamba segment, and the construction of a 7.8 km. toll road extension from Calamba to Sto. Tomas, Batangas. The O&M company for the said stretch is the Manila Toll Expressway Systems, Inc. (MTESI). PNCC owns 20% of SLTC and 40% of MTESI.

San Miguel Corporation and its partner Citra Group of Indonesia had acquired an 80% indirect equity interest in SLTC and 60% in MTESI. The acquisition was made by its wholly-owned subsidiary San Miguel Holdings Corporation (SMHC) and Atlantic Aurum Inc., the joint venture corporation of SMHC and the Citra Group. SMHC has accepted the invitation of the Citra Group of Indonesia to invest in Atlantic Aurum Inc, the corporate vehicle of the Citra Group which has a controlling equity interest in CMMTC, the concession holder and operator of the Skyway project.

Although the original franchise of PNCC expired on April 30, 2007, the Toll Regulatory Board (TRB) issued a Toll Operations Certificate (TOC) dated April 27, 2007 to PNCC, for the continued Operation and Maintenance of the SLEX. The said authority from the TRB, pursuant to its powers under PD 1112, allowed PNCC to operate and maintain the SLEX and to collect toll fees, in the interim. The effective date of the TOC commenced on May 1, 2007, but in no case to exceed the date of substantial completion of the SLEX Project Toll Roads under the STOA dated February 1, 2006, or unless sooner revoked by the Board. On April 8, 2010, the TRB issued the Certificate of Substantial Completion for Project Toll Roads 1 and 2, and accordingly issued the Toll Operation Permit (TOP) over the said Project Toll Roads to MATES. On May 2, 2010, the operation and maintenance of the SLEX was officially turned over to SLTC and MATES.

A Subscription Agreement was also executed by and among the Alabang-Sto. Tomas Development Inc. (ASDI), the NDC, and the PNCC on November 14, 2008, wherein PNCC subscribed to 12,500 shares from the unissued portion of the 150,000 shares authorized capital stock (with par value of ₱1,000 per share) of ASDI. ASDI is a joint venture company between PNCC and NDC and incorporated to undertake the Daang Hari-SLEX connector road (DHLRP). In 2009, as the construction activities of the DHSLRP was underway, PNCC infused additional equity to total ₱255 million, thereby increasing its ownership share to 51%.

On December 15, 2009, a Memorandum of Agreement (MOA) for the Advance Works on the Daang Hari-SLEX Link Road Project (DHSLRP) was entered into by and among the ASDI and PNCC. The Corporation was designated as the Main Turnkey Contractor responsible for undertaking the Advance Works and to implement of the design and construction of the Road Project, which consists of a toll road facility connecting Daang Hari Road in Cavite to the SLEX adjacent to the Susana Heights Interchange. The project was 25% complete when the DPWH, pursuant to its PPP mandate, took over the project for the purpose of bidding it out. The project was bidded out and awarded to Ayala Corporation in the amount of ₱900M and ASDI was reimbursed in the amount of ₱353M representing its cost plus a premium for its efforts.

Meanwhile, pursuant to Executive Order No. 605 which directed all government agencies to install a Government-wide quality management program, and prior to the above turn-over to MATES, PNCC has acquired and maintained an ISO 9001 Certification to cover its expressway operations in the SLEX. The company, with the full support of its Board, adopted and implemented its Quality Management System Manual. On December 15, 2009, Stage 1 (Documentation) Certification Audit was conducted by a Certification Body, the SGS Philippines. Before the end of the first quarter of 2010, SGS

Philippines, Inc. granted to PNCC the ISO 9001:2008 Quality Management System Certificate for Tollway Management. The certificate was valid from 18 March 2010 until 17 March 2013.

About the same period in Ernesto B. Francisco vs. TRB, PNCC et. al. (G.R. Nos. 166910, 169917, 173630, and 183599, October 19, 2010) and in the case of Strategic Alliance Development Corporation vs. Radstock Securities Limited, et. al (G.R. No. 178158, December 4, 2009), the Supreme Court ruled and declared that with the expiration of PNCC's franchise, the toll assets and facilities of PNCC were automatically turned over, by operation of law, to the National Government (NG) at no cost. Consequently, this resulted in the latter's ownership of the toll fees and the net income derived, for the period starting May 1, 2007, from the toll assets and facilities, including PNCC's percentage share in the toll fees collected by the joint venture companies currently operating the tollways. This has adversely affected PNCC's entitlement to a share in the gross proceeds of the operation of the SLEX and dividends, if declared.

PNCC through the Office of Government Corporate Counsel (OGCC) filed a Motion for Clarification with the Supreme Court (SC) asking for definition of "Net Income". The SC resolved to grant the Motion of PNCC. In addition, it ordered the Toll Regulatory Board (TRB) with the assistance of Commission on Audit (COA) to formulate the Guidelines to determine what can be retained by PNCC to determine the Net Income to be remitted to NG. Due to inevitable delays and in fairness to PNCC, the TRB on 22 March 2012, issued "Interim Guidelines" that determined amounts to be remitted to the NG and PNCC "by the JV Companies in relation to the operation of the NLEX and SLEX projects respectively." Detailed discussion on revenue and dividend share from joint venture companies were described in Notes 19 of Financial Statement, page 81 of this report.

On May 3, 2011, the company and its partner for Skyway Toll Projects, CITRA Lamtoro Gung Persada, submitted to TRB an Updated Joint Venture Investment Proposal (UJVIP) for the Metro Manila Skyway (MMS) Stage 3 Project pursuant to one of the provisions of Supplemental Toll Operations Agreement dated November 27, 1995 as amended on July 18, 2007. The 14.8 kilometer Stage 3 Project starts from the existing Buendia interchange and will be extended and eventually connected to the North Luzon Expressway at Balintawak – EDSA Interchange. The Toll Regulatory Board (TRB) reviewed, evaluated and approved the UJVIP.

On January 9, 2012, a Supplement to the Business and Joint Venture Agreement (Supplement BJVA) was executed by the Company and CITRA which governs the implementation of the MMS Stage 3 Project and Stage 4 of the Project also known as Metro Manila Expressway (MME). The parties also executed the Second Supplement to the Business Joint Venture Agreement (Second Supplement to BJVA) which contains the terms and conditions for the implementation of both MMS and MME.

On September 6, 2012, the Restated Second Supplement to BJVA was executed which contains the entire agreement of the parties ad embodies the final terms and conditions for MMS.

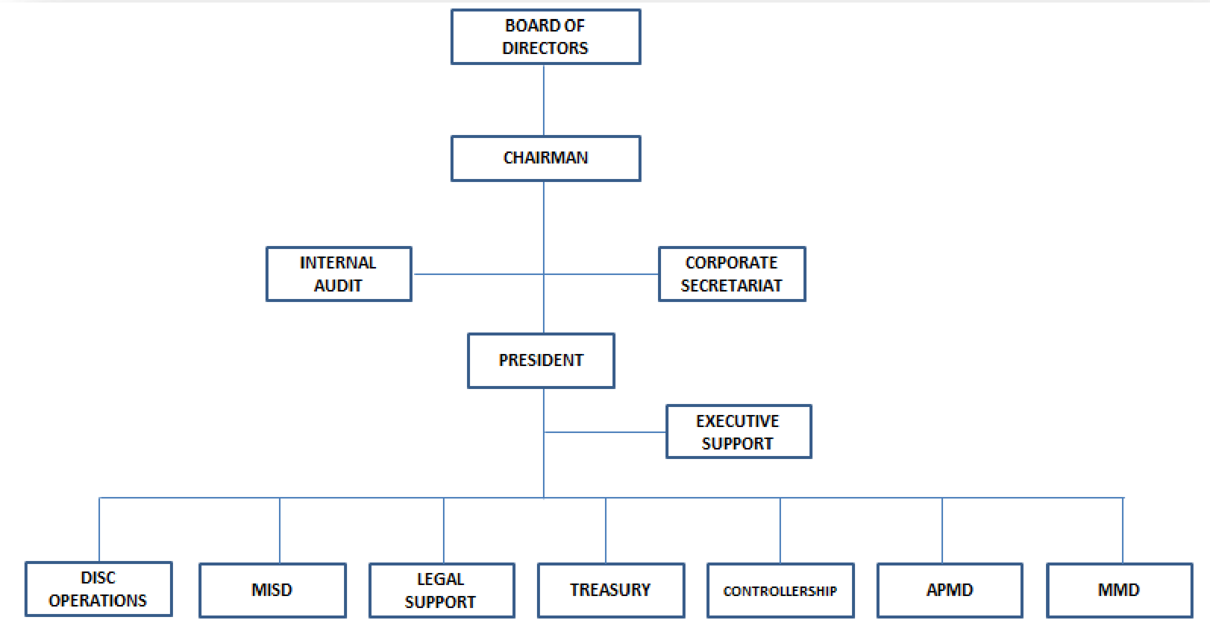
On November 12, 2012, following Section 1 of the Restated Second Supplement to BJVA, Citra Central Expressway Corporation (CCEC), the joint venture company, was incorporated as the vehicle to implement the financing, design, and construction of the MMS.

On September 26, 2013, the Supplemental Toll Operation Agreement (STOA) governing the design, construction, operation and maintenance of the MMS Stage 3 was approved by the Office of the President of the Philippines. Under the STOA, the Company is provided with 20% equity in CCEC, 10% is free carry and can never be diluted while the other 10% is to be paid for. In 2015, when the call was made for a capital increase investment in CCEC, the Company waived its subscription rights for the 10%. The initial 10% investment in CCEC amounted to P12.5 million. The Company waived its right in the Operation and Maintenance (O&M) company in exchange for the shares in gross revenues. The start of commercial operations of the MMS Project is expected in 2017.

On October 14, 2013, Executive Order No. 141 was issued transferring the Philippine National Construction Corporation from the Department of Trade and Industry (DTI) to the Office of the President (OP) of the Philippines.

In January 2014, the Restated Supplement to the BJVA for MME was executed. The MME or C6 Project or the Stage 4 of SMMS will stretch from Bicutan to San Jose Delmonte and then will connect to the proposed MRT7 Project which will extend to the NLEX. The toll road will have a length of 34.33 km. Patterned from the MMS Project, the Company is provided with 20% equity in Citra Intercity Tollways Inc. (CITI), the joint venture company incorporated as the vehicle to implement the financing, design, and construction of the MME. 10% of the CITI equity is free carry and can never be diluted. On August 11, 2014, the Supplemental Toll Operation Agreement was approved by the Office of the President of the Philippines. The start of commercial operations of the MMS Project is expected in 2018.

Organizational Setup for 2015



Total Number of PNCC Employees Per Sector as of December 31, 2015

Sector	Regular	Service Contract	Total
Rank & File	163	5	**168**
Supervisor	17		**17**
Manager	10		**10**
Executive	7		**7**
TOTAL	**197**	**5**	**202**

Business Development and Description of Subsidiaries

PNCC has a number of subsidiaries legally in existence but for the past three years were inactive. These are wholly-owned subsidiaries namely the Traffic Control Products Corp. (TCPC), Tierra Factors Corp. (TFC), CDCP Farms, Inc. and PNCC Skyway Corp. were among the inactive.

There are subsidiaries such as Land Management and Development Corp., Managerial Resources Corp., Manila Land Corp., San Ramon Ranch, Inc. and San Roque Ranch, Inc. where PNCC's investments are still carried in the books, but with no management files or records.

In September 2013, the Governance Commission for GOCC's (GCG) recommended the abolition of the following PNCC subsidiaries: 1) Alabang-Sto Tomas Development, Inc. (ASDI); 2) DISC Contractors, Builders and General Services, Inc.(DCBGSI); 3) Traffic Control Products Corporation (TCPC); 4) CDCP Farms Corporation (CDCP-FC), and Tierra Factors Corporation (TFC). Furthermore, GCG recommended the creation of a Technical Working Group (TWG) to coordinate the implementation of said abolition. The TWG shall be composed of the GCG, together with the representatives of the following government agencies, as regular members : 1) Department of Trade and Industry; 2) Securities and Exchange Commission, and 3) PNCC. Special members are composed of : 1) ASDI; 2) DCBGSI; 3) TCPC; 4) CDCP-FC, and 5) TFC. Meanwhile, the PNCC Management has been undertaking the necessary steps to dissolve the inactive subsidiaries. Despite of the recommendation of the GCG, the PNCC Board decided to propose an alterative disposition for DCBGSI. However, DCBGSI ceased its operation on September 30, 2015 pursuant to Shareholder's Resolution dated August 7, 2015. The Company assumed DCBGSI operations on October 1, 2015.

Business Development of Affiliates

In compliance with the Supreme Court decision, the company has transferred and turned over the shares of stock in tollway joint venture companies through a Deed of Compliance to Transfer Shares of Stock to the National Government under Supreme Court Decision in G.R. Nos. 166910, 169917, 173630, and 183599.

The only joint venture company left to PNCC after the turn over to National Government is Citra Metro Manila Tollways Corporation (CMMTC) the joint venture company for Metro Manila Skyway System (SMMS) and the Operation and Maintenance Corporation for SMMS or Skyway Operation and Maintenance (SOMCO). These said JV was approved pursuant to Presidential Decree No. 1894, which expanded PNCC's original franchise by granting firstly, the further "right, privilege and authority to, construct, maintain and operate any and all such extensions, linkages or stretches, together with the toll facilities appurtenant thereto, from any part of the North Luzon Expressway, South Luzon Expressway as may be approved by the Toll Regulatory Board (TRB)"; and, secondly, the right to construct and operate the Metro Manila Expressway, also named as the "Metro Manila Tollway" (C-6).

Meanwhile, the Company now holds updated partnership with Citra Lamtoro Gung Persada for new toll road projects : the Metro Manila Skyway Stage 3 and Metro Manila Expressway or C6. The projects will enable the Company to generate sufficient cash flow from dividend and revenue shares from the JV companies for the next 30 years.

Citra Metro Manila Tollways Corporation and Skyway Operation and Maintenance

Citra Metro Manila Tollways Corporation (CMMTC), a Joint Venture Company or the Investor Company was incorporated on 27 November 1995 to pursue the South Metro Manila Skyway Project (SMMS), i.e., the present at-grade level and Skyway stretching from Nichols to Alabang, southbound, and to Buendia, northbound. CITRA has a 30-year concession period which commenced in December 1998. Originally, PNCC owned 20% of CMMTC with ₱551 million infused as equity. As of 2008, however, following the exercise of pre-emptive rights to which PNCC issued a waiver, PNCC's equity participation was reduced to 11%. PNCC continues to hold two board seats in CMMTC.

In 2006, PNCC was able to secure a share of the gross revenues of the Skyway from CMMTC, similar to the arrangement with the MNTC of NLEX and SLTC of SLEX. This concession was secured in return for PNCC's willingness to dilute its shareholdings in CMMTC, as the latter raised financing for the Skyway II extension project.

Skyway O&M Corporation (SOMCO) is the operations and maintenance corporation for the Skyway section where PNCC has 20% participation. This, however, remains unissued because of legal difficulties with CMMTC. SOMCO was incorporated on December 12, 2007 and took over the O&M role from the PNCC Skyway Corporation on 31 December 2007.

Citra Central Expressway Corporation

Citra Central Expressway Corporation (CCEC), a joint Venture Company between the Company and PT Citra Lamtoro Gung Persada, was incorporated on November 16, 2012 pursuant to Section 1 of the Supplement to Business and Joint Venture Agreement to be the vehicle to implement the financing, design and construction of the Metro Manila Skyway – Stage 3 (MMS).

Pursuant to approved STOA of MMS, CCEC has a 30-year concession period to commence upon completion of the project.

The Company is provided with 20% equity in CCEC, 10% is free carry and can never be diluted while the other 10% is to be paid for.

On May 26, 2014, the Toll Regulatory Board (TRB) approved the change in the ownership of a majority of the shares of the capital stock of CCEC.

Upon execution of the Subscription Agreement on September 5, 2014, Stage 3 Connector Tollways Holdings Corporation (S3HC) became a majority stockholder of CCEC. The shareholder structure in CCEC is as follows: S3HC - 55%, PT Citra Lamtoro Gung Persada - 25% and PNCC – 20%.

In 2015, when the call was made for a capital increase investment in CCEC, the Company waived its subscription rights for the 10%. The initial 10% investment in CCEC amounted to ₱12.5 million.

The Company agreed to forego any equity participation in the Operation and Maintenance (O&M) company provided the latter remains a cost center and not a profit center. The Company is provided with one (1) permanent seat with one non-voting director to the Board of CCEC, regardless of its shareholdings. Membership in all Board Committees and Chairmanship of the Board Audit Committee is given to the Company.

The Company's share in gross revenues for the duration of the operation period is projected at ₽35.06 billion while the share in net profits is projected at ₽21.42 billion.

The start of commercial operations of the MMS Project is expected in 2017.

Citra Intercity Tollways, Inc.

Citra Intercity Tollways, Inc. (CITI) was incorporated on February 17, 2014, a joint Venture Company between the Company and PT Citra Lamtoro Gung Persada to be the vehicle to implement the financing, design and construction of the Metro Manila Expressway – C6 (MME).

Pursuant to approved STOA of MME, CITI has a 30-year concession period to commence upon completion of the project.

The Company is provided with 20% equity in CITI, 10% is free carry and can never be diluted while the other 10% is to be paid for.

On July 20, 2015, the Toll Regulatory Board (TRB) approved the change in the ownership of a majority of the shares of the capital stock of CITI.

The shareholder structure in CITI is as follows: SMC Infraventures, Inc. - 55%, PT Citra Lamtoro Gung Persada 25% and PNCC – 20%.

The Company agreed to forego any equity participation in the Operation and Maintenance (O&M) company provided the latter remains a cost center and not a profit center. The Company is provided with one (1) permanent seat with one (1) non-voting director to the Board of CITI, regardless of its shareholdings. Membership in all Board Committees and Chairmanship of the Board Audit Committee is given to the Company.

The Company's share in gross revenues for the duration of the operation period is projected at ₽43.86 billion while the share in net profits is projected at ₽27.21 billion.

Description of Properties

The list of Real Property as of December 31, 2015 are presented below:

ITEM NO.	LOCATION	AREA (sq .m.)	REGISTERED OWNER
A.	**BOOKED PROPERTIES:**		
1.	TAGOLOAN PROPERTY Bo. Casinglot, Tagoloan, Misamis Oriental	20,687 13,785 16,380 1,065 5,316 3,387 **60,620**	CDCP CDCP CDCP CDCP CDCP CDCP
2.	BICUTAN PROPERTY Paranaque City	107 54 27,762 5,123 **33,046**	CDCP CDCP CDCP
3.	ALBAY PROPERTY (Legaspi Lot) Bo. Estrella, Jovellar, Albay	**1,038,821**	PNCC
4.	MABALACAT LOT Bo. Maisac, Mabalacat, Pampanga	10,000 15,000 2,905 **27,905**	CDCP CDCP CDCP
5.	TAGAYTAY PROPERTY Bo. Tolentino, Tagaytay City	49,107 49,100 **98,207**	CDCP CDCP
6.	ANTIPOLO PROPERTY • Victoria Valley Subdivision • Town & Country Estate Subd.	840 850 958 741 680 701 10,000 **14,770**	CDCP CDCP CDCP CDCP CDCP CDCP CDCP
7.	MORONG LOT Morong, Rizal	240 240 240 240 240 240 240 240 240 382 **2,542**	CDCP CDCP CDCP CDCP CDCP CDCP CDCP CDCP CDCP CDCP
8.	FINANCIAL CENTER AREA (FCA) Pasay City	**129,548**	R. P.
9.	PORAC LOT	**116,591**	PNCC

	Porac, Pampanga		
ITEM NO.	**LOCATION**	**AREA (sq .m.)**	**REGISTERED OWNER**
11.	STA. RITA PROPERTY (NLT Office) Sta. Rita, Guiguinto, Bulacan	11,395 8,605 **20,000**	PNCC Remedios Bengzon
12.	BOCAUE REST AREA NLEX, Bocaue, Bulacan	733 2,801 4,404 1,141 847 **9,926**	CDCP CDCP CDCP CDCP CDCP
B. **B.I**	**UNBOOKED PROPERTIES** **PNCC LISTED PROPERTIES**		
1.	PILILLA PROPERTY Pililla, Rizal	500 500 500 500 500 500 459 702 607 500 500 500 500 500 500 **7,768**	M. de Jesus & P. Castalone M. de Jesus & P. Castalone M. de Jesus & P. Castalone M. de Jesus & P. Castalone M. de Jesus & P. Castalone M. de Jesus & P. Castalone M. de Jesus & P. Castalone M. de Jesus & P. Castalone M. de Jesus & P. Castalone M. de Jesus & P. Castalone M. de Jesus & P. Castalone M. de Jesus & P. Castalone M. de Jesus & P. Castalone M. de Jesus & P. Castalone M. de Jesus & P. Castalone
2.	GULOD RESORT CONDOMINIUM Nasugbu, Batangas • Apartment 5-102 • Apartment 5-302	34.65 34.65 **69.30**	Land Bank Land Bank
B.2	**CDCP FARMS CORP. PROPERTIES**		
1.	TABANG PROPERTY Tabang, Guiguinto, Bulacan	4,945 678 **5,623**	CDCP Farms Corporation CDCP Farms Corporation
2.	BUKIDNON PROPERTY Bukidnon, Mindanao	31,600 52,900 64,600 129,900 66,100 56,000 **401,100**	Eduardo Martin Leona Sumael Candelario Tutanes Romeo Mata Romeo Mata Romeo Mata

Legal Proceedings

1. ***Radstock Securities Limited vs. PNCC***
   Civil Case No. MC 01-1398; CA G.R. No. 66654; SC G.R. No. 156887
   (Handled by the Office of the Government Corporate Counsel (OGCC))
   Date of Institution: January 23, 2001
   Amount Involved: PhP13,000,000,000.00

This is a complaint for sum of money and damages filed by Radstock Securities Limited (Radstock) as the assignee of the credit obligations of PNCC to Marubeni Corporation, amounting to more or less P3Billion, including interest and penalties. The obligation arose from two (2) transactions which the Basay Mining Corporation (Basay), a former subsidiary of CDCP (now PNCC), with Marubeni Corporation (Marubeni) to wit: (a) Advance Payment Agreement dated August 9, 1978 wherein Marubeni advanced to Basay an amount of US$5,000,000.00 for the purchase of copper concentrates, and (b) Loan Agreement dated May 19, 1980 whereby Marubeni loaned to Basay a total of Y5,460,000,000.00 for its expansion project. It is alleged that PNCC is bound by a Letter of Guarantee dated September 29, 1980, which was executed by CDCP Executive Vice-President Alfredo V. Asuncion, binding CDCP to guarantee irrevocably in favor of Marubeni the loan and all obligations of Basay. PNCC alleges, by way of defense, that Radstock's cause of action is barred by prescription and that Alfredo V. Asuncion, who executed the Letter of Guarantee, was not duly authorized to do so by the Board of Directors.

DEVELOPMENTS:

On January 10, 2007, Radstock and PNCC filed a Joint Motion for Judgment based on a Compromise Agreement before the Court of Appeals, which approved said agreement on January 25, 2007.

On January 30, 2007, Strategic Alliance Development Corporation (STRADEC), Intervenor of the said case, filed a Motion for Reconsideration of the Decision dated January 25, 2007, and Motion to Defer Issuance of Entry of Judgment.

On May 11, 2007, Asiavest Merchant Bankers Berhad filed an Opposition and Motion-in-Intervention (re: Judgment Based on Compromise) before the Court of Appeals

On May 31, 2007, the Court of Appeals issued a Resolution denying the (1) Motion for Reconsideration of the Decision dated 25 January 2007 and Motion to Defer Issuance of Entry of Judgment filed by STRADEC, and (2) Rodolfo M. Cuenca's Motion for Intervention and Motion to Admit (Attached Motion for Reconsideration and New Trial). The Court of Appeals also denied Asiavest's Motion-in-Intervention.

On July 2, 2007, the Supreme Court, acting on the Petition for Review on Certiorari, with prayer for a temporary restraining order and/or writ of preliminary injunction filed by STRADEC, issued a Status Quo Ante Order directing PNCC and Radstock to maintain the *Status Quo Ante* effective as of this date, and continuing until further orders from the Supreme Court.

On December 04, 2009, the Supreme Court rendered a decision nullifying the Compromise Agreement entered into between PNCC and Radstock.

On February 23, 2010, the Supreme Court denied the Motion for Reconsideration filed by Radstock.

On April 20, 2010, the Supreme Court denied with Finality the Second Motion for Reconsideration filed by Radstock.

On March 7, 2011, the Court of Appeals issued a resolution dismissing the main case in view of the decision by the Supreme Court resolving all the issues on appeal. The dismissal of the case is now final.

2. ***Asiavest Merchant Berhad vs. CA anc***
G.R. No. 110263, Supreme Court
Date of Institution :July 14, 1988
Amount Involved: MYR5,200,000

This case involves the enforcement of a foreign judgment. Judgment was rendered against the PNCC in Malaysia for guarantees it issued on various construction projects. The amount involved is 5,200,000 Malaysian Ringgit. The trial court and the Court of Appeals rendered a decision in favor of the PNCC.

The Supreme Court rendered a decision reversing the decision of the Court of Appeals. Inasmuch as said decision of the Supreme Court is now final and executory, counsel for Asiavest is now moving for execution of the above foreign judgment before the Regional Trial Court of Pasig City.

Last November 28, 2003, PNCC filed a Motion to Suspend Execution Proceedings in view of the information from the Registrar of Companies of Malaysia that Asiavest Merchant Bankers(M) Berhad no longer exists after it had gone into voluntary liquidation and winding up.

RECENT DEVELOPMENTS:

On February 13, 2006, PNCC filed a Motion to Quash Writ of Execution, before the RTC Branch 168 of Marikina City (formerly Pasig City).

On April 3, 2006, PNCC filed an Urgent Ex-Parte Motion to Temporary Stay the Enforcement of the Writ of Execution, which the Court has granted by virtue of its Order dated May 29, 2006.

On September 21, 2006, Asiavest filed a Manifestation and Urgent Motion to Lift Stay Order dated May 29, 2006.

On November 8, 2006, the Court denied the Urgent Motion to Lift Stay Order dated May 29, 2006.

On November 30, 2006, Asiavest filed a Motion for Reconsideration of the Order dated November 8, 2006.

On February 2, 2007 Asiavest filed three (3) motions namely: (1) Motion for Immediate Resolution of their Motion for Reconsideration dated November 30, 2006, (2) Motion/Application for Appointment of a Receiver of PNCC's Assets, and (3) Motion to Inhibit.

On March 4, 2008, RTC- Branch 67, Pasig City, the Hon. Amorfina Cerrado-Cezar presiding, issued an Omnibus Order DENYING Asiavest's Motion for Reconsideration and Motion for Appointment of Receiver.

Asiavest has filed a Petition for Certiorari (Rule 65) with the Court of Appeals assailing the RTS's Omnibus Order. In its October 28, 2008 Decision, the Court of Appeals DENIED and DISMISSED Asiavest's Petition as it deemed that the trial court did not commit any grave abuse of discretion. A Motion for Reconsideration was filed by Asiavest but the same was denied by the Court of Appeals in its Resolution dated January 8, 2009.

Asiavest appealed the Decision of the Court of Appeals by way of Petition for Review on Certiorari before the Supreme Court.

On April 15, 2009, the Supreme Court denied Asiavest's Petition on the following grounds: (1) insufficient or defective verification under Sec 4, Rule 7, 1997 Rules of Civil Procedure, as amended, and (2) defective or insufficient certification against forum shopping in violation of Sec. 5, Rule 7, 1997 Rules of Civil Procedure, as amended, having submitted a photocopy of said verification/certification of non-forum shopping and for failure to attach the special resolution appointing affiants as liquidators of petitioner.

On July 13, 2009, the Supreme Court (First Division) denied with finality Asiavest's **Motion for Reconsideration** of the April 15, 2009 resolution of the Supreme Court denying

Asiavest's Petition on the following ground: (1) insufficient or defective verification under Sec. 4, Rule 7, 1997 Rules of Civil Procedure, as amended, and (2) defective or insufficient certification against forum shopping in violation of Sec. 5, Rule 7, 1997 Rules of Civil Procedure, as amended, having submitted a photocopy of said verification/certification of non-forum shopping and for failure to attach the special resolution appointing affiants as liquidators of petitioner.

On December 7, 2011, an Order was received denying the Motion to Declare Plaintiff's Right to Present Evidence as waived for lack of merit. Hearing for presentation of plaintiff's evidence on the lifting of the Temporary Stay Order of Execution is set on 8 February 2012 and 11 April 2012 at 8:30 a.m.

After the plaintiff presented all its witnesses, it was ordered by the Court to file its formal offer of documentary evidence while PNCC was ordered to submit its comment or opposition thereto within fifteen days from receipt of said formal offer.

After the plaintiff filed its formal offer of documentary evidence, PNCC filed its comments and opposition thereto, thereafter the parties filed their respective memoranda. The Urgent Motion to Quash Writ of Execution is considered submitted for resolution.

3. ***PNCC vs. Asiavest Merchant Bankers***
   G.R. No. 172301, Supreme Court
   CA-GR CV No. 50948, Court of Appeals
   Civil Case No. 64367, RTC Pasig Branch 153
   Date of Institution: April 12, 1994

This case arose after Asiavest- CDCP, a corporation organized by both CDCP (PNCC) and Asiavest Merchant Bankers (which acted as PNCC's subcontractor in Malaysia), failed to complete the project in Malaysia Asiavest thus sought reimbursement of the amount it paid to the State of Pahang (Malaysia) after the surety bond it issued to guarantee PNCC's project in Malaysia was called. The amount involved is 3,915,053.54 Malaysian Ringgit.

On April 12, 1994, Asiavest instituted the case before the RTC of Pasig. PNCC thru OGCC had filed four (4) motions for extension of time to file answer and/or any responsive pleading. However, PNCC was not able to file its Answer to the Complaint because the transactions were executed in Malaysia and the documents were not then immediately available. Thus a judgment by default was rendered by the trial court. Efforts were made towards lifting of the default order and reconsideration of the decision, but same were denied.

PNCC appealed the case to the Court of Appeals but was dismissed in its Decision dated June 10, 2005. A Motion for Reconsideration was filed but the same was denied.

A Petition for Review on Certiorari was filed before the Supreme Court which is now pending resolution.

4. ***Strategic Alliance Development Corporation vs.***
   Privatization Management Office et.al.
   Civil Case No. 05-882, RTC Branch 146, Makati City
   Date of Institution: October 2005

This concerns a complaint filed by Strategic Alliance Development Corporation (Stradec) against the PMO and PNCC for Declaration of Right to a Notice of Award and/or Damages, summons of which was received on October 13, 2005.

The complaint alleges that on 30 October 2000, the APT now PMO offered for sale, through public bidding, the National Government's (NG) shares of stock in Philippine National Construction Corporation (PNCC) and the receivables of the National Government in the form of advances of NG to PNCC, all the future receivables of NG from PNCC, and the securities related thereto. In the said bidding, Dong-A Consortium, to which plaintiff STRADEC was a member, offered the highest bid. Said bid however, was rejected by the APT Board of Trustees and the Privatization Council for being way below the indicative price.

STRADEC therefore prays that PMO and PNCC be directed to declare Dong-A Consortium as the winning bidder and that the notice of award be issued on their favor, they likewise prayed in their second, third and forth causes of action that they be reimbursed of their actual and other damages in the amount of P15,000,000.00 .

Perusal of the complaint shows that, except for being the subject of the bidding, there are no other allegations which can be considered to constitute a cause of action against PNCC. It is likewise very clear in the documents attached to the complaint that STRADEC, through its consortium, had signified its acceptance of the terms and conditions of the bidding which provides, among others, that *"3.1. The indicative price for the Shares, Receivables, and the Securities shall be announced on the day of the bidding"; and "4.3.1. APT reserves the right to reject any or all bids, including the highest bid, or to receive any defect or required formalities therein."*

PNCC seasonably filed its Answer to the Complaint. The issues having been joined, the Court has set the case for Pre-Trial Conference after no settlement was reached during Mediation proceedings.

On July 1, 2010, the RTC rendered a decision (received by PNCC on July 12, 2010) in favor of the plaintiff directing the PMO to issue a Notice of Award of Sale to Dong-A Consortium, herein represented by plaintiff STRADEC, the National Government's shares of stock in the PNCC, and the receivables of the National Government in the form of advances to PNCC, all future receivables of the National Government from PNCC and the securities related thereto, under the procedure stated in the Asset Specific Bidding Rules (ASBR) for the public auction held on October 30, 2000, and directing PMO and PNCC to pay plaintiff, jointly and severally, the sum of ₱500,000.00 as and by way of exemplary and cost of suit.

On July 21, 2010, a Notice of Appeal was filed by PNCC through the Office of the Government Corporate Counsel (OGCC).

On 27 January 2012 the Court of Appeals rendered a Decision dismissing the appeal filed by PNCC and PMO and affirming the Decision of the Trial Court.

PMO filed a petition for certiorari with the Supreme Court while PNCC seasonally filed a Motion for Reconsideration.

On 13 February 2013, the Court of Appeals rendered an Amended Decision which reconsidered and vacated its earlier Decision dated 27 January 2014 and dismissed the case for lack of merit.

STRADEC filed a Motion for Reconsideration with Motion of Inhibition. Which were both denied by the Court of Appeals.

STRADEC filed a Petition for Review with the Supreme Court. Said petition is now submitted for resolution by the Supreme Court.

On June 13, 2013, the Supreme Court issued a Decision dismissing the petition filed by STRADEC.

5. ***Strategic Alliance Development Corporation vs. PNCC and Radstock***
Securities Ltd Asiavest Merchant Luis F. Sison vs. PNCC and Radstock.
G.R. No. 178158, Supreme Court, First Division

This is an appeal by certiorari under Rule 45 of the Rules of Court from the Decision of the Court of Appeals in CA-G.R. CV No. 87971 approving the Compromise Agreement between PNCC and Radstock denying STRADEC's Motion for Intervention.

On January 30, 2007, STRADEC, Intervenor of said case, filed a Motion for Reconsideration of the Decision dated January 25, 2007, and Motion to Defer Issuance of Entry of Judgment.

On February 20, 2007, Atty. Luis F. Sison, a stockholder and former PNCC President and Board Chairman filed a Petition for Annulment of Judgment Approving the Compromise Agreement before the Court of Appeals.

On May 11, 2007, Asiavest Mechant Bankers Berhad filed an Opposition and Motion-in-Intervention (re: Judgment Based on Compromise) before the Court of Appeals.

On May 31, 2007, the Court of Appeal issued a Resolution denying the (1) Motion for Reconsideration of the Decision dated 25 January 2007 and Motion to Defer Issuance of Entry of Judgment filed by Stradec and, (2) Rodolfo M. Cuenca's Motion for Intervention and Motion to Admit (Attached Motion for Reconsideration and New Trial). The Court of Appeals also denied Asiavest's Motion-in-Intervention.

On June 12, 2007, the Court of Appeals dismissed the Petition of Atty. Sison on the ground that it had no jurisdiction to annul a final and executory judgment also rendered by the Court of Appeals.

Atty. Sison filed a Motion for Reconsideration. However the Court of Appeals denied the same on November 05, 2007.

On November 26, 2007, Atty. Sison filed a Petition for review with the Supreme Court.

On July 2, 2007, the Supreme Court, acting on the Petition for Review on Certiorari, with prayer for a temporary restraining order and/or writ of preliminary injunction filed by STRADEC, issued a Status Quo ante Order directing PNCC and Radstock to maintain the ***Status Quo Ante*** effective as of this date and continuing until further order form the Supreme Court.

On December 4, 2009, the Supreme Court rendered a decision nullifying the Compromise Agreement entered into between PNCC and Radstock.

On February 23, 2010, the Supreme Court denied the Motion for Reconsideration filed by Radstock.

On April 20, 2010, the Supreme Court denied with Finality the Second Motion for Reconsideration filed by Radstock. The decision of the Supreme Court is now final.

6. ***PNCC, et al vs. NLRC, et al.,***
CA GR SP 125293 (ERNESTO VALENTIN)
Amount Involved: PhP177,000,000.00

This case involved claim for additional Separation Pay Benefits. A total of **810** complainants were former employees assigned at the North Luzon Tollway Division in Sta. Rita, Bulacan. These complainants were retrenched/separated from the company and were paid 250% of their monthly salary for every year of service rendered. With regard to complainants, 16 were legally dismissed for cause in January 2005 and one was dismissed for cause in 2003. During this period when NLEX employees were retrenched, the Exit Bonus was not part of the retrenchment program being implemented by PNCC. The Productivity Bonus and the ISO Bonus, on the other hand, were not grant that did not consider those already separated from the company.

In January 2009, **the union of SLEX employees made a request with PNCC management for an additional grant of EXIT BONUS** in the amount of ₱200,000.00 and other benefits intended primarily for the employees of PNCC assigned at the time of the grant at the Southern Luzon Tollways (SLEX) to be affected by impending accelerated hand over of SLEX operation to Manila Toll Expressways Systems, Inc. (MATES). This request to the PNCC management was forwarded by the PNCC Finance Committee for approval of the PNCC Board of Directors. The PNCC Management, through Board Resolution BD-22-2010, approved the recommendation of the Finance Committee for the grant of an Exit Bonus amounting to PhP100,000.00 to all entitled PNCC employees assigned at SLEX;

On November 8, 2011, the Labor Arbiter issued a Decision awarding the Complainants their money claims. PNCC filed a Motion for Reconsideration, but it was denied, PNCC then filed an appeal to the Commission which was also dismissed.

On 25 June 2012, PNCC filed a Petition for review on certiorari with the Court of Appeals with application for TRO/Preliminary Injunction.

On 17 July 2012, the CA issued a resolution denying PNCC application for TRO/Preliminary Injunction.

On 03 August 2012, PNCC filed a Motion for Reconsideration of said resolution.

Meanwhile, a Petition was filed with the NLRC on 02 August 2012 ascribing grave abuse of discretion on the part of Labor Arbiter in issuing the Writ of Execution without filing first their claim with the COA.

On 15 October 2012, NLRC, First Division rendered a Decision declaring null and void the labor Arbiter's 17 July 2012 Resolution for failure to comply with the requirement for filing a claim before the COA.

Valentin, et al., filed a Petition for Certiorari with the Court of Appeals questioning the Resolution of NLRC. Both petitions filed by PNCC and Valentin, et al., are now submitted for resolution.

7. ***Syarikat Binariya vs. The Government of Pahang and CDCP as Third Party***
   Civil Case, High Court 47985, Malaysia
   Amount Involved: PhP147,171,850.00

This case is essentially a claim for payment of the aggregate amount of RM11,166,781.20 representing particular losses which the plaintiff allegedly incurred by reason of defendant's delays/breaches, with interest at 15% per annum. Filed on September 30, 1985, the case was in the meantime "archived" and revived only in 1996.

On June 11, 1997, Third Party PNCC (co-defendant) received a Summons-in-Chambers supporting with affidavit from Kuantan High Court Civil Suit No. 479/85. Initial hearing is set on September 9, 1997.

On April 23, 2004, the Decision of Kuantan High Court is in favor of the defendant without the need of joining the Third Party.

On January 12, 2010, Decision of Kuantan High Court directing the Government of Pahang, Malaysia to pay MYR10,512,275.00 to Syarikat Binaraya. Appealed by the Gov't of Pahang, Malaysia to the Court of Appeals in Putrajaya, Malaysia. Continuation of the Court of Appeals hearing is set on 15 April 2013.

The Court of Appeals in Purajaya, Malaysia has already rendered a Decision dismissing the appeal and affirming the Decision of the Kuantan High Court.

Securities of the Registrant

Market Price of and Dividends on Registrant's Common Equity and Related Stockholders' Matters

Market Information

Registrant's 174,444,759 common shares are listed with the Philippine Stock Exchange. The Registrant was listed on 13 March 1974.

Trading of shares was suspended on May 16, 2008, for this reason, no transaction was recorded for the last three (3) years. Last transaction date was on April 9, 2008, last cosing price at ₱4.90 per share.

The Board of Directors did not declare dividends in the last three (3) years. This was due to the Company's deficit of ₱8.297 billion and ₱8.069 billion as of December 31, 2014 and 2013, respectively. Such action of the Board is supported by Article XI, Section 11.01 of the Amended By-Laws of the Company which provides that *"Dividends maybe declared annually or oftener as the Board of Directors may determine. The Board may declare dividends only from the surplus profits of the Corporation."*

A detailed discussion on this matter can be found on Notes 19 of Financial Statements, page 78 of this report.

Shareholders

TOP TWENTY (20) COMMON SHAREHOLDERS OF PNCC *as of December 31, 2015*

Shareholder	No. of Shares	% of Ownership
Republic of the Philippines / Privatization Management Office	79,271,024	45.44
Government Service Insurance System	47,490,383	27.22
Universal Holdings Corporation	24,780,746	14.20
PCD Nominee Corporation - Filipino	12,562,537	7.20
Cuenca Investment Corporation	2,088,132	1.19
Cuenca, Rodolfo M.	698,116	0.40
Land Bank of the Philippines	657,836	0.37
Unigrowth Development Corporation	630,625	0.36
Gow, Jimmy N.	274,000	0.15
Cruz, F.F. & Co., Inc.	252,630	0.14
Blue Chip Asset, Inc.	244,700	0.14
Adachi, Sueo - Foreign	184,025	0.10
Chung, Felix	173,900	0.09
Alpapara, Johnson	170,000	0.09
Go, Le Khim	150,000	0.08
Benpres Corporation	140,000	0.08
Cruz, Felipe F.	135,993	0.07
Motelibano A. Hijos, Inc.	120,750	0.06
Carnet Machineries & Invest. Corp.	119,842	0.06
Filipinas Bag Corporation	106,936	0.06
Total No. of Shareholders : 4,813		

The Privatization Management Office (PMO) holds PNCC's 25,500,000 preferred "D" shares which are also voting shares of the company. This translates to 12.75% of all voting shares.

Security Ownership of Certain Record and Beneficial Owners and Management

Owners of record of more than ten percent 10% of the company's voting securities *as of December 31, 2014*

Title of Class	Name & Address of Record/Beneficial Owner	No. of Shares	% of Class
Common	**PRIVATIZATION MANAGEMENT OFFICE** 104 Gamboa Street, Legaspi Village Makati City 1229, Philippines	79,271,024	39.64
Common	**GOVERNMENT SERVICE INSURANCE SYSTEM** Roxas Blvd., Manila	47,490,383	23.75
Common	**UNIVERSAL HOLDINGS CORP.** CVCLAW Center, 11th Ave. cor. 39th St. Bonifacio Global City, 1634 Metro Manila	24,780,746	12.39
Common	**VARIOUS STOCKHOLDERS**	22,900,722	11.47
Preferred D	**PRIVATIZATION MANAGEMENT OFFICE** 104 Gamboa St., Legaspi Village, Makati City 1229, Metro Manila Philippines	25,500,000	12.75

By virtue of LOI 1295 (1983) 76.14% of voting equity has been held by various government financial institutions (GFIs), namely: PNB, PhilGuarantee, NDC, DBP, GSIS, and Land Bank, under the mandated debt-to-equity conversion scheme.

Pursuant to Proclamation No. 50, some of the GFIs have actually transferred their equity interests in PNCC to the Asset Privatization Office (APT) now Privatization Management Office. PMO through a resolution passed by its Board of Directors usually designates the Chief Privatization Officer or the Chairman as its authorized representative with the power to vote its shares of stock in PNCC.

Only 24.86% of PNCC's voting equity is strictly under private ownership and 5.44% of which is being held by PCD Nominee Corporation (Filipino).

Security Ownership of Management

BENEFICIAL STOCK OWNERSHIP OF EACH DIRECTORS AND OFFICERS
as of December 31, 2015

Title of Class	Name of Beneficial Owner	Amount and Nature of Beneficial Ownership
DIRECTORS		
Common	Elpidio C. Jamora, Jr.	1
Common	Luis F. Sison	1
Common	Tomas C. Alvarez	101
Common	Rosendo T. Capco	10
Common	Antonio T. Pido	50
Common	Nora O. Vinluan	2
Common	Rosanna E. Velasco	50
Common	Cristino L. Panlilio	1456
Common	Robert G. Vergara	50
Common	Elisea G. Gozun	50
Common	Tomas C. Falgui II	100
OFFICERS		
Common	Luis F. Sison	4000
Common	Yolanda C. Mortel	13
Common	Janice Day E. Alejandrino	6

Certain Relationship and Related Transactions

Considering that the Government is the majority substantial stockholder of PNCC, no director/security holder or any member of his/her immediate family is allowed to transact business with the corporation directly or indirectly since this appears is prohibited under existing laws and regulations.

Corporate Governance

Refer to attached Annual Corporate Governance Report for 2015 *(Annex "A")*.

Financial Information

Management's Discussion and Analysis For Each of the Last Three Fiscal Years

Year End 2015 vs. Year End 2014 (as restated)

Results of Operations

Revenue. Revenue for the year ended December 31, 2015 stood at ₽227.693 million, higher by 17.91% or ₽34.581 million compared to ₽193.112 million for the year ended December 31, 2014. The increase was mainly attributable to the recognized revenue and dividend share from the Joint Venture Companies and rental income from the leased Financial Center Area (FCA) property.

General and Administrative Overhead. Overhead account decreased by 63.95% or ₽112.343 million from ₽175,686 million for the year ended December 31, 2014 to ₽63.343 million for the year ended December 31, 2015 due mainly to the provision of allowance for doubtful accounts made in 2014. No major allowances were provided for 2015.

Income from Operation. Income from operation for the year ended December 31, 2015 increased by ₽138.711 million, higher by 796.01% or ₽156.137 milion compared to the December 31, 2014 figure of ₽17.426 million. Said favorable variance was the resulting effect of the reasons discussed above.

Other Income (Charges). This account posted a balance of ₽244.934 million for the year ended December 31, 2015 compared to the amount of ₽21.713 million for the year ended December 31, 2014. The increase was mainly due to the recognition of gain in change in fair value of investment property account in 2015.

Net Income (Loss). Net Comprehensive Income for the year ended December 31, 2015 amounted to ₽235.178 million compared to the net loss of ₽218.863 milion for the year ended December 31, 2014. The favorable variance was likewise due to the recognition of the gain in change in fair value of investment property and the favorable increase in Revenue .

Financial Position

Current Assets. Current assets increased by 29.26% or ₽252.757 million from ₽863.688 million as of December 31, 2014 to ₽1.116 billion as of December 31, 2015 mainly due to the cash flows provided by the Company's operating and investing activities.

Current Liabilities. Current liabilities increased by 2.89% or ₽263.389 million from ₽9.127 billion as of December 31, 2014 to ₽9.391 billion as of December 31, 2015 mainly due to the accrual of the 2% penalty charges on unpaid concession fee payable to the Toll Regulatory Board (TRB).

Stockholder's Equity (Capital Deficiency). Stockholder's equity improved to ₽87.272 million as of December 31, 2015 against a Capital deficiency as of December 31, 2014 of ₽146.995 million. The significant increase in the account is mainly attributable to the recognized gain in change in fair value of investment property in 2015.

Presented hereunder is the discussion of the Company's key performance indicators:

Performance Indicators	As of 12/31/2015	As of 12/31/2014 (As Restated)	Explanation
Current/Liquidity Ratios			
Current Ratio (Current Assets Divided by Current Liabilities)	0.12	0.095	This ratio evaluates the ability of the company to pay its current debt promptly. Current ratio of 0.12 as of December 31, 2015 is an improvement from 2014 of 0.095 mainly due to additional operating revenues and the liquidation of 50% investment in a subsidiary.
Solvency Ratios			
Debt to Assets (Total Liabilities Divided by Total Assets)	99.33%	101.18%	Shows what percentage of the business is not owned by the stockholders. Determines how much of the company is financed by debts. The ratio has improved from 101.18% as of December 31, 2014 to 99.33% as of December 31, 2015 .This improvement was caused by additional operating revenues that offsetted the yearly 2% penalty charges on unpaid concession fees.
Debt to Equity (Total Liabilities Divided by Total Equity)	14867.87%	-8554.95%	Shows the proportion of the creditors' capital to the business' total capital. Measures the degree to which the assets of the business are financed by the debts and stockholders of the business. The ratio of 14867.87% as of December 31, 2015 vis-à-vis the negative ratio of -8554.95% as of December 31, 2014 resulted mainly from the reversal of the capital deficiency balance of ₱146.995 million as of December 31, 2014 to a positive stocholder's equity of ₱87.272 million as of December 31, 2015.
Asset to Equity Ratio (Total Assets Divided by Total Equity)	14967.87%	-8454.95%	Measures the total debt the company takes to acquire assets. Measures the company's capability to pay debts. The significant improvement of the ratio from -8454.95% as of December 31, 2014 to a positive ratio of 14967.87% as of December 31, 2015 is due to the aforesaid reversal of the capital deficiency balance to a positive stockholder's equity.
Interest Rate Coverage Ratio (Income Before Interest/Penalty)	1.55	0.15	Determines how easily a company can pay interest on outstanding debt. The ratio increase from 0.15 as of December 31, 2014 to 1.55 as of December 31, 2015 due to recognition of income resulting from the gain in change in fair value of investment property for the year ended 2015.
Profitability Ratios			
Return on Assets (Net Income (Loss) Divided by Total Assets)	1.80%	-1.76%	Measures the Company's earnings in relation to all the resources it had at its disposal. The ratio of 1.80% as of December 31, 2015 vis-à-vis the negative ratio of -1.76% resulted from the recognition of comprehensive income for the period ended December 31, 2015 in the amount of ₱235.178 million (mainly due to the gain in change in fair value of investment property and movement in revaluation increment) against the net loss of ₱218.863 as of December 31, 2014.
Return on Equity (Net Income (Loss) Divided by Total Equity)	269.48%	-148.89%	Measures the rate of return on the ownership interest of the company's stockholders. Determines the productivity of the owners' capital The increase in the ratio from -148.89% to 269.48% is attributable to the reversal of the capital deficiency for the year ended December 31, 2014 to a positive stockholder's equity in December 31, 2015.

(i) Any known trends or any known 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 any material way. Indicate course of action that the Company has taken or proposes to take to remedy the deficiency.

i.a The Company's inability to settle its outstanding obligations with the Toll Regulatory Board and the National Government brought about by the difficulties in collecting its receivables from various government agencies.

i.b Pending labor cases which consists of those filed against the Company involving dismissal, backwages, and separation pay. Most of these cases have been ruled by the Labor Arbiter in favor of the complainants, pending appeal by the Company before the National Labor Relation Commission (NLRC).

i.c Pending civil cases which consists of those filed against the Company involving damages, collection of money, and attorney's fees which are still on litigation before the various regional Trial Courts (RTC).

i.d Pending assessments on deficiency taxes. Discussion is contained under Note 26 of the 2015 Audited Financial Statements, including courses of actions already undertaken by the Company to address the issue.

Having encountered this liquidity concern, the Company implemented a program of manpower rightsizing in 2001 and has been pursued gradually during the year. The program will be considered in the succeeding years until the Company attains manpower complement to match its present revenue level which in 2015 was generated from its 10% revenue share from Joint Venture Companies and its earnings from leased FCA property.

The Company intends to pay all recognized debts using the proceeds from the sale of its investment properties. The Board approved the offer to apply part of the FCA to pay liabilities to the National Government (NG). The Company sent a letter to the Office of the President (OP) dated July 21, 2015 and a subsequent letter dated November 12, 2015 recognizing its liability to the NG in the amount of P7.9 billion and proposing settlement of its debt. The Company is awaiting the decision of the OP.

The Company asserts the contracted participation in the Joint Venture's Skyway Stage 3 and C6 Projects. Partnership with PT Citra Lamtoro for the implementation of the Metro Manila Expressway or C6 and Metro Manila Skyway Stage 3 and the completion and commercial operation thereof, are projected to generate incremental revenues for the Company at commercial operation on revenue sharing basis for both Project Roads. The revenue scenario best rests on the policy directions intended by the Board and the NG through the PMO/DOF as the disposition entity. Discussion, in details, is presented under Note 2 of the 2015 Audited Financial Statements.

(ii) Any events that will trigger direct or contingent financial obligation that is material to the Company, including any default or acceleration of an obligation.

The default in payment of its TRB loan, the recognition of debts to the NG, and the pending assessments on tax deficiencies.

(iii) There are no material off-balance sheet transactions, arrangements.

(iv) There are no material commitments for capital expenditures.

(v) 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 or revenues or income from continuing operations.

v.a The continued decline in the construction industry resulted to the Company's incurrence of severe losses from the said operation. Thus, to prevent from suffering greater losses as it had experienced for the last several years, Management decided to veer away with the construction business (since 2002) and focus on its tollways operation.

v.b. The turn over of the North Luzon Tollway operations to the MNTC on February 10, 2005 had affected the revenue generating capacity of the Company.

v.c. The hand-over of the South Luzon Tollway operation to the SLTC on May 02, 2010 likewise had an unfavorable impact on the Company's revenue.

v.d The Supreme Court decision, in Ernesto B. Francisco vs. TRB, PNCC et. al. (G.R. Nos. 166910, 169917, 173630, and 183599, October 19, 2010) and in the case of Strategic Alliance Development Corporation vs. Radstock Securities Limited et. al. (G.R. No. 178158, December 04, 2009), ruled and declared that with the expiration of PNCC's franchise, the toll assets and facilities of PNCC were automatically turned over, by operation of law, to the National Government (NG) at no cost and, consequently, this inevitably resulted in the latter's owning too of the toll fees and the net income derived after May 01, 2007 from the toll assets and facilities, including the Company's percentage share in the toll fees collected by the joint venture companies currently operating the tollways.

Pending TRB's issuance of the Final Implementing Rules and Guidelines relative to the determination of the net income remittable by the Company to the National Government, the Company receives only the following revenue shares based on TRB's interim guidelines: 10% of 6% share on the MNTC gross revenue; 10% of 3.5% share on the CMMTC gross revenue; and 10% of 1.75% share on the SLTC gross revenue. It also receives 10% dividend in the equity share from the said Joint Venture Companies.

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

(vii) There are no seasonal aspects that had a material effect on the financial condition or results of operations of the Company.

(viii) **Material changes to the Company's Statement of Financial Position as of December 2015 compared to December 31, 2014 (increased/decrease of 5% or more)**

Cash and cash equivalents increased by ₱295.096 million or 74.02% from ₱398.644 million as of December 31, 2014 to ₱693.740 million as of December 31, 2015 due to the cash flows provided by the Company's operating and financing activities.

Accounts Receivable – contract related receivables increased by ₱11.597 million or 9.63% from ₱120.413 million as of December 31, 2014 to ₱132.01 million as of December 31, 2015, due to the inclusion of the former DCBGSI, a wholly-owned subsidiary, operations giving manpower to SOMCO and construction projects for Philphos projects.

Accounts Receivable – other accounts receivable decreased by ₱60.50 million or 86.73% from ₱69.757 million to ₱9.255 million due mainly to the reclassification of account from receivable from BIR to deferred tax assets and the reversal to prior period adjusments of 2008-2010 prescribed MCIT payments.

Accounts receivable-subsidiaries and affiliates increased by ₱.486 million or 5.5%

from ₽8.8 million as of December 31, 2014 to ₽ 9.287 million as of December 31, 2015. This is mainly due to additional accommodations to its subsidiary, DCBGSI.

Prepayments - prepayments increased by ₽5.521 million or 148.48% from ₽3.718 million as of December 31, 2014 to ₽9.240 million as of December 31, 2015 due to an increase of applicable creditable withholding taxes.

Prepayments - Inventories decreased by ₽2.690 million or 42.37% from ₽6.348 million as of December 31, 2014 to ₽ 3.658 million as of December 31, 2015 due to the recognition of Allowance for inventory write-down for obsolete and expired inventory set aside for disposal.

Investments – investment in stocks decreased by ₽127.5 million or 47.66% from ₽267.5 million as of December 31, 2014 to ₽140 million as of December 31, 2015 due to the liquidation of 50% investments in Alabang Sto. Tomas Development Inc. (ASDI)

Property and equipment increased by ₽224.110 million or 39.80% from ₽563.070 million as of December 31, 2014 to ₽787.181 million as of December 31, 2015 due to an appraisal to fair market value of its Bicutan Property.

Deferred charges increased by ₽58.406 million or 118.27% from ₽49.383 million as of December 31, 2014 to ₽107.789 million as of December 31, 2015 due mainly to the reclassification of account from receivable from BIR to deferred tax assets.

Accounts payable increased by ₽3.454 million or 12.72% from ₽27.147 million as of December 31, 2014 to ₽30.601 million as of December 31, 2015 due to withheld government remittances and due to suppliers.

Accrued expenses increased by ₽0.810 million or 13.48% from ₽6.004 million as of December 31, 2014 to ₽6.813 million as of December 31, 2015 due to the accrual of construction cost of DISC operations in Philphos, employee benefits and unpaid accounts to suppliers of goods and services that are normally settled within twelve (12) months from the reporting period.

Customers deposit increased by ₽1.123 million or 9.42% from ₽11.926 million as of December 31, 2014 to ₽13.049 million as of December 31, 2015 due to an increase in advance rental deposits from tenants in the leased FCA property in Pasay.

Stockholders equity increased by ₽235.178 million or 259.99% from a capital defieciency ₽ 146.995 million as of December 31, 2014 to a positive stockholder's equity of ₽87.272 million as of December 31, 2015 due to the recognized gain in change in fair value of investment property and revaluation increment in 2015.

Material changes to the Company's Statement of Income for the year ended December 31, 2015 compared to the year ended December 31, 2014 (increase/decrease of 5% or more)

Revenue and dividend share from joint ventre companies increased by ₽14.356 million or 13.56% from ₽105.870 million as of December 31, 2014 to ₽120.226 million as of December 31, 2015 due to an increase in revenue share and increase in CMMTC's declaration and payment of dividend.

Rental income increased by ₽9.597 million or 11% from ₽87.242 million as of December 31, 2014 to ₽96.839 million as of December 31, 2015 due to increase in rental rate per sq.m. in the leased FCA property.

Service Income increased by ₽10.628 million or 100% from ₽0.00 as of December 31, 2014 to ₽10.628 million in December 31, 2015. This account arised from the absorption of the company of the operations of DCBGSI – a wholly owned subsidiary in Oct 1, 2015.

Cost of Service increased by ₽8.213 million or 100% from ₽0.00 as of December 31, 2014 to ₽8.213 million in December 31, 2015. This account arised from the absorption of the company of the operations of DCBGSI – a wholly owned subsidiary in Oct 1, 2015.

General and administrative overhead decreased by ₽112.34 million or 63.95% from ₽175.685 million for the year ended December 31, 2014 to ₽63.343 million for the year ended December 31, 2015 due mainly to the provision of allowance for doubtful accounts made in 2014.

Other income charges increased by ₽223.22 million or 1028.04% from ₽21.713 million as of December 31, 2014 to ₽244.934 million as of December 31, 2015 primarily due to the recognition of gain in change in fair value of investment property and revaluation increment in 2015.

Year End 2014 (as restated) vs. Year End 2013 (as restated)

Results of Operations

Revenue. Revenue for the year ended December 31, 2014 stood at ₽193.111 million, higher by 31.54% or ₽46.301 million compared to ₽146.810 million for the year ended December 31, 2013. The increase was mainly attributable to the recognized revenue and dividend share from the Joint Venture Companies and rental income from the leased Financial Center Area (FCA) property.

General and Administrative Overhead. Overhead account increased by 136.02% or ₽101.249 million from ₽74.436 million for the year ended December 31, 2013 to ₽175.685 million for the year ended December 31, 2014 due mainly to the provision of allowance for doubtful accounts.

Income from Operation. Income from operation for the year ended December 31, 2014 stood at ₽17.426 million, lower by 75.92% or ₽54.948 milion compared to the December 31, 2013 figure of ₽72.374 million. Said unfavorable variance was the resulting effect of the reasons discussed above.

Other Income (Charges). This account posted a decrease in the balance of ₽21.713 million for the year ended December 31, 2014 compared to the amount of ₽2.604 billion for the year ended December 31, 2013. This was mainly due to the recognition of gain in change in fair value of investment property account in 2013.

Net Income (Loss). Net loss for the year ended December 31, 2014 amounted to ₽218.863 million compared to the net comprehensive income of ₽1.653 bilion for the year ended December 31, 2013. The unfavorable variance was likewise due to the recognition of the gain in change in fair value of investment property as discussed above.

Financial Position

Current Assets. Current assets increased by 2.54% or ₽21.371 million from ₽842.317 million as of December 31, 2013 to ₽863.689 million as of December 31, 2014 mainly due to the cash flows provided by the Company's operating and investing activities.

Current Liabilities. Current liabilities increased by 2.84% or ₽251.801 million from ₽8.875 billion as of December 31, 2013 to ₽9.127 billion as of December 31, 2014 mainly due to the accrual of the 2% penalty charges on unpaid concession fee payable to the Toll Regulatory Board (TRB).

Stockholder's Equity (Capital Deficiency). Capital deficiency as of December 31, 2014 totalled ₽146.995 million vis-à-vis the stockholders' equity as of December 31, 2013 in the amount of ₽114.864 million. The significant decrease in the account is mainly attributable to the recognized gain in change in fair value of investment property in 2013.

Presented hereunder is the discussion of the Company's key performance indicators:

Performance Indicators	As of 12/31/2014	As of 12/31/2013 (As Restated)	Explanation
Current/Liquidity Ratios			
Current Ratio (Current Assets Divided by Current Liabilities)	0.095	0.095	This ratio evaluates the ability of the company to pay its current debt promptly. Current ratio of P0.095 as of December 31, 2013 is maintained as of December 31, 2014.
Solvency Ratios			
Debt to Assets (Total Liabilities Divided by Total Assets)	101.18%	99.08%	Shows what percentage of the business is not owned by the stockholders. Determines how much of the company is financed by debts. The ratio increased from 99.08% as of December 31, 2013 to 101.18% as of December 31, 2014 brought about mainly by the accrual of the 2% penalty charges on unpaid concession fee.
Debt to Equity (Total Liabilities Divided by Total Equity)	-8554.95.%	10731.37%	Shows the proportion of the creditors' capital to the business' total capital. Measures the degree to which the assets of the business are financed by the debts and stockholders of the business. The ratio of 10731.37% as of December 31, 2013 vis-à-vis the negative ratio of 8554.95% as of December 31, 2014 resulted mainly from the reversal of the equity balance of ₱114.864 million as of December 31, 2013 to a capital deficiency of ₱146.995 million as of December 31, 2014.
Asset to Equity Ratio (Total Assets Divided by Total Equity)	-8454.95%	10831.37%	Measures the total debt the company takes to acquire assets. Measures the company's capability to pay debts. The significant decrease of the ratio from 10831.37% as of December 31, 2013 to a negative ratio of 8454.95% as of December 31, 2014 is due to the aforesaid reversal of the equity balance to a capital deficiency balance.
Interest Rate Coverage Ratio (Income Before Interest/Penalty)	0.15	10.423	Determines how easily a company can pay interest on outstanding debt. The ratio decreased from 10.423 as of December 31, 2013 to 0.15 as of December 31, 2014 due to recognition of income resulting from the gain in change in fair value of investment property for the year ended 2013.
Profitability Ratios			
Return on Assets (Net Income (Loss) Divided by Total Assets)	-1.76%	13.29%	Measures the Company's earnings in relation to all the resources it had at its disposal. The ratio of 13.29% as of December 31, 2013 vis-à-vis the negative ratio of 1.76% resulted from the incurrence of loss of ₱218.863 millon for the reporting period compared with the recognized income of ₱1.653 billion for the year ended 2013 improved due to the recognition of comprehensive income for the period ended December 31, 2013 in the amount of ₱1.642 billion (mainly due to the gain in change in fair value of investment property).
Return on Equity (Net Income (Loss) Divided by Total Equity)	-148.89%	1439.05%	Measures the rate of return on the ownership interest of the company's stockholders. Determines the productivity of the owners' capital The decrease in the ratio from 1439.05% to a negative 148.89% is attributable to the incurrence of loss and capital deficiency for the year ended December 31, 2014.

(ix) Any known trends or any known 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 any material way. Indicate course of action that the Company has taken or proposes to take to remedy the deficiency.

i.a The Company's inability to settle its outstanding obligations with the Toll Regulatory Board and the National Government brought about by the difficulties in collecting its receivables from various government agencies.

i.b Pending labor cases which consists of those filed against the Company involving dismissal, backwages, and separation pay. Most of these cases have been ruled by the Labor Arbiter in favor of the complainants, pending appeal by the Company before the National Labor Relation Commission (NLRC).

i.c Pending civil cases which consists of those filed against the Company involving damages, collection of money, and attorney's fees which are still on litigation before the various regional Trial Courts (RTC).

i.d Pending assessments on deficiency taxes. Discussion is contained under Note 24 of the 2014 Audited Financial Statements, including courses of actions already undertaken by the Company to address the issue.

Having encountered this liquidity concern, the Company implemented a program of manpower rightsizing in 2001 and has been pursued gradually during the year. The program will be considered in the succeeding years until the Company attains manpower complement to match its present revenue level which in 2014 was generated from its 10% revenue share from Joint Venture Companies and its earnings from leased FCA property.

The Company intends to pay all recognized debts using the proceeds from the sale of the FCA property. The Board will come up with the terms of the proposed sale subject to required approvals.

The Company asserts the contracted participation in the Joint Venture's Skyway Stage 3 and C6 Projects. Partnership with PT Citra Lamtoro for the implementation of the Metro Manila Expressway or C6 and Metro Manila Skyway Stage 3 and the completion and commercial operation thereof, are projected to generate incremental revenues for the Company at commercial operation on revenue sharing basis for both Project Roads. The revenue scenario best rests on the policy directions intended by the Board and the NG through the PMO/DOF as the disposition entity. Discussion, in details, is presented under Note 2 of the 2014 Audited Financial Statements.

(x) Any events that will trigger direct or contingent financial obligation that is material to the Company, including any default or acceleration of an obligation.

The default in payment of its TRB loan, the recognition of debts to the NG, and the pending assessments on tax deficiencies.

(xi) There are no material off-balance sheet transactions, arrangements.

(xii) There are no material commitments for capital expenditures.

(xiii) 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 or revenues or income from continuing operations.

v.a The continued decline in the construction industry resulted to the Company's incurrence of severe losses from the said operation. Thus, to prevent from suffering greater losses as it had experienced for the last several years, Management decided to veer away with the construction business (since 2002) and focus on its tollways operation.

v.b. The turn over of the North Luzon Tollway operations to the MNTC on February 10, 2005 had affected the revenue generating capacity of the Company.

v.c. The hand-over of the South Luzon Tollway operation to the SLTC on May 02, 2010 likewise had an unfavorable impact on the Company's revenue.

v.d The Supreme Court decision, in Ernesto B. Francisco vs. TRB, PNCC et. al. (G.R. Nos. 166910, 169917, 173630, and 183599, October 19, 2010) and in the case of Strategic Alliance Development Corporation vs. Radstock Securities Limited et. al. (G.R. No. 178158, December 04, 2009), ruled and declared that with the expiration of PNCC's franchise, the toll assets and facilities of PNCC were automatically turned over, by operation of law, to the National Government (NG) at no cost and, consequently, this inevitably resulted in the latter's owning too of the toll fees and the net income derived after May 01, 2007 from the toll assets and facilities, including the Company's percentage share in the toll fees collected by the joint venture companies currently operating the tollways.

Pending TRB's issuance of the Final Implementing Rules and Guidelines relative to the determination of the net income remittable by the Company to the National Government, the Company receives only the following revenue shares based on TRB's interim guidelines: 10% of 6% share on the MNTC gross revenue; 10% of 3.5% share on the CMMTC gross revenue; and 10% of 1.75% share on the SLTC gross revenue. It also receives 10% dividend in the equity share from the said Joint Venture Companies.

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

(xv) There are no seasonal aspects that had a material effect on the financial condition or results of operations of the Company.

(xvi) **Material changes to the Company's Statement of Financial Position as of December 2014 compared to December 31, 2013 (increased/decrease of 5% or more)**

Cash and cash equivalents increased by ₽217.521 million or 120.09% from ₽181.124 million as of December 31, 2013 to ₽398.645 million as of December 31, 2014 due to the cash flows provided by the Company's operating and financing activities.

Billed contract receivables decreased by ₽24.905 million or 17.14% from ₽145.318 million as of December 31, 2013 to ₽120.414 million as of December 31, 2014, due mainly from the collection of its work accomplishments from the Alabang-Sto. Tomas Development, Inc. (ASDI).

Accounts receivable-subsidiaries and affiliates decreased by ₽88.669 million or 90.97% from ₽97.469 million as of December 31, 2013 to ₽8.800 million as of December 31, 2014. This is mainly due from the Company's collection of its account from one of its subsidiaries, DCBGSI.

Other accounts receivable decreased by ₽66.074 million or 48.64% from ₽135.832 million as of December 31, 2013 to ₽69.757 million as of December 31, 2014 resulting mainly from the reclassification of the amount representing the carry forward benefit of unused tax credits from Other accounts receivable-BIR to deferred tax assets.

Prepayments decreased by ₽12.637 million or 77.27% from ₽16.356 million as of December 31, 2013 to ₽3.719 million as of December 31, 2014 due to the reduction in prepaid income ta account and/or application of creditable withholding taxes.

Accounts receivable-trade decreased by ₽74.230 million or 59.34% from ₽125.109 million as of December 31, 2013 to ₽50.879 million as of December 31, 2014 mainly due to the provision of allowance for doubtful accounts.

Deferred charges increased by ₽34.930 million or 241.66% from ₽14.454 million as of December 31, 2013 to ₽49.384 million as of December 31, 2014 due mainly to the reclassification of account from receivable from BIR to deferred tax assets.

Other assets decreased by ₽0.645 million or 57.79% from ₽1.117 million as of December 31, 2013 to ₽0.471 million as of December 31, 2014 due to closing of various dormant bank accounts.

Accounts payable decreased by ₽11.284 million or 29.36% from ₽38.431 million as of December 31, 2013 to ₽27.147 million as of December 31, 2014 due to payments of accounts with the suppliers.

Accrued expenses increased by ₽3.583 million or 148.02% from ₽2.421 million as of December 31, 2013 to ₽6.004 million as of December 31, 2014 due to the accrual of the employee benefits and unpaid accounts to suppliers of goods and services that are normally settled within twelve (12) months from the reporting period.

Customers deposit increased by ₽2.001 million or 20.16% from ₽9.925 million as of December 31, 2013 to ₽11.926 million as of December 31, 2014 due to advance rental deposits from new tenants in the leased FCA property in Pasay.

Stockholders equity decreased by ₽218.863 million or 190.54% from ₽114.864 million as of December 31, 2013 to a capital deficiency of ₽146.995 million as of December 31, 2014 due to the recognized gain in change in fair value of investment property in 2013.

Material changes to the Company's Statement of Income for the year ended December 31, 2014 compared to the year ended December 31, 2013 (increase/decrease of 5% or more)

Revenue and dividend share from joint ventre companies increased by ₽20.768 million or 24.40% from ₽85.102 million as of December 31, 2013 to ₽105.870 million as of December 31, 2014 due to CMMTC's declaration and payment of dividend.

Rental income increased by ₽25.534 million or 41.37% from ₽61.708 million as of December 31, 2013 to ₽87.242 million as of December 31, 2014 due to contracts entered into with new tenants in the leased FCA property.

General and administrative overhead increased by ₽101.250 million or 136.02% from ₽74.436 million for the year ended December 31, 2013 to ₽175.686 million for the year ended December 31, 2014 due mainly to the provision of allowance for doubtful accounts.

Other income charges decreased by ₽2.583 billion or 99.16% from ₽2.604 billion as of December 31, 2013 to ₽21.713 million as of December 31, 2014 primarily due to the recognition of gain in change in fair value of investment property in 2013.

Year End 2013 (as restated) **vs. Year End 2012**

Results of Operations

Revenues. Revenues for the year ended December 31, 2013 amounted to ₽146.810 million, up by 26.37% or ₽30.640 million vis-à-vis the ₽116.170 million for the year ended December 31, 2012. The increased in revenue was due to the recognized rental income from new tenants in the leased FCA property and revenue shares which were in direct relationship to the Joint Venture Companies' gross toll revenue.

General and Administrative Overhead. This account decreased by 19.83% or ₱18.415 million from ₱92.851 million for the year ended December 31, 2012 to ₱74.436 million fro the year ended December 31, 2013. The decrease in the overhead account was due to the implementation to cost reduction measures, including manpower unloading, to match the company's present revenue level.

Profit from Operations. This account increased by 210.36% or ₱49.055 million from ₱23.319 million for the year ended December 31, 2012 to ₱72.374 million for the year ended December 31, 2013 due also to the reason discussed above.

Penalty Charges. This account pertains to the 2% penalty charges on unpaid concession fee amounting to ₱258.002 million for the year ended December 31, 2013 and December 31, 2012.

Other Income (Charges). This account posted a positive balance of ₱2.604 billion for the period ended December 31, 2013, 11,011.26% or ₱2.581 billion higher than last year's positive amount of ₱23.438 million. The favorable variance was due to the recognition of the gain in change in fair value of investment property.

Net Profit (Loss) from Before Tax. For the year ended December 31, 2013, the company recognized a net profit before tax of ₱2.419 billion, posting a 1,245% or ₱2.630 billion increase from last year's net loss of ₱211.245 million. This was due to the reason discussed in the preceding paragraph.

Deferred Tax Expense. The deferred tax expense of ₱778.186 million for the period ended December 31, 2013 represents 30% of the gain in change in fair value of investment property of ₱2.594 billion.

Net Profit (Loss). The company realized a net profit of ₱1.641 billion for the period ended December 31, 2013, 876.64% or ₱1.852 billion higher compared to the net loss of ₱211.245 million for the period ended December 31, 2012. The favorable variance was due to the reasons discussed above.

Financial Position

Current Assets. The company's current assets as of December 31, 2013 totalled ₱842.317 million vis-à-vis December 31, 2012 balance of ₱898.322 million, higher by 6.23% or ₱56.005 million. The increase in current assets was mainly due to the increase in cash and cash equivalents brought about by the collection of work accomplishments for the Daang Hari SLEX Linkroad Project.

Investment Property. The increase of 33.05% or ₱2.594 billion, from ₱7.848 billion as of December 31, 2012 to ₱10.442 billion as of December 31, 2013, resulted from the appraisal conducted in 2013 by independent firms of appraisers.

Property, Plant and Equipment. The account increased by 2.05% or ₱11.434 million, from ₱557.770 million as of December 31, 2012 to ₱569.204 million as of December 31, 2013. The increased resulted from the appraisal conducted in 2013 by independent firms of appraisers, net of depreciation during the year.

Other Assets. The account amounted to ₱191.347 million as of December 31, 2012 compared with ₱325.856 million as of December 31, 2013, an increase of 70.29% or ₱134.509 million. This is mainly due to the set up of the 2% Minimum Corporate Income Tax.

Current Portion of Long-term Debt. The amount stood at ₱8.875 billion as of December 31, 2013, increased by 3.41% or ₱293.175 million compared to ₱8.852 billion as of December 31, 2012. The increase was mainly due to the accrual of the 2% penalty charges on unpaid concession fee payable to the Toll Regulatory Board (TRB).

Long-term Debt. The account increased by 27.78% or ₱750.556 million, from ₱2.701 billion as of December 31, 2012 to ₱3.451

billion as of December 31, 2013, which was due to the recognition of deferred ta liability on the gain in change in fair value of the investment property and appraisal increase in property and equipment resulting from the appraisal of the company's real estate properties conducted in 2013.

Stockholders' Equity. Stockholders' equity increased by 108.55% or ₱1.655 billion from capital deficiency of ₱1.525 billion as of December 31, 2012 to stockholders' equity of ₱130.396 million as of December 31, 2013 mainly due to the recognition of gain in change in fair value of investment property.

Presented hereunder is the discussion of the Company's key performance indicators:

Performance Indicators	As of		Explanation
	12/31/2013	12/31/2012	
Current/Liquidity Ratios *Current Ratio* (Current Assets Divided by Current Liabilities)	0.095	0.105	Evaluates the ability of the company to pay its current debt promptly. Current ratio as of December 31, 2013 increased from that of December 31, 2012 due to the increase in current assets by 9.59% vs. the increase in current liabilities by 3.25%.
Solvency Ratios *Debt to Assets* (Total Liabilities Divided by Total Assets)	99.08%	115.63%	Shows what percentage of the business is not owned by the stockholders. Determines how much of the company is financed by debts. The ratio improved due to the increase in total liabilities by 9.21% (brought about by the accrual of the 2% penalty charges and recognition of deemed tax on appraisal of real estate properties) and vis-à-vis the increase in total assets by 27.61% (due to appraisal increase-real estate properties).
Debt to Equity (Total Liabilities Divided by Total Equity)	10731.37%	-739.81%	Shows the proportion of the creditors' capital to the business' total capital. Measures the degree to which the assets of the business are financed by the debts and stockholders of the business. The ratio improved due to the increase in total liabilities (as discussed above) coupled with the reversal of the capital deficiency as of December 31, 2012 to equity as of December 31, 2013.
Asset to Equity Ratio (Total Assets Divided by Total Equity)	10831.37%	-639.81%	Measures the total debt the company takes to acquire assets. Measures the company's capability to pay debts. The ratio improved due to the increase in total assets and the reversal of the capital deficiency to equity (as discussed above).
Interest Rate Coverage Ratio (Income Before Interest/Penalty Divided by Interest Expense/Penalty Charges)	10.423	0.090	Determines how easily a company can pay interest on outstanding debt. The ratio improved in year 2013 due to the recognition of income resulting from the gain in change in fair value of investment property.
Profitability Ratios *Return on Assets* (Net Income (Loss) Divided by Total Assets)	13.29%	-2.16%	Measures the Company's earnings in relation to all the resources it had at its disposal. The ratio improved due to the recognition of net profit for the period ended December 31, 2013 in the amount of ₱1.653 billion.
Return on Equity (Net Income (Loss) Divided by Total Equity)	1439.05%	-13.85%	Measures the rate of return on the ownership interest of the company's stockholders. Determines the productivity of the owners' capital. The ratio improved due to the recognition of net profit for the year ended December 31, 2013 and the reversal of capital deficiency to equity.

(i) Any known trends or any known 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 any material way. Indicate course of action that the Company has taken or proposes to take to remedy the deficiency.

i.a The Company's inability to settle its outstanding obligations with the Toll Regulatory Board and the National Governmet brought about by the difficulties in collecting its receivables from various government agencies.

i.b Pending labor cases which consists of those filed against the Company involving dismissal, backwages, and separation pay. Most of these cases have been ruled by the Labor Arbiter in favor of the complainants, pending appeal by the company before the National Labor Relation Commission (NLRC).

i.c Pending civil cases which consist of those filed against the Company involving damages, collection of money, and attorney's fees which are still on litigation before the various Regional Trail Courts (RTC).

i.d Pending assessments on deficiency taxes. Discussion is contained under Note 24 of the 2013 Audited Financial Statements, including courses of actions already undertaken by the Company to address the issue.

To address the above concerns, PNCC implemented a program of manpower rightsizing in 2001 and has been pursued gradually during the year. The program will be considered in the succeeding years until the Company attains manpower complement to match its present revenue level which in 2013 was significantly generated by its 10% revenue share from Joint Venture Companies and by its earnings from the leased FCA property.

Earlier, the PNCC Board approved the settlement of the obligation to the National Government by way of dacion en pago, using the real estate assets of the company notably the 12.9 hectare Financial Center Area. The property was valued at ₱9.714 billion by independent firms of appraisers conducted in 2013. In the latter months of 2012, the Board reconsidered the option to bid out the property proposed for dacion to attain a higher dacion value and forestall all legal problems that may arise from the option of direct dacion. A letter touching on major issues on PNCC, including this matter among others, was sent to DOF in October 2012.

The Company still asserts the contracted participation in the Joint Venture's Skyway Stage 3 and C6 Projects. Partnership with PT Citra Lamtoro for the implementation of the Metro Manila Epressway or C6 and Metro Manila Skyway Stages 2 and 3 and the completion and commercial operation thereof, are projected to generate incremental revenues for PNCC at commercial operation on revenue sharing basis for both Project Roads. The revenue scenario best rests on the policy directions intended by the Board and the NG through the PMO/DOF as the disposition entity.

(ii) Any events that will trigger direct or contingent financial obligation that is material to the Company, including any default or acceleration of an obligation.

The default in payment of its TRB loan and the settlement of its recognized debts to the National Government.

(iii) There are no material off-balance sheet transactions and arrangements.

(iv) There are no material commitments for capital expenditures.

(v) 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 or revenues or income from continuing operations.

v.a The continued decline in the construction industry resulted to the

Company's incurrence of severe losses from the said operation. Thus, to prevent from suffering greater losses as it had experienced for the last several years, Management decided to veer away with the construction business (since 2002) and focus on the tollways operations.

v.b The turn of the North Luzon Tollway operation to the MNTC on February 10, 2005 had affected the revenue generating capacity of the Company.

v.c The hand-over of the South Luzon Tollway operations to the SLTC on May 2, 2010 likewise had an unfavorable impact on the Company's revenue.

v.d The Supreme Court decision, in Ernesto B. Francisco vs. TRB, PNCC et. al. (G.R. Nos. 166910, 169917, 173630, and 183599, October 19, 2010) and in the case of Strategic Alliance Development Corporation vs. Radstock Securities Limited et. al. (G.R. No. 178158, December 4, 2009), ruled and declared that with the expiration of PNCC's franchise, the toll assets and facilities of PNCC were automatically turned over, by operation of law, to the National Government (NG) at no cost and, consequently, this inevitably resulted in the latter's owning too of the toll fees and the net income derived after May 01, 2007 from the toll assets and facilities, including the company's percentage share in the toll fees collected by the joint venture companies currently operating the tollways.

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

(vii) There are no seasonal aspects that had a material effect on the financial condition or results of operations of the Company.

(viii) **Material changes to the Company's Statement of Financial Position as of December 2013 compared to December 31, 2012 (increase/decrease of 5% or more)**

Cash and cash equivalents increased by ₽153.398 million or 553.3% from ₽27.726 million as of December 31, 2012 to ₽181.124 million as of December 31, 2013 due to increased collection of receivables, proceeds from sale of fixed assets/scrap materials, and dividend payments from joint venture companies.

Receivables from contracts decreased by ₽84.397 million or 36.73% from ₽229.717 million as of December 31, 2012 to ₽145.319 million as of December 31, 2013 due to the collection of work accomplishments for Daang Hari SLEX Linkroad Project.

Investment property increased by ₽2.594 billion or 33.05% from ₽7.848 billion as of December 31, 2012 to ₽10.442 billion as of December 31, 2013 as a result of the appraisal conducted by independent frms of appraisers in 2013.

Accounts payable and accrued expenses increased by ₽35.172 million or 225.39% from ₽15.604 million as of December 31, 2012 to ₽50.777 million as of December 31, 2013 resulting mainly from the tenants' advance rental/deposits.

Deferred tax liabilities increased by ₽783.241 million or 31.45% from ₽2.490 billion as of December 31, 2012 to ₽3.273 billion as of December 31, 2013 due to the recognition of additional deemed tax on the increase in the fair value of the investment property.

Other payables decreased by ₽32.685 million or 15.51% from ₽210.643 million as of December 31, 2012 to ₽177.958 million as of December 31, 2013 due to the adjustment made in the Deferred Credits account.

Material changes to the Company's Statement of Income for the year ended December 31, 2013 compared to the year ended December 31, 2012 (increase/decrease of 5% or more)

Revenue share increased by ₽10.634 million or 14.28% from ₽74.468 million for the period ended December 31, 2012 to ₽85.102 million for the period ended December 31, 2013 due to the increase in the revenue shares which were in direct relationship to the Joint Venture Companies gross toll revenue.

Rental income increased by ₽20.006 million or 47.97% from ₽41.702 million for the period ended December 31, 2012 to ₽61.708 million for the period ended December 31, 2013 due to contracts entered into with new tenants in the leased FCA property.

General and administrative overhead decreased by ₽18.415 million or 19.83% from ₽92.851 million for the period ended December 31, 2012 to ₽74.436 million for the period ended December 31, 2013 due to implementation of the Company's Cost Reduction Program resulting to reduction in the Company's employee costs and operating expenses. Except for depreciation, there are no non-cash items (provisions and allowances for losses) taken up in the books in 2013.

Other income (charges) increased by ₽2.581 million or 11,011.26% from ₽23.438 million for the period ended December 31, 2012 to ₽2.604 billion for the period ended December 31, 2013 mainly due to the increase in the fair value of the investment property.

Deferred tax expense increased by ₽778.186 million or 100% from zero for the period ended December 31, 2012 to ₽778.186 million for the period ended December 31, 2013 which represents the 30% deemed tax on the increase in the fair value of the investment property.

PHILIPPINE NATIONAL
CONSTRUCTION CORPORATION

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The Management of Philippine National Construction Corporation is responsible for the preparation and fair presentation of the financial statements for the year ended December 31, 2015, in accordance with the prescribed financial reporting framework indicated therein. This responsibility includes designing and the implementing internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

The Board of Directors reviews and approves the financial statements and submits the same to the stockholders or members.

The Commission on Audit (COA), the independent auditors, mandated by the Philippine Constitution to audit government-owned or controlled corporations, has examined the financial statements of the company in accordance with the Philippine Standards on Auditing, and in its report to the stockholders or members, has expressed its opinion on the fairness of presentation upon completion of such examination.

ELPIDIO C. JAMORA, JR.	**LUIS F. SISON**	**MIRIAM M. PASETES**
Chairman of the Board	President	Acting Treasurer

APR 12 2016

SUBSCRIBED AND SWORN to before me this _____ day of ______________ affiants exhibiting to me their Tax Identifications, as follows:

Names	Tax Identification No.
Elpidio c. Jamora, Jr.	103-211-578
Luis F. Sison	101-537-966
Miriam M. Pasetes	120-678-424

Notary Public
ATTY. BENJAMIN B. ALFONSO
NOTARY PUBLIC
UNTIL DECEMBER 31, 2016
PTR NO. 2147797 1/4/2016 - QUEZON CITY
IBP NO. 1015954 1/4/2016 - QUEZON CITY
ROLL NO. 13296
COMMISSION NO. NP-144 (2015-2016) QUEZON CITY
TIN NO. 177-967-619
MCLE EXEMPTED

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Republic of the Philippines
COMMISSION ON AUDIT
Commonwealth Ave., Quezon City, Philippines

INDEPENDENT AUDITOR'S REPORT

THE BOARD OF DIRECTORS
Philippine National Construction Corporation
Km. 15, East Service Road
Bicutan, Parañaque City

Report on the Financial Statements

We have audited the accompanying financial statements of the Philippine National Construction Corporation (PNCC), which comprise the statements of financial position as at December 31, 2015 and 2014 and the statements of comprehensive income, statements of changes in equity and statements of cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Philippine Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with Philippine Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our adverse audit opinion.

Basis for Adverse Opinion

Letter of Instruction (LOI) No. 1295 was issued in 1983 directing the conversion into equity all obligations and guarantees of the then Construction Development Corporation of the Philippines, now PNCC, from Government Financial Institutions. It provides that, after the obligations of PNCC are converted into PNCC shares of common stock, it would result in the payment/prepayment of PNCC's various obligations enumerated in the LOI and PNCC shall not be required to make further payments for interest on such obligations up to, and inclusive of, December 31, 1983. However, due to the then Central Bank of the Philippines', now Bangko Sentral ng Pilipinas, rule on Single Borrower's Limit, the amount of P5.552 billion debts, inclusive of the advances made by the Bureau of the Treasury (BTr) in servicing these debts, remained unconverted and were eventually transferred to and assumed by the National Government (NG), thru the Asset Privatization Trust, now Privatization Management Office (PMO), pursuant to Proclamation No. 50 issued in 1986.

The unimplemented debt-to-equity conversion was treated by PNCC as equity, instead of liability, believing that the P5.552 billion is no longer a debt but simply represents unissued shares of stock awaiting conversion into equity. The PMO/BTr, however, still considered these unconverted debts as liability, claiming the total amount of P60.636 billion and P57.618 billion as of December 31, 2015 and 2014, inclusive of accumulated interest charges and penalties amounting to P55.084 billion and P52.066 billion.

The Office of the Government Corporate Counsel, in its Opinion No. 245 dated November 15, 2007, opined that PNCC may enter into an agreement with PMO for the conversion of PNCC's remaining liabilities into PNCC's shares of common stock and that after the completion of the equity conversion, PNCC shall no longer have any remaining obligations with the NG and PMO under LOI No. 1295, subject to the approval by higher authorities as may be required by law or regulation.

Due to their conflicting positions, the parties submitted the issue for resolution by the Department of Justice (DOJ). The DOJ dismissed PNCC's petition against the PMO and ordered the former to pay the latter its due and demandable obligation inclusive of interests and penalties until actually paid. PNCC's Motion for Reconsideration (MR) and Supplement to the MR were, likewise, denied by the DOJ on January 22, 2015 and July 13, 2015, respectively. On June 26, 2015, PNCC filed a Motion for Appeal at the Office of the President of the Philippines and filed the corresponding Appeal Memorandum on July 27, 2015.

Earlier, on April 15, 2015, the Department of Finance (DOF) served to PNCC a Statement of Account as of March 31, 2015 informing that its outstanding obligations are due and demandable, and that there is no longer any basis to consider the conversion into equity of the subject obligation under LOI 1295.

Considering the time that had elapsed and the DOJ's decision and the DOF's demand, we believe that, more likely than not, the planned conversion to equity may no longer materialize. Corollary to this, Securities and Exchange Commission (SEC) Financial Reporting Bulletin (FRB) No. 006, which was issued in relation to the definition of an equity instrument under Philippine Accounting Standard 32, *Financial Instruments*, and the requirements for the increase in authorized capital stock under Section 36 of the Corporation Code of the Philippines, provides that an entity shall classify deposits for future subscriptions, or in the case of the PNCC, debts subject of the debt-to-equity conversion, as part of equity, if and only if, all of the following elements are present as of the reporting period: a) the unissued authorized capital stock of the entity is insufficient to cover the amount of shares indicated in the contract; b) there is Board of Directors' approval on the proposed increase in authorized capital stock; c) there is stockholders' approval of said proposed increase; and d) the application for the approval of the proposed increase has been filed with SEC. PNCC was able to meet only the first element.

The recognition by PNCC of the P5.552 billion unconverted debts as equity instead of liability and its non-recognition of interests and penalties thereon accumulating to P55.084 billion and P52.066 billion as of December 31, 2015 and 2014, respectively, resulted in the understatement in total liabilities by P60.636 billion, understatement in accumulated deficit by P55.084 billion and understatement in capital deficiency by P60.636 billion as of December 31, 2015. (As of December 31, 2014, understatement in total liabilities, understatement in accumulated deficit and understatement in capital deficiency amounted to P57.618 billion, P52.066 billion, and P57.618 billion, respectively.)

Adverse Opinion

In our opinion, because of the significance of the matters discussed in the Basis for Adverse Opinion paragraphs, the financial statements do not present fairly, in all material respects, the financial position of the PNCC as at December 31, 2015 and 2014 and of its financial performance and its cash flows for the years then ended in accordance with Philippine Financial Reporting Standards.

Emphasis of Matter

We draw attention to Notes 2, 26 and 27 to the financial statements which discuss matters pertaining to PNCC's going concern status, the Bureau of Internal Revenue assessments on PNCC's deficiencies in various taxes, and the uncertainties related to the outcome of the various pending lawsuits, litigations and arbitrations the PNCC is involved in. Because of the significance of the matters described in the Basis for Adverse Opinion paragraphs, it is inappropriate to and we do not express an opinion on the information referred to above.

Report on Supplementary Information Required Under
BIR Revenue Regulation No. 15-2010

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information on taxes, duties and license fees in Note 31 to the financial statements is presented for purposes of filing with the Bureau of Internal Revenue and is not a required part of the basic financial statements. Such supplementary information is the responsibility of management. Because of the significance of the matters described in the Basis for Adverse Opinion paragraphs, it is inappropriate to and we do not express an opinion on the information referred to above.

COMMISSION ON AUDIT

Zn de Villa

ZENAIDA V. DE VILLA
OIC, Supervising Auditor

March 14, 2016

PHILIPPINE NATIONAL CONSTRUCTION CORPORATION
STATEMENTS OF FINANCIAL POSITION
December 31, 2015 and 2014
(In Philippine Peso)

	Notes	**December 31, 2015**	December 31 2014 (As Restated)	January 1 2014 (As Restated)
ASSETS				
Current Assets				
Cash and cash equivalents	4	**693,740,491**	398,644,597	181,123,529
Accounts receivable	3.4, 5	**365,539,337**	412,077,364	594,046,160
Receivables from officers and employees	3.4, 6	**44,267,803**	42,899,957	42,813,387
Prepayments	3.5, 7	**12,898,230**	10,066,593	22,733,050
		1,116,445,861	863,688,511	840,716,126
Non-Current Assets				
Investments	3.6, 8	**144,944,252**	273,484,252	261,750,919
Investment property	3.7, 9	**10,669,948,000**	10,442,198,155	10,442,198,155
Property and equipment, net	3.8, 10	**787,180,979**	563,070,872	569,204,473
Other assets, net	11	**344,310,696**	285,939,538	286,533,430
		11,946,383,927	11,564,692,817	11,559,686,977
TOTAL ASSETS		**13,062,829,788**	12,428,381,328	12,400,403,103
LIABILITIES AND STOCKHOLDERS' EQUITY				
Current Liabilities				
Accounts payable and accrued expenses	12	**50,462,850**	45,075,986	50,776,709
Due to national government and its instrumentalities	13	**8,137,299,616**	7,879,297,416	7,621,295,216
Due to government-owned or controlled corporations	14	**1,203,000,000**	1,203,000,000	1,203,000,000
		9,390,762,466	9,127,373,402	8,875,071,925
Non-Current Liabilities				
Deferred tax liabilities	25	**3,409,933,250**	3,273,141,560	3,273,432,335
Other payables	15	**174,861,629**	174,861,629	177,958,110
		3,584,794,879	3,448,003,189	3,451,390,445
Stockholders' Equity (Capital Deficiency)		**87,272,443**	(146,995,263)	73,940,733
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY		**13,062,829,788**	12,428,381,328	12,400,403,103

See accompanying Notes to Financial Statements.

PHILIPPINE NATIONAL CONSTRUCTION CORPORATION
STATEMENTS OF COMPREHENSIVE INCOME
For the Years Ended December 31, 2015 and 2014
(In Philippine Peso)

	Notes	December 31, 2015	December 31, 2014 (As restated)
REVENUES			
Revenue and dividend share from Joint Venture Companies	3.3, 19	**120,226,215**	105,870,068
Rental income	3.3, 20	**96,839,025**	87,241,704
Service Income	21	**10,627,519**	0
TOTAL REVENUES		**227,692,759**	193,111,772
COST OF SERVICES	22	**(8,213,446)**	0
GENERAL AND ADMINISTRATIVE OVERHEAD	23	**(63,342,573)**	(175,685,920)
INCOME FROM OPERATIONS		**156,136,740**	17,425,852
PENALTY CHARGES ON UNPAID CONCESSION FEE	3.10, 13	**(258,002,200)**	(258,002,200)
OTHER INCOME, net	24	**244,934,334**	21,713,279
NET INCOME (LOSS) BEFORE TAX		**143,068,874**	(218,863,069)
DEFERRED TAX EXPENSE		**(68,324,953)**	0
NET INCOME (LOSS)		**74,743,921**	(218,863,069)
OTHER COMPREHENSIVE INCOME			
Movement in revaluation increment, net of tax	3.9	**160,434,195**	0
COMPREHENSIVE INCOME (LOSS)		**235,178,116**	(218,863,069)

See accompanying Notes to Financial Statements.

PHILIPPINE NATIONAL CONSTRUCTION CORPORATION
STATEMENTS OF CHANGES IN EQUITY
For the Years Ended December 31, 2015 and 2014
(In Philippine Peso)

	Capital Stock P10 Par Value (Note 16)	Capital in Excess of Par Value	Subscriptions Receivable (Note 17)	Treasury Stock	Revaluation Increment in Propery	Equity Adjustment-Loans Transf. to Nat'l Gov't (Note 18)	Retained Earnings (Deficit)	Total Equity
Balances, December 31,2013	2,283,758,120	46,137,443	(56,158,831)	(16,699,918)	378,010,684	5,551,726,307	(8,071,909,989)	114,863,816
Expiration of 2006-2010 Minimum Corporate Income Tax	0	0	0	0	0	0	(39,322,148)	(39,322,148)
Correction of prior year's income and expense (Note 29)	0	0	0	0	0	0	(1,600,935)	(1,600,935)
As at January 01, 2014, as restated	2,283,758,120	46,137,443	(56,158,831)	(16,699,918)	378,010,684	5,551,726,307	(8,112,833,072)	73,940,733
Expiration of 2011 Minimum Corporate Income Tax	0	0	0	0	0	0	(2,363,702)	(2,363,702)
Piecemeal realization of revaluation surplus	0	0	0	0	(969,251)	0	969,251	0
Reduction in deferred tax liability	0	0	0	0	290,775	0	0	290,775
Net loss							(218,863,069)	(218,863,069)
Balances, December 31, 2014, as restated	2,283,758,120	46,137,443	(56,158,831)	(16,699,918)	377,332,208	5,551,726,307	(8,333,090,592)	(146,995,263)
As at January 01, 2015	2,283,758,120	46,137,443	(56,158,831)	(16,699,918)	377,332,208	5,551,726,307	(8,333,090,592)	(146,995,263)
Expiration of 2012 Minimum Corporate Income Tax	0	0	0	0	0	0	(2,767,289)	(2,767,289)
Piecemeal realization of revaluation surplus	0	0	0	0	(969,251)	0	969,251	0
Reduction in deferred tax liability	0	0	0	0	290,775	0	0	290,775
Others	0	0	0	0	0	0	1,566,104	1,566,104
Net income	0	0	0	0	0	0	74,743,921	74,743,921
Other comprehensive income								
Movement in revaluation increment, net of tax	0	0	0	0	160,434,195	0	0	160,434,195
Balances, December 31, 2015	2,283,758,120	46,137,443	(56,158,831)	(16,699,918)	537,087,927	5,551,726,307	(8,258,578,605)	87,272,443

See accompanying Notes to Financial Statements.

PHILIPPINE NATIONAL CONSTRUCTION CORPORATION
STATEMENTS OF CASH FLOWS
For the Years Ended December 31, 2015 and 2014
(In Philippine Peso)

	Note	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES			
Rental		**103,970,201**	103,940,982
Revenue share		**88,930,936**	74,079,423
Others		**6,923,342**	2,518,103
		199,824,479	180,538,508
Payments to:			
Suppliers		**(38,798,833)**	(57,988,214)
Employees		**(36,962,014)**	(31,759,479)
Directors		**(2,629,495)**	(2,706,569)
Consultants/retainers		**(341,883)**	(565,982)
Cash provided by operations		**121,092,254**	87,518,264
Taxes and licenses		**(2,748,016)**	(2,627,140)
Penalties		**(600,000)**	(150,000)
Deficiency taxes		**0**	(4,818,810)
Net cash provided by operating activities		**117,744,238**	79,922,314
CASH FLOWS FROM INVESTING ACTIVITIES			
Liquidation of ASDI 50% investment shares		**127,500,000**	0
Dividends		**42,617,712**	39,280,476
Interests		**5,463,149**	3,216,515
Proceeds from sale of fixed assets/scrap materials		**905,605**	2,990,346
Liquidation of CESLA investment shares		**900,000**	300,000
Others (various adjustments)		**0**	91,816,007
Purchase of property and equipment		**(34,810)**	(4,590)
Net cash provided by investing activities		**177,351,656**	137,598,754
NET INCREASE IN CASH AND CASH EQUIVALENTS		**295,095,894**	217,521,068
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		**398,644,597**	181,123,529
CASH AND CASH EQUIVALENTS AT END OF YEAR	4	**693,740,491**	398,644,597

See accompanying Notes to Financial Statements.

1. CORPORATE INFORMATION

The Company was originally incorporated under the name of Construction Development Corporation of the Philippines (CDCP) in 1966 for a term of 50 years. Its Articles of Incorporation and By Laws were approved by the Securities and Exchange Commission (SEC) on November 22, 1966 under SEC Registration No. 30939 and its actual operation started on April 16, 1967. The primary purpose of the Company is to undertake general contracting business with private parties, government agencies, and instrumentalities relative to the construction of infrastructure projects and to engage in other related services in a manner that will contribute to the economic development of the country. CDCP eventually rose to be one of the country's foremost construction companies with extensive operations in the Philippines, the Middle East, and other ASEAN countries.

On March 31, 1977, Presidential Decree (PD) 1113 granted CDCP the franchise to operate, construct, and maintain toll facilities in the North and South Luzon Tollways for a period of 30 years. (That franchise expired on May 1, 2007.) PD 1113 was amended by PD 1894 in 1983 to include, among others, the Metro Manila Expressway (MME) to serve as an additional artery in the transportation of trade and commerce in the Metro Manila Area and gave the Company another period of 30 years "from the completion of the project."

On May 7, 1981, Letter of Instruction (LOI) 1136 was issued mandating the National Development Company (NDC) to invest in the Company by way of capital infusion in the amount of P250 million.

On February 23, 1983, then President Ferdinand E. Marcos issued LOI 1295, directing the creditor Government Financial Institutions (GFIs) to convert into CDCP shares of stock the following: (1) all of the direct obligations of CDCP and those of its wholly-owned subsidiaries, including, but not limited to loans, credits, accrued interests, fees and advances in any currency outstanding as of December 31, 1982; (2) the direct obligations of CDCP maturing in 1983; and (3) obligations maturing in 1983 which were guaranteed by the GFIs. With the implementation of LOI 1295, the GFIs became the majority stockholder of CDCP.

The amount of the debt to be converted into equity was around P7 billion. However, only P1.4 billion of the debt was issued shares of stocks while the remaining P5.552 billion was left unconverted.

On December 07, 1983, the Securities and Exchange Commission (SEC) approved the increase of its authorized capital stock from P1.6 to P2.7 billion in accordance with LOI 1295.

CDCP was later renamed to Philippine National Construction Corporation (PNCC) to reflect the Philippine Government's stockholding, and became a government-acquired asset corporation. Consequently, the various GFIs were given seats in the Board of Directors of the Company and participated in its management.

In 1986, under Proclamation No. 50, the Company was placed under the Committee on Privatization (COP) and the Asset Privatization Trust (APT). Also in 1986, under Administrative Order No. 64, certain assets of the Philippine Export and Foreign Loan Guarantee Corporation (Philguarantee) and the National Development Company (NDC) were transferred to the National Government (NG) which also assumed certain liabilities of both Philguarantee and NDC. A total of P1.918 billion was transferred to the NG.

By virtue of LOI 1136 and 1295, 55.72 per cent of the Company's equity was held by the Asset Privatization Trust (APT) (now the Privatization Management Office or PMO), which was created on December 08, 1986 by virtue of Proclamation No. 50. The other 21.25 per cent was held by the Government Service Insurance System (GSIS) and the Land Bank of the Philippines (LBP) with 20.96 per cent and 0.29 per cent, respectively. The remaining 23.03 per cent of the Company's equity is under private ownership.

In 1988, pursuant to Administrative Order Nos. 14 and 64, DBP, PNB, Philguarantee, and NDC transferred their interests in the Company to the Republic of the Philippines which in turn conveyed them to the APT (now the PMO) for disposition to the private sector pursuant to the government's privatization program.

From 1987 to 2001, the Company still engaged in construction business but this resulted in losses. It veered away from active involvement in construction operations, and focused more on the operation and maintenance of its tollways. It entered into Joint Venture Agreements (JVAs) that resulted in the division of the Tollways into the South Luzon Expressway (SLEX), the North Luzon Expressway (NLEX) and the Skyway.

In August 1995, the Company entered into a Business and Joint Venture Agreement (BJVA) with Indonesia's P.T.Citra Lamtoro Gung Persada (CITRA) and formed the joint venture company, Citra Metro Manila Tollways Corporation (CMMTC) which was granted the Supplemental Toll Operation Agreement (STOA) to finance, design and construct the South Metro Manila Skyway (SMMS) Project. The project covered the construction of the 9.5-kilometer elevated road from Bicutan, Parañaque City to the Makati Central Business District, as well as the rehabilitation of the 13.5 kilometer section of the SLEX from Alabang to Magallanes. The Company's wholly-owned subsidiary, PNCC Skyway Corporation (PSC), originally managed the operation and maintenance of the SMMS Project. October 1999 marked the start of full operations of the entire Skyway Stage 1.

In 1997, the Company entered into a JVA with the First Philippine Infrastructure Development Corporation (FPIDC), for the rehabilitation of the NLEX. The Manila North Tollways Corporation (MNTC) was incorporated as its joint venture company. MNTC was granted the STOA in June 1998 to finance, design, construct, operate and maintain the toll roads, toll facilities and other facilities generating toll-related income, in respect of the NLEX. (The FPIDC was acquired by the Metro Pacific Investments Corporation (MPIC) in 2008.) The operation and maintenance (O&M) of the NLEX is with the Tollways Management Corporation (TMC). Following the issuance of the Toll Operation Permit (TOP), commercial operations started on February 1, 2005.

In 2002, the Company, as a Government-Owned and Controlled Corporation (GOCC) was attached to the Department of Public Works and Highways (DPWH) for policy and program coordination and general supervision by virtue of Executive Order No. 148.

In 2004, "pending privatization," the Company was placed under and attached to the Department of Trade and Industry (DTI) as per Executive Order No. 331.

In February 2006, the Company entered into a JVA with Malaysian Corporation MTD Manila Expressways, Inc. (MTDME) and formed its joint venture company South Luzon Tollway Corp (SLTC). By virtue of the STOA entered into with the Toll Regulatory Board (TRB) and the Company, SLTC committed to undertake all works required for the SLEX Project including its total financing without sovereign guarantees and with the recovery of its investment being in the form of the collection of toll by the Manila Toll Expressway Systems, Inc. (MATES), its O&M company. The SLEX Rehabilitation and Upgrading Project consisted of the rehabilitation and expansion of the existing toll road from Alabang to Calamba (28.53 km) and the construction of the extension of the SLEX to Sto. Tomas, Batangas (5.81 km.) with the associated spur to the Southern Tagalog Arterial Road (1.79 km.) SLTC was granted a 30-year concession period from February 2006 to February 2036. It includes the period of construction which began in June 2006.

On April 27, 2007, the TRB issued a Toll Operation Certificate (TOC) to the Company for the O&M of the SLEX. The said authority from the TRB, pursuant to its powers under its charter (PD 1112), allowed the Company to operate and maintain the SLEX and to collect toll fees, in the interim, after its franchise expiration on April 30, 2007. The effective date of the TOC commenced on May 1, 2007, but in no case to exceed the date of substantial completion of the SLEX Project Toll Roads under the STOA dated February 1, 2006, or unless sooner revoked by the Board. In 2010, the operation was officially turned over to SLTC and MATES.

In December 2007, the Company entered into a Memorandum of Agreement (MOA) with CMMTC and PNCC Skyway Corporation (PSC) where the Company was to have been provided P2 million by CMMTC in order for the Company to subscribe to the par value up to 20 per cent of the total outstanding capital stock of the O&M company, Skyway Operation and Maintenance Corporation (SOMCO). PSC turned over the operation and maintenance of the South Metro Manila Skyway Project to SOMCO which operates the 16.2-kilometer elevated tollway from Buendia to Alabang and the 13.5-kilometer at-grade toll road from Magallanes to Alabang. (The Company is awaiting for the issuance of 4,864 shares of stock which will give it 8.107 per cent share in SOMCO.)

On November 14, 2008, a Subscription Agreement was executed by and among the Alabang-Sto. Tomas Development Inc. (ASDI), the National Development Company (NDC), and the Company, wherein the Company subscribed to 12,500 shares from the unissued portion of the 150,000 shares authorized capital stock (with par value of P1,000 per share) of ASDI, a wholly-owned subsidiary of NDC which was incorporated to undertake the Daang Hari-SLEX connector road.

In 2009, a MOA for the Advance Works on the Daang Hari-SLEX Link Road Project (DHSLRP) was entered by and between ASDI and the Company. The Company was designated as the Main Turnkey Contractor responsible for undertaking the Advance Works and for the implementation of the design and the construction of the Road Project, which consists of a toll road facility connecting Daang Hari Road in Cavite to the SLEX near Susana Heights Interchange (The project was 25 per cent complete when the DPWH, pursuant to its Public Private Partnership (PPP) mandate, took over the project for the purpose of bidding it out. ASDI was to be reimbursed with its cost plus a premium. Bidding of the road project was undertaken by DPWH in December 2011 and was subsequently awarded to Ayala Corporation (AC) in the same month. On April 02, 2012, a Deed of Absolute Sale was executed between ASDI and AC for the turnover of the project.

On April 27, 2009, CMMTC received the Notice to Proceed (NTP) from the TRB and it officially started the South Metro Manila Skyway Project Stage 2, the 6.8 kilometer elevated expressway from Bicutan to Alabang. On May 2011, Skyway Stage 2 was completed with toll facilities and other ancillary requirements already in place.

In 2009 and 2010, in the case of Ernesto B. Francisco vs. TRB, PNCC et. al. (G.R. Nos. 166910, 169917, 173630, and 183599, October 19, 2010 or the Francisco Case) and in the case of Strategic Alliance Development Corporation vs. Radstock Securities Limited et. al. (G.R. No. 178158, December 04, 2009 or the Radstock Case), the Supreme Court (SC) ruled and declared that with the expiration of the Company's franchise, the toll assets and facilities of the Company were automatically turned over, by operation of law, to the NG at no cost and consequently, this inevitably resulted in the NG owning too of the toll fees and the net income derived, after May 1, 2007 from the toll assets and facilities, including the Company's percentage share in the toll fees collected by the Joint Venture Companies (JVCs) currently operating the tollways, including NLEX and Skyway.

The Supreme Court, in its resolution dated April 12, 2011 and in connection with the Francisco Case, directed the TRB, with the assistance of the Commission on Audit (COA), to prepare and finalize the Implementing Rules and Guidelines (IRG) relative to the determination of net income remittable by the Company to the NG. An interim rules and guidelines was issued on March 9, 2012, for the remittance by the JVCs to the National Treasury of the net income that are supposed to be remitted by the JVCs from the revenues of the SLEX, NLEX and Skyway in accordance with the Francisco Case. The company has been receiving 10 per cent of the revenue and dividend shares form the JVCs while 90 per cent is remitted by the JVCs to the National Treasury.

In February 2012, the Company's shares in JVCs i.e. CMMTC, MNTC, TMC, SLTC and MATES were turned over to the government in February 2012 through a Deed of Compliance to Transfer Shares of Stocks to the National Government (NG) in compliance with the SC decision in the Francisco Case. (Note 2 equity participation in CMMTC)

The impact of the aforesaid SC Decision on the Radstock and Francisco Cases has been appropriately reflected in the financial statements.

In 2013, the Company was attached and placed under the Office of the President (OP) of the Philippines from the DTI per Executive Order No. 141. The Company entered into Joint Venture Projects with Citra Central Expressway Corporation (CCEC) for Metro Manila Skyway (MMS) or Stage 3 Project and with Citra Intercity Tollways Inc. (CITI) for the Metro Manila Expressway (MME) or C-6 Project. (Note 2, Going Concern - New Projects)

The Governance Commission for GOCCs (GCG), in its memorandum for the President of the Republic of the Philippines dated June 24, 2013, recommended the abolition of the five (5) subsidiaries of the company, namely: Alabang-Sto.Tomas Development Inc. (ASDI), DISC Contractors, Builders and General Services Inc. (DCBGSI), Traffic Control Products Corporation (TCPC), CDCP Farms Corporation (CDCP FC) and Tierra Factors Corporation (TFC) which was approved by His Excellency, the President through a memorandum from the Executive Secretary dated August 7, 2014. The Company is in the process of abolishing the five (5) subsidiaries.

On March 3, 2015, the Company submitted its Performance Agreement to the GCG. On December 1, 2015, the Makati Regional Trial Court (RTC) issued a Writ of Preliminary Injunction for Civil Case No. 15-384 in favor of Forum Holdings Corporation restraining the GCG, its representatives and officers, and the Company's Board of Directors from implementing the said Performance Agreement. The Company is not impleaded as a party to the case filed by Forum.

In August 2013, CDCP founder, Rodolfo M. Cuenca, filed a case against the TRB, COA, the Company, MNTC and MATES, seeking the remittance of revenues and dividends on the toll road projects to the Company alleging that TRB has not finalized the IRG. The Makati RTC "enjoined petitioner TRB, and PNCC from implementing the TRB's Interim Rules and Guidelines dated 22 March 2012." In a resolution dated August 4, 2014, the Supreme Court issued a Temporary Restraining Order (TRO) against the Makati RTC's TRO, thus sustaining the status quo that revenue and dividends to be remitted directly to the NG.

In January 2016, three (3) GSIS members filed a case against the Company's Board of Directors, Members of the Board of Trustees of the GSIS and GCG seeking to enjoin the implementation of the Performance Agreement. On February 12, 2016, the RTC ordered the re-raffle of the case to a commercial court.

Pursuant to R.A. 10149, the Company is listed as a non-chartered Government-Owned or Controlled Corporation (GOCC) under the supervision of the GCG which is the central advisory, monitoring, and oversight body of the NG under the OP.

The Company's corporate life will expire on November 22, 2016. The Company has sent a letter dated March 3, 2016 to the GCG regarding the extension of the corporate life of the Company.

The registered office address of the Company is Km. 15, East Service Road, Bicutan, Parañaque City.

The financial statements as of and for the years ended December 31, 2015 and 2014 were approved and authorized for issue by the Board of Directors on April 6, 2016.

2. GOING CONCERN

New Projects

The Company holds updated partnerships for new Toll Road projects. The projects will enable the Company to generate sufficient cash flow from dividend and revenue shares from the JV Companies for the next 30 years.

Metro Manila Skyway (MMS) or Stage 3 Project

The Metro Manila Skyway Stage 3 Project starts from the existing Buendia interchange and will be extended and eventually connected to the North Luzon Expressway (NLEX) at the Balintawak-EDSA Interchange. The project is 14.80 kilometers in length.

- On May 3, 2011, CITRA and the Company submitted to TRB an Updated Joint Venture Investment Proposal for the said project pursuant to one of the "Whereas Clauses" of South Metro Manila Skyway (SMMS) Supplemental Tollway Operation Agreement (STOA) dated November 27, 1995 as amended on July 18, 2007. Pursuant to its mandate and authority granted under PD No. 1112, the TRB reviewed, evaluated and approved the Updated Joint Venture Investment Proposal for Stage 3.

- On January 9, 2012, CITRA and the Company executed a Supplement to the Business and Joint Venture Agreement (Supplement to BJVA) which governs the implementation of the Stage 3 of the MMS and Stage 4 of the Project also known as the Metro Manila Expressway (MME). The parties also executed the Second Supplement to the Business and Joint Venture Agreement (Second Supplement to BJVA) which contains the terms and conditions for the implementation of both MMS and MME.

- On September 6, 2012, the Restated Second Supplement to the Business and Joint Venture Agreement (Restated Second Supplement to BJVA), which contains the entire agreement of the parties and embodies the final terms and conditions for MMS, was executed.

- On November 12, 2012, following Section 1 of the Restated Second Supplement to BJVA, Citra Central Expressway Corporation (CCEC), the joint venture company, was incorporated as the vehicle to implement the financing, design, and construction of the MMS.

  Under this agreement, the Company is provided with the following:

- 20 per cent equity in CCEC, 10 per cent of which is "Free Carry" i.e. not paid for by the Company and can never be diluted; while the other 10 per cent is to be paid for. In case of the Company's inability to fund the 10 per cent, CITRA needs to get the Company's approval to nominate another shareholder. In 2015, when the call was made for a capital increase in CCEC, the Company waived its subscription rights for the 10 per cent. The 10 per cent initial investment in CCEC amounted to P12.5 million.

- Projected share in gross revenues amounting to about P35.06 billion for the duration of the operation period (30 years);

- Projected share in net profits amounting to about P21.42 billion for the duration of the operation period (30 years);

- One permanent seat with one non-voting director to the Board of CCEC, regardless of its shareholdings;

- Membership in all Board Committees and Chairmanship of the Board's Audit Committee.

The Company agreed to forego any equity share in the O&M provided the latter remains a cost center and not a profit center.

On September 26, 2013, the STOA governing the design, construction, operation and maintenance of the SMMS-Stage 3 Project was approved by the Office of the President of the Philippines.

Metro Manila Expressway (MME) or C-6 Project

The Metro Manila Expressway (MME) or C-6 Project is actually Stage 4 of the SMMS. This toll road will stretch from Bicutan to San Jose Del Monte and will then connect to the proposed MRT 7 Project which will extend to the NLEX. The toll road will have a length of 34.33 km, 7.62 km of which is the elevated portion, six lanes, with six interchanges and 20 ramps, and a close toll collection system. The construction cost is estimated at P19.76 billion out of the total P29.84 billion project cost.

In January 2014, the Restated Supplement to the Business and Joint Venture Agreement (Restated Supplement to BJVA) for MME Project was executed.

Patterned from the MMS Project, the MME will provide the Company with the following:

- 20 per cent equity in Citra Intercity Tollways Inc. (CITI), 10 per cent of which is "Free Carry" i.e. not paid for by the Company and can never be diluted. In case of the Company's inability to fund the 10 per cent, CITRA needs to get the Company's approval to nominate another shareholder;

- Projected share in gross revenues amounting to about P43.86 billion for the duration of the operation period (30 years);

- Projected share in net profits amounting to about P27.21 billion for the duration of the operation period (30 years);

- One permanent seat and one non-voting director to the Board of Joint Venture Company, regardless of its shareholdings;

- Membership in all Board Committees and Chairmanship of the Board's Audit Committee.

On August 11, 2014, the STOA was approved by the Office of the President (OP) of the Philippines. The start of commercial operations of the C-6 project is expected in 2018.

<u>Revenue Shares from New Projects</u>

The Company will earn revenue shares on net toll revenue from the projects at the following rates: 2.5 per cent for the 1^{st} 4 years; 3 per cent from the 5^{th} to the 7^{th} year; 3.5 per cent from the 8^{th} to the 10^{th} year; and 4 per cent from the 11^{th} year onward.

10 per cent Revenue Share from Toll Fee Collections and 10 per cent Share in Declared Dividends from Joint Venture Companies

On March 22, 2012, the TRB issued interim rules and guidelines covering the amount of money the Company will receive in order to cover operating expenses in relation to the Francisco and Radstock Cases. Both the TRB and the Company agreed to a 10 per cent revenue share from toll collection fees and declared dividends from joint venture companies.

The Company receives the following revenue shares:

- 10 per cent of 6 per cent share on the Manila North Tollways Corporation (MNTC) Gross Revenue;
- 10 per cent of 3.5 per cent share on the Citra Metro Manila Tollways Corporation (CMMTC) Gross Revenue; and
- 10 per cent of 1.75 per cent share on the South Luzon Tollway Corporation (SLTC) Gross Revenue.

For 2015 and 2014, the Company received revenue share from MNTC, CMMTC and SLTC in the amounts of P83.803 million and P72.965 million, respectively, while it received dividends amounting to P36.423 million (from CMMTC) in 2015 and P32.905 million (from CMMTC and TMC) in 2014.

Rental Income

Rental income is derived from renting out investment property which includes the Financial Center Area in Pasay City, the PNCC compound in Bicutan, Parañaque, and a property in Porac, Pampanga.

In 2015, the Board approved the minimum rental rate of P140.00 per square meter for the FCA Property. Total rent income for 2015 amounted to P96.839 million and P87.242 million in 2014. For 2016, the minimum rental rate will be in full effect and will result in a bigger increase in rental income.

Equity Participation in CMMTC

It is the position of the Company that it has equity participation in CMMTC on the basis of PD 1894 and pursuant to the provisions of the SMMS Supplemental Tollway Operation Agreement (STOA) dated November 27, 1995 which was approved by then President Fidel V. Ramos. While the Company's franchise expired in May 2007, Section 2 of PD 1894 provides that the "franchise granted for the Metro Manila Expressway and all extensions, linkages, stretches and diversion that may be constructed after the date of approval of this decree shall likewise have a term of thirty (30) years commencing from date of completion of the project" which the Supreme Court (SC) affirmed in the Francisco Case.

The Office of the Government Corporate Counsel (OGCC) rendered its opinion that the PD 1894 projects (namely the SMMS – Skyway Stage 1 and 2 and MMS Stage 3 and MME Stage 4) are "clearly covered by a still existing congressional franchise. For the same reason, too, the PD 1894 assets, facilities and shares are still held by PNCC." It is also the opinion of the Department of Justice (DOJ) that the Company still has a subsisting non-exclusive legislative franchise under PD 1894 and that only assets "that are related to its franchise under PD 1113 have accrued to the National Government (NG) and thus, ought to be turned over to the NG."

The shares in CMMTC were turned over to the NG by way of a Deed of Compliance of Shares of Stock to the NG in February 2012. However, in 2013, after having secured the opinions of both the OGCC and the DOJ regarding the validity of PD 1894, the Company requested CMMTC to refrain from transferring the shares of the Company to the NG and refrain from remitting the dividends and share in gross revenues of CMMTC to the NG. The matter is still awaiting actions from CMMTC, who has referred the matter to their legal counsel. On the other hand, the Department of Finance (DOF) has requested for clarification on the matter from the DOJ. Meanwhile, the shares still remain in the name of the Company.

The Company shares in CMMTC are worth P551.87 million which is equivalent to 8.11 per cent of total outstanding shares of CMMTC. The dividends and revenue shares from 2008 to 2015 amount to P2.085 billion of which the Company received 10 per cent or P208.6 million pursuant to the interim rules and guidelines issued by the TRB. However, it is the position of the Company that all revenue and dividends arising from its investment in CMMTC belong to the Company.

Issuance of Final Implementing Rules and Guidelines by the Toll Regulatory Board (TRB)

A Supreme Court (SC) Resolution clarifying the automatic remittance to the NG of the toll fees and net income derived from the Company's toll assets and facilities was issued in relation to the *Francisco Case*. The Resolution directed the TRB, with the assistance of Commission on Audit (COA), to "prepare and finalize the implementing rules and guidelines relative to the determination of the net income remittable by PNCC to the National Government and to proceed with the same with dispatch."

On March 22, 2012, the TRB issued a Director's Certificate approving the Interim Rules and Guidelines (IRG) for the remittance by the Joint Venture Companies (JVCs) of the revenues of the SLEX, NLEX and Skyway in accordance with the *Francisco Case*. As subsequently agreed upon, the Company and TRB, as an interim arrangement, set aside 10 per cent of all amounts that are supposed to be remitted by the JVCs for remittance to the Company while 90 per cent goes to the National Treasury. The IRG also stated that if the 10 per cent is in excess of what is allowed by the guidelines, the Company shall remit to the TRB for the National Treasury the excess amount. On the other hand, in case the 10 per cent is less than what is allowed under the guidelines, the shortfall shall be deducted in the next remittance to be made by the JVC.

It is the position of the Company that the determination of the "the net income remittable by it to the National Government" should include penalty charges on unpaid concession fee amounting to P258 million per year as part of its administrative expenses.

In March 2013, the Company proposed to TRB that overhead and administrative expenses plus the penalty charges be deducted from gross revenue from the Joint Venture Agreements Income in order to arrive at the Net Income to be remitted to the NG.

A follow-up letter dated December 2, 2015 was sent. The Company has booked penalty charges on unpaid concession fees from 2010-2015 amounting to P1.54 billion.

The Company is still awaiting the issuance of the Final Implementing Rules and Guidelines from TRB.

Debt of P5.552 Billion Remained Unconverted to Equity

The Company's debt of P5.552 billion which remained unconverted to equity is treated as part of equity in the Company's books, instead of a liability. The interest and penalties unilaterally charged thereon by the Privatization Management Office (PMO)/ Bureau of the Treasury (BTr) amounting to P55.084 billion and P52.066 billion as of December 31, 2015 and 2014 were not taken up in the Company's books.

The assertion that the P5.552 billion should be part of equity is supported by a Supreme Court (SC) ruling that recognizes the validity of Letter of Instruction (LOI) 1295 confirming that the P5.552 billion is no longer a debt but equity. The Office of the Solicitor General (OSG) and the Office of the Government Corporate Counsel (OGCC) have concurred with this ruling.

Pursuant to the mutual agreement between the Company and the PMO, the option/authority to convert the mentioned debt into equity was submitted to the Department of Justice (DOJ) on June 21, 2012 for arbitration.

On February 18, 2014, the DOJ dismissed the Company's petition against the PMO. The Company filed a Motion for Reconsideration (MR) with DOJ on March 14, 2014 which was denied by the DOJ on January 22, 2015. Thereafter, the Company filed a Supplement to the MR on May 28, 2015 which was likewise denied by the DOJ in its order dated July 13, 2015.

On June 26, 2015, the Company filed a Notice of Appeal with the Office of the President (OP) of the Philippines and filed the corresponding Appeal Memorandum on July 27, 2015.

The Company is awaiting the resolution of the OP on its appeal.

Payment of Company Obligation to the National Government

The Company intends to pay recognized debts using the proceeds from the sale of its investment properties. The Board approved the offer to apply part of FCA to pay liabilities to the National Government (NG). The Company sent a letter dated July 21, 2015 to the OP recognizing its liability to the NG in the amount of P7.9 billion and proposing to "pay off the recognized obligations, particularly given that the obligation to the TRB for unpaid concessions fees carries with it a penalty of two percent per month." The Company is awaiting the decision of the OP.

Reorganization and Streamlining of Company Operations

The Board has reorganized and streamlined the Company operations as follows:

1. Initiated the process of closing its subsidiaries that are no longer operational and those that are losing;
2. Initiated the process of bidding out properties in order to pay off liabilities;
3. Proposed to the Office of the President the disposition of a part of the Financial Center Area property in order to pay off recognized obligations;
4. Sent a letter to TRB for the issuance of the final implementing guidelines to include the penalty charges;
5. Separated seven employees in 2015 to cut down on labor cost; and
6. Assumed the operations of its subsidiary, the DISC Contractors, Builders and General Services Inc. (DCBGSI) which now operates as a separate division of the Company.

3. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Basis of Preparation

The financial statements are prepared on a historical cost basis, except for investment property and property and equipment which are carried at revalued amounts. The financial statements are presented in Philippine peso, which is the Company's functional and presentation currency. All amounts are rounded off to the nearest peso except when otherwise indicated.

3.2 Statement of Compliance

The Company's financial statements have been prepared in compliance with the Philippine Financial Reporting Standards (PFRS).

3.3 Revenue Recognition

Pursuant to the Supreme Court En Banc Decision, as discussed in Note 1, the Company no longer recorded the tollways income from the North and South Luzon Tollways (NLT and SLT).

Pending issuance of the Implementing Rules and Guidelines for the determination of the amounts due to the Company for its administrative expenses, the Company recognized 10 per cent of its share from the joint venture companies gross toll revenues, in accordance with the interim rules and guidelines issued by the TRB.

Rental income arising from the investment property is accounted for on a straight-line basis over the term of the lease.

3.4 Allowance for Doubtful Accounts

Allowance for doubtful accounts is maintained at a level considered adequate to provide for potentially uncollectible receivables. The level of allowance is based on past collection experience and other factors that may affect collectibility. Evaluation of the receivables, on a per account basis, is performed on a continuous basis throughout the year.

3.5 Prepayments

Prepayments are expenses paid in advance and recorded as assets before these are utilized. These are comprised of insurance premiums, other prepaid items, and creditable withholding taxes. Prepayments that are expected to be realized for no more than 12 months after the reporting date are classified as current assets; otherwise, these are classified as other non-current assets.

These accounts also include inventories consisting principally of construction materials, spare parts, and supplies are stated at cost, generally determined by the average cost method for a significant portion of domestic inventories and by the first-in, first-out method for other inventories. Allowance for inventory writedown is provided for all non-moving/obsolete items of the inventory account.

3.6 Investments

The Company accounts for its investments in wholly-owned/controlled subsidiaries at cost. Allowance for impairment is provided.

The Company believes that the effects of not consolidating the subsidiaries are not material to the financial statements because these are no longer operating, except for DISC Contractors, Builders and General Services, Inc. (DCBGSI) which has been incurring losses, resulting to accumulated deficit .

In a regular board meeting held on November 14, 2011, the PNCC Board resolved to comply with the mandate of the Supreme Court to transfer and turn over to the National Government (NG) the shares of stock in tollway joint venture companies which PNCC is holding in trust for the NG.

Available for sale equity securities (club shares) are recorded/ measured/presented at fair market value as provided for under PFRS 9, *Financial Instruments: Classification and Measurement.*

3.7 Investment Property

Investment property is comprised of land or building or both held to earn rentals or for capital appreciation or both. Investment property is recognized as an asset when and only when it is probable that future economic benefits associated with the property flows to the entity and the cost of the property can be measured reliably.

Investment property is initially measured at cost. Subsequent to initial recognition, the account is stated at fair value, which has been determined based on the valuations performed by independent firms of appraisers. The changes in fair value from year to year are recognized in the profit or loss.

3.8 Property and Equipment

Property and equipment are stated at cost, less accumulated depreciation and any accumulated impairment in value. Property and equipment are subsequently carried at revalued amounts.

Depreciation commences once the property and equipment are available for use and is computed using the straight-line method over the following estimated useful lives:

Asset Type	Estimated Useful Lives (in years)
Land improvements	10
Buildings and improvements	10 to 33
Construction equipment	2 to 10
Transportation equipment	3 to 5
Office equipment, furniture and fixtures	5
Others	2 to 7

Fully depreciated assets are retained in the accounts until they are no longer in use and no further depreciation is charged against operations.

When the assets are retired or otherwise disposed of, the cost and related accumulated depreciation and impairment in value are removed from the accounts and any gain or loss resulting from their disposal is directly charged or credited in the current operations.

3.9 Revaluation Increment in Property

The increase in the asset's carrying amount as a result of revaluation is credited to equity under the heading of "Revaluation Increment in Property". The revalued asset is being depreciated and, as such, part of the surplus is being realized as the asset is used. Realization of the revaluation increment is charged to "Retained Earnings" account.

The surplus realized as of December 31, 2015 and 2014 in the same amount of P0.969 million are reflected in the financial statements. Piecemeal realization of the revaluation increment is effected on a yearly basis.

3.10 Revenue Recognition of Service Income

Service revenue and costs are recognized on the basis of percentage of completion method.

3.11 Borrowing Costs

Borrowing costs are expensed as incurred. These costs represent the 2 per cent penalty charges imposed by the Toll Regulatory Board (TRB) on unpaid concession fee.

3.12 Income Taxes

Current income tax assets or liabilities comprise of those claims from, or obligations to, fiscal authorities relating to the current or prior reporting period, that are uncollected or unpaid at reporting date. 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 statement of comprehensive income.

For financial reporting purposes, deferred tax assets are recognized for the carry forward benefits of unused tax credits from Net Operating Loss Carry-Over (NOLCO) and from excess Minimum Corporate Income Tax (MCIT) over Regular Corporate Income Tax (RCIT) to the extent that it is probable that future taxable profit will be available against which the deferred tax assets can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilized.

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 reporting date.

3.13 Adoption of New and Revised PFRS

The Company had adopted the following PFRSs effective January 1, 2012:

- PFRS 7, *Financial Instruments: Disclosures - Enhanced Derecognition and Transfer of Financial Assets Disclosure Requirements* – The amended standard requires additional disclosure on financial assets that have been transferred but not derecognised and an entity's continuing involvement in the derecognised assets. This disclosure is required to enable the user of the financial statements to evaluate any remaining risk on the transferred assets.

- PAS 12, *Income Taxes- Deferred Taxes: Recovery of Underlying Assets* (Amended)– The amendment clarifies that the deferred tax on investment property measured using the fair value model in PAS 40, *Investment Property*, should be determined considering that the carrying value of the investment property will be recovered through a sale transaction. Deferred tax on non-depreciable assets that are measured using the revaluation model in PAS 16, *Property and Equipment*, should also be measured by determining the recoverability of the non-depreciable assets in a sale transaction.

These new and revised PFRSs have no significant impact on the amounts and disclosures in the financial statements of the Company.

3.14 New and Revised PFRSs

A number of new or revised standards, amendments to standards and interpretations are effective for annual periods beginning after January 01, 2013 and have not been applied in preparing the financial statements. Under prevailing circumstances, the adoption of the following new and revised PFRSs is not expected to have any material effect on the financial statements:

Effective for annual periods beginning on or after January 1, 2013:

- PAS 19, *Employee Benefits* (Amendment) – There were numerous changes ranging from the fundamental such as removing the corridor mechanism in the recognition of actuarial gains or losses and the concept of expected returns on plan assets to simple clarifications and re-wording.

- PAS 27, *Separate Financial Statements* (as Revised in 2011) – As a consequence of the new PFRS 10 and PFRS 12, PAS 27 is now limited to accounting for subsidiaries, jointly controlled entities, and associates in separate financial statements.

- PAS 28, *Investments in Associates and Joint Ventures* (as Revised in 2011) – This standard prescribes the application of the equity method to investments in joint ventures and associates.

- PFRS 7, *Financial Instruments Disclosures - Offsetting Financial Assets and Financial Liabilities* (Amendment) – The amendment requires entities to disclose information that will enable users to evaluate the effect or potential effect of netting arrangements on an entity's financial position. The new disclosure is required for all recognized financial instruments that are subject to an enforceable master netting arrangement or similar agreement.

- PFRS 10, *Consolidated Financial Statements* – The standard replaces the portion of PAS 27, *Consolidated and Separate Financial Statements,* that addresses the accounting for consolidated financial statements and SIC-12, *Consolidation - Special Purpose Entities.* It establishes a single control model that applies to all entities including special purpose entities. Management will have to exercise significant judgment to determine which entities are controlled, and are required to be consolidated by a parent company.

- PFRS 11, *Joint Arrangements* - PFRS *11 replaces* PAS *31, Interests in Joint Ventures* and SIC-13, *Jointly-controlled Entities - Non-monetary Contributions by Ventures* – The standard removes the option to account for jointly controlled entities (JCEs) using proportionate consolidation. Instead, joint venture entities that meet the definition of a joint venture must be accounted for using the equity method.

- PFRS 12, *Disclosure of Interests with Other Entities* – The standard includes all of the disclosures that were previously in PAS 27 related to consolidated financial statements, as well as all of the disclosure requirements that were previously included in PAS 31 and PAS 28. These disclosures relate to an entity's interests in subsidiaries, joint arrangements, associates and structured entities. A number of new disclosures are also required.

- Amendments to PFRS 10, PFRS 11 and PFRS 12: *Transition Guidance* – The amendments provide additional transition relief in PFRS 10, *Consolidated Financial Statements*, PFRS 11 *Joint Arrangements* and PFRS 12, *Disclosure of Interests in Other Entities*, limiting the requirement to provide adjusted comparative information to only the preceding comparative period. Furthermore, for disclosures related to unconsolidated structured entities, the amendments will remove the requirement to present comparative information for periods before PFRS 12 is first applied.

- PFRS 13, *Fair Value Measurement* – The standard establishes a single source of guidance under PFRS for all fair value measurements. It does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under PFRS when fair value is required or permitted.

- Improvements to PFRSs

  The omnibus amendments to PFRSs issued in May 2012, which are effective for annual periods beginning on or after January 1, 2013, were issued primarily to clarify accounting and disclosure requirements to assure consistency in the application of the following standards.

  - PFRS 1, *First-time Adoption of International Financial Reporting Standards*
  - PAS 1, *Presentation of Financial Statements*
  - PAS 16, *Property, Plant and Equipment*
  - PAS 32, *Financial Instrument: Presentation*
  - PAS 34, *Interim Financial Reporting*

Effective for annual periods beginning on or after January 1, 2014:

- Amendments to PFRS 10, PFRS 12 and PAS 27: *Investment Entities* – The amendments provide an exception from the requirements of consolidation to investment entities and instead require these entities to present their investments in subsidiaries as a net investment that is measured at fair value. Investment entity refers to an entity whose business purpose is to invest funds solely for returns from capital appreciation, investment income or both.

- Amendments to PAS 32: *Offsetting Financial Assets and Financial Liabilities* – The amendments address inconsistencies in current practice when applying the offsetting criteria in PAS 32, *Financial Instruments: Presentation*. The amendments clarify (1) the meaning of 'currently has a legally enforceable right of set-off'; and (2) that some gross settlement systems may be considered equivalent to net settlement.

Effective for annual periods beginning on or after January 1, 2015:

- PFRS 9, *Financial Instruments: Classification and Measurement* – This standard is the first phase in replacing PAS 39 and applies to classification and measurement of financial assets as defined in PAS 39.

4. CASH AND CASH EQUIVALENTS

This account consists of:

	2015	2014
Cash in banks	**23,880,731**	46,727,310
Cash equivalents	**669,659,760**	351,594,287
Petty cash and revolving fund	**200,000**	323,000
	693,740,491	398,644,597

Cash in banks earn interest at the respective bank deposit rates.

Cash equivalents are short-term investments that are made for varying periods or up to three months depending on the immediate cash requirements of the Company and earn interest at the prevailing short-term investment rates.

5. ACCOUNTS RECEIVABLE

The account consists of the following:

	2015	2014
Advances to the Bureau of the Treasury (BTr)	**150,000,000**	150,000,000
Contract related receivables	**132,010,696**	120,413,785
Accounts receivable-trade	**64,852,231**	63,069,379
Accounts receivable-subsidiaries and affiliates	**9,286,689**	8,800,268
Advances to CESLA	**18,789**	27,659
Advances to suppliers	**76,908**	3,690
Advances for SSS/EC benefits	**38,409**	5,400
Other accounts receivable	**9,255,615**	69,757,183
	365,539,337	412,077,364

Advances and receivables account in CY 2015 consists of the following:

- Remittances to the BTr of P150 million (P50 million in 2008 and P100 million in 2010) originally intended for application against the unpaid concession fee, but was confirmed by the BTr to have been applied against outstanding NG advances to the Company. The account is initially recorded as Advances to BTr pending clarification on the application of payment considering that no liability to BTr is recorded in the books of the Company (as discussed in Notes 13 and 18).

- Contract related receivables

  - Accomplishment and retention receivable from the Philippine Merchant Marine Academy (PMMA) totaling P78.178 million, wherein a resolution in favor of the Company was rendered by the Department of Justice on August 02, 2006, ordering PMMA to pay the principal amount plus six per cent interest per annum from the date of first demand on June 24, 2004. The Office of the Government Corporate Counsel (OGCC) was requested to file a Petition for money claims with the Commission on Audit (COA) in behalf of the Company.

  - Unpaid escalation billings from the Manila International Airport Authority (MIAA) in the principal amount of P42.235 million (net of P14.181 million collection in August 2004), wherein a covering decision from the Office of the President of the Philippines was rendered in favor of the Company against MIAA, ordering the latter to pay the Company the principal amount of P56.724 million and interest thereon at the rate of six per cent per annum from the date of first demand on January 31, 1989 until the same is fully paid.

    On June 18, 2014, the Company wrote the Commission on Audit (COA) in connection with the status of money claims filed by the former to the latter against MIAA docketed as COA-CPCN 2012-013 and COA-CPCN 2012-084.

    The COA, in its letter reply of August 07, 2014, informed the Company that the aforesaid cases are under the evaluation of the Commission under the Legal Services Sector, Claims and Adjudication Office-Corporate. Accordingly, the Company will be provided with the pertinent decisions after approval of the Commission Proper. The case is still pending resolution by COA.

- Accounts receivable-trade consists of the following:

  - Uncollected Revenue shares from Joint Venture Companies (JVCs) in the amount of P52.375 million.

  - Receivable from various tenants at the Financial Center Area (FCA) amounting to P12.477 million.

- Accounts receivable-subsidiaries and affiliates totaling P9.286 million represent various accommodations to the Company's subsidiaries: Alabang-Sto. Tomas Development, Inc. (ASDI) - P6,535; DISC Contractors, Builders and General Services, Inc. (DCBGSI) - P8.856 million; and Traffic Control Products Corporation (TCPC) - P0.424 million.

- Other accounts receivable consists mainly of the Supersedeas/cash bonds re: various NLRC cases filed by present and former employees of the Company totaling P8.858 million, which consist mostly of claims for non-payment of benefits, such as mid-year bonus, exit bonus, and other benefits. The decrease from P69.757 million in 2014 to P9.255 million in 2015 was mainly due to the expiry of the Minimum Corporate Income Tax (MCIT) amounting to P59.749 million.

6. RECEIVABLES FROM OFFICERS AND EMPLOYEES

The account consists of the following:

	2015	2014
Former officers and consultants	**42,510,000**	42,510,000
Officers and employees	**1,651,384**	379,457
Directors	**106,419**	10,500
	44,267,803	42,899,957

- The amount of P42.51 million represents cash advances for franchise extension granted to former officers and consultants, of which, P2.99 million are receivables from former consultants which are covered by Notices of Disallowance with corresponding Memorandum of Appeal filed with the Commission on Audit. The balance of P39.52 million is a receivable from a former officer which was referred to the OGCC for legal action.

- Receivables from officers and employees totaling P1.651 million are broken down as follows: cash advances of P1.339 million which formed part of the health care insurance premium of P1.818 million paid by the Company in 2015 and was covered by an Undertaking dated March 4, 2015, stating that the employees and officers will pay the Company in 12 equal monthly installment to commence in June 2016 or after the ruling of the Governance Commission on Government-Owned and Controlled Corporation (GCG) on the petition filed in their office for the inclusion of the said health care benefit, whichever comes first; employees' 2015 under withheld tax on compensation of P156,066 which are being paid through payroll deduction up to April 2016.

7. PREPAYMENTS

This account consists of the following:

	2015	2014
Prepayments	**9,239,804**	3,718,481
Inventories	**3,658,426**	6,348,112
	12,898,230	10,066,593

7.1 Breakdown of the prepayments account:

	2015	2014
Prepaid income tax	**8,081,311**	2,122,280
Prepaid taxes and licenses	**1,089,940**	1,093,968
Prepaid insurance	**66,633**	502,233
Prepaid expenses	**1,920**	0
	9,239,804	3,718,481

7.2 Composition of the inventory account:

	2015	2014
Spare parts and supplies	**2,537,049**	2,538,996
Construction materials	**586,993**	0
Fuel, oil, and lubricants	**308,411**	139,133
Others	**3,568,012**	3,669,983
	7,000,465	6,348,112
Allowance for inventory write-down	**(3,342,039)**	0
	3,658,426	6,348,112

In 2015, the Company failed in its attempt to bid out the remaining inventories due to lack of bidders but the Company will still pursue its disposal in 2016. A 60 per cent allowance was provided for inventories that are due for disposal based on its appraised value.

Inventories-others account consists mostly of common supplies and hardware materials, office supplies, and medical and dental supplies.

8. INVESTMENTS

This account consists of:

	2015	2014
Investments in stocks		
Subsidiaries and affiliates		
Alabang-Sto Tomas Development, Inc.	**127,500,000**	255,000,000
Dasmariñas Industrial & Steelworks Corp.	**96,413,530**	96,413,530
Tierra Factors Corporation	**51,635,109**	51,635,109
CDCP Farms Corporation	**15,120,200**	15,120,200
Citra Central Expressway Corporation	**12,500,000**	12,500,000
Manila Land Corporation	**10,000,000**	10,000,000
Managerial Resources Corporation	**1,525,922**	1,525,922
San Ramon Ranch	**1,100,000**	1,100,000
Traffic Control Products Corporation	**700,000**	700,000
San Roque Ranch	**550,000**	550,000
PNCC Skyway Corporation	**125,050**	125,050
Land Management Corporation	**11,000**	11,000
	317,180,811	444,680,811
Allowances for losses	**(177,180,811)**	(177,180,811)
	140,000,000	267,500,000

	2015	2014
Investments in available for sale securities		
Mimosa Golf and Country Club	**3,180,000**	3,180,000
Manila Electric Company	**476,970**	476,970
Philippine Long Distance Telephone Company	**350,799**	350,799
Laguna Lake Development Authority (net of subscriptions payable of P258,642)	**181,158**	181,158
Puerto Azul Beach and Country Club	**100,000**	100,000
Architectural Centre, Inc.	**3,500**	3,500
	4,292,427	4,292,427
Market adjustment - available for sale securities	**(1,729,500)**	(1,589,500)
	2,562,927	2,702,927
Investment-others		
CDCP Employees Savings & Loan Association	**2,094,725**	2,994,725
Others	**286,600**	286,600
	2,381,325	3,281,325
	144,944,252	273,484,252

A 100 per cent impairment loss is provided for investments in inactive and non-operating subsidiaries and affiliates, as well as investments in the remaining active wholly-owned subsidiary, due to incurrence of losses resulting to accumulated deficit.

The Governance Commission for GOCCs (GCG), in its memorandum for the President of the Republic of the Philippines dated June 24, 2013, recommended the abolition of the five subsidiaries of the Company, namely: Alabang-Sto.Tomas Development, Inc. (ASDI); DISC Contractors, Builders and General Services Inc. (DCBGSI); Traffic Control Products Corporation (TCPC); CDCP-Farms Corporation (CDCP-FC); and Tierra Factors Corporation (TFC).

Through a Memorandum from the Executive Secretary dated August 07, 2014, the GCG was informed that its recommendation to abolish the PNCC subsidiaries had been approved by His Excellency, the President, subject to pertinent laws, rules, and regulations.

- On October 16, 2012, ASDI's corporate life was shortened up to December 31, 2012. On August 7, 2014, this Board resolution was revoked. Investment in ASDI was originally 255,000 common shares with a par value of P1,000 per share representing equity ownership of the Company at 51 per cent, with the remaining 49 per cent owned by the National Development Company (NDC). On December 09, 2015, ASDI liquidated 127,500 common shares of PNCC as part of its dissolution process paying PNCC P127.5 million. ASDI has a pending collection balance of P4.2 million from DPWH.

- On September 26, 2013, TCPC Board Resolution BD-006-2013 was issued to proceed with TCPC's abolition/dissolution. The conveyance of TCPC assets to PNCC has already been completed. Part of these assets has already been disposed through public bidding. The remaining undisposed assets are now being classified according to commodity classification for appraisal and for purposes of higher return upon sale.

- On September 30, 2015, DCBGSI was closed pursuant to DCBGSI Shareholders' Resolution dated August 7, 2015. On October 1, 2015, PNCC absorbed DCBGSI functions. On January 18, 2016, the Board of Directors of DCBGSI approved the shortening of its corporate life to January 31, 2016.

- On September 30, 2015, Special Stockholders Meetings of TFC and CDCP-FC were held to dissolve these subsidiaries. Management is still awaiting the appointment of Directors for both companies in order to call a Board Meeting to put into effect the closure of the two companies. A letter dated March 10, 2016 has been sent to the GCG regarding this matter.

- On June 30 2014, Citra Central Expressway Corporation issued a 10 per cent "free carry" equity share worth P12.5 million as the Company's share in the JV Company.

9. INVESTMENT PROPERTY

This account consists of the following:

	Land	Buildings and Improvements	Total
At December 31, 2014			
Cost	70,772,301	0	70,772,301
Appraisal	10,031,522,854	339,903,000	10,371,425,854
	10,102,295,155	**339,903,000**	**10,442,198,155**
At December 31, 2015			
Cost			
Opening Net Book Value	70,772,301	0	70,772,301
Additions	0	0	0
Net Book Value	**70,772,301**	0	**70,772,301**
Fair Value Adjustment			
Balance at beginning of year	10,031,522,854	339,903,000	10,371,425,854
Appraisal Adjustment	296,432,345	(68,682,500)	227,749,845
Balance at end of year	**10,327,955,199**	**271,220,500**	**10,599,175,699**
	10,398,727,500	**271,220,500**	**10,669,948,000**
At December 31, 2015			
Cost	70,772,301	0	70,772,301
Appraisal	10,327,955,199	271,220,500	10,599,175,699
	10,398,727,500	**271,220,500**	**10,669,948,000**

9.1 Financial Center Area (FCA) in Pasay City

In 1973, a contract was entered into by and between the Company and the Republic of the Philippines (RP), represented by the then Department of Public Highways (now Department of Public Works and Highways), for the construction of the Manila-Cavite Coastal Road and the reclamation of some portions of the foreshore and offshore lands along Manila Bay, otherwise known as the Manila-Cavite Coastal Road Project, at the Company's expense.

In compensation for the work accomplishments, the Company obtained the 129,548 sq.m.-land, known as Lot 6, from the National Government for P64.6 million, covered by Certificate of Pledge No. 2 (P38.5 million) and Certificate of Pledge No. 3 (P26.1 million).

Administrative Order (AO) No. 397, which was signed and approved by then President Fidel V. Ramos on May 31, 1998, mandated that Lot 6 be titled in the name of PNCC.

Although the title to the property is still in the name of the Republic of the Philippines as of report date, the Office of the Government Corporate Counsel (OGCC) issued an opinion on April 21, 2001 that the Company can sell, dispose, or assign its real rights, interests, and participation over the property, which real right or interest over Lot 6 is evidenced by the aforesaid Certificates of Pledge.

On August 02, 2013, the OGCC issued another opinion that the Company may not sell or transfer its ownership of the FCA to a private corporation but may only lease it for a period not exceeding 25 years, renewable for not more than 25 years, and not to exceed 1,000 hectares in area. The Company may only sell it to Filipino citizens subject to the 12-hectare Constitutional limitation. Under these circumstances, the Company can either: (1) secure a presidential proclamation officially declaring that the FCA is no longer needed for public use; or (2) dispose it, consistent with the constitutional restriction, to a qualified Filipino citizen, but only to the extent of 12 hectares.

Independent firms of appraisers engaged by the Company to determine the fair value of the property reported a P6.63 billion appraised value in 2009, P7.462 billion in 2010, P7.434 billion in 2011, P9.72 billion in 2013 and P9.987 billion in 2015.

The subject property has been rented out and has been generating rental revenue since 2005. Rental income earned, net of vat, amounted to P96.839 million and P84.991 million in 2015 and 2014, respectively

A portion of the subject property is intended for sale through public bidding, with the proceeds to be used to pay recognized debts.

9.2 The following real estate properties (held for currently undetermined future use or held for capital appreciation) also comprise the Investment Property account:

Location	Area (in sq.m.)	Cost	Appraisal Increase	Fair Value
Casinglot, Misamis Oriental	60,620	1,077,484	86,600,516	87,678,000
Dasmariñas, Cavite	75,000	625,800	340,624,200	341,250,000
Mabalacat, Pampanga	27,905	32,027	14,478,973	14,511,000
Rizal, Tagaytay	98,207	1,367,339	54,814,661	56,182,000
Antipolo, Rizal	14,770	1,185,531	45,582,469	46,768,000
Porac, Pampanga	116,591	145,737	20,258,763	20,404,500
Sta. Rita, Bulacan	20,000	1,579,950	90,175,050	91,755,000
Bocaue, Bulacan	9,926	162,678	23,661,322	23,824,000
	423,019	**6,176,546**	**676,195,954**	**682,372,500**

In 2011, Land Bank of the Philippines, engaged by the Company to conduct an inspection and appraisal of its properties situated in the different areas in the Philippines, disclosed that the property located in Dasmariñas, Cavite with a total area of 75,000 sq.m. is not titled and registered under the name of the Company.

The Dasmariñas property is located within the First Cavite Industrial Estate (FCIE), a joint venture project of the National Development Company (NDC), Marubeni Corporation, and Japan International Development Organization (JAIDO). The 75,000 sq.m. lot was excluded from the Contract of Sale executed between the Company and NDC on April 07, 1983, which covers the sale of the Company's several parcels of property to NDC. On April 10, 1992, the Committee on Privatization (COP) approved the sale of the property to NDC at a price not lower than P150/sq.m. The Asset Privatization Trust (APT), however, suggested that the price should instead be P180/sq.m. The sale was not consummated due to the disagreement in the price to be used. Thereafter, the property was developed by NDC, absent any contract of sale yet.

The Dasmariñas property is supported by a Transfer Certificate of Title (TCT) No. T-98739 which was cancelled after the sale in April 1983. The Company was not able to acquire a new TCT under its name for the remaining lots but is conducting further negotiations with NDC for compensation on the property.

As discussed in Note 14, the Company, in its Motion for Reconsideration dated March 13, 2014, prayed that the Department of Justice order the NDC to pay the Company the value of the 7.5 hectares of Dasmariñas property which was excluded in the Contract of Sale but developed and sold by NDC to locators of the First Cavite Industrial Estate (FCIE), plus legal interest thereon from the time of demand up to the actual date of payment.

10. PROPERTY AND EQUIPMENT

This account includes the following:

	Land & Land Improvements	Buildings & Improvements	Construction Equipment	Transportation Equipment	Others	Total
At December 31, 2014						
Cost	10,115,936	37,904,340	23,266,350	44,030,239	41,915,769	157,232,634
Accumulated Depreciation	(2,186,645)	(26,893,559)	(22,416,443)	(40,434,760)	(41,276,367)	(133,207,774)
Net Book Value	**7,929,291**	**11,010,781**	**849,907**	**3,595,479**	**639,402**	**24,024,860**
Appraisal Increase	539,213,259	67,759,775	7,827,127	107,172	2,471,117	617,378,450
Accumulated Depreciation	(21,271,590)	(46,659,519)	(7,826,972)	(107,172)	(2,467,185)	(78,332,438)
Net Book Value	**517,941,669**	**21,100,256**	**155**	**0**	**3,932**	**539,046,012**
	525,870,960	**32,111,037**	**850,062**	**3,595,479**	**643,334**	**563,070,872**

11. OTHER ASSETS

This account consists of:

	2015	2014
Restricted cash	**100,327,360**	100,327,360
Accounts receivables-trade	**50,879,182**	50,879,182
Receivables from officers and employees	**12,581,589**	12,581,589
Deferred charges	**107,789,748**	49,383,528
Guarantee deposits	**71,072,000**	71,072,000
Miscellaneous deposits	**1,231,639**	1,224,542
Other assets	**429,178**	471,337
	344,310,696	285,939,538
Assets for write off	**9,615,422,219**	9,615,422,219
Allowance for losses	**(9,615,422,219)**	(9,615,422,219)
	0	0
Other assets	**694,807,068**	713,606.857
Allowance for doubtful accounts	**(694,807,068)**	(713,606,857)
	0	0
	344,310,696	285,939,538

The Company has P100.327 million restricted cash, which amount is used as collateral for the issuance of the appeal bond re: Ernesto N. Valentin, et.al, vs. PNCC. The cash is held in custody by the Company's banks and is restricted as to withdrawal or use pending the decision by the National Labor Relations Commission (NLRC) on the said case filed by former PNCC employees against the Company.

Accounts receivable-trade is for operating access fees due from oil companies totaling P50.879 million, of which P46.728 million was referred to Legal for appropriate action, P2.646 million is subject of an on-going reconciliation, and P1.505 million is being paid on installment basis. One of the oil companies referred to Legal had informed the Company that the funds for payment of the royalty fees are in escrow because of the Writ of Garnishment issued in 2005 prohibiting it from making any payments to the Company. Payments will accordingly be made once the garnishment is lifted.

Receivables from officers and employees consist of cash advances granted to the former officers and employees of the Company in the amount of P12.498 million and former directors' car plan equity balance of P0.084 million.

Deferred charges account consists mainly of the deferred tax assets recognized for the carry forward benefit of unused tax credits of P95.983 million and the excess of the Minimum Corporate Income Tax (MCIT) over the regular corporate income tax of P11.807 million (Note 25).

Guarantee deposits account pertains specifically to the guarantee/collateral for the Investors Assurance Corporation (IAC) Bond No. G(16) 0015764 in favor of IAC amounting to P71.072 million. This is also in connection with the Ernesto N. Valentin, et.al, vs. PNCC.

	Land & Land Improvements	Buildings & Improvements	Construction Equipment	Transportation Equipment	Others	Total
Cost						
Opening Net Book Value	7,929,291	11,010,781	849,907	3,595,479	639,401	24,024,859
Additions	0	0	0	0	56,890	56,890
Disposals/Write off	0	0	(46,900)	(416,364)	(45,445)	(508,709)
Adjustments	0	0	0	0	0	
Depreciation for the Year	(52,713)	(1,576,421)	(5,988)	(1,555,983)	(469,423)	(3,660,528)
Closing Net Book Value	**7,876,578**	**9,434,360**	**797,019**	**1,623,132**	**181,423**	**19,912,512**
Appraisal Increase						
Opening Net Book Value	517,941,669	21,100,256	155	0	3,933	539,046,013
Appraisal Adjustment	230,954,310	(1,762,605)	0	0	0	229,191,705
Disposals/Write off	0	0	0	0	0	0
Depreciation for the Year	0	(969,251)	0	0	0	(969,251)
Closing Net Book Value	**748,895,979**	**18,368,400**	**155**	**0**	**3,933**	**767,268,467**
At December 31, 2015						
Cost	10,115,936	37,904,340	22,689,448	34,957,176	41,498,347	147,165,247
Accumulated Depreciation	(2,239,358)	(28,469,980)	(21,892,429)	(33,334,044)	(41,316,924)	(127,252,735)
Net Book Value	**7,876,578**	**9,434,360**	**797,019**	**1,623,132**	**181,423**	**19,912,512**
Appraisal Increase	770,167,569	65,997,170	7,827,127	107,172	2,471,117	846,570,155
Accumulated Depreciation	(21,271,590)	(47,628,770)	(7,826,972)	(107,172)	(2,467,184)	(79,301,688)
Net Book Value	**748,895,979**	**18,368,400**	**155**	**0**	**3,933**	**767,268,467**
	756,772,557	**27,802,760**	**797,174**	**1,623,132**	**185,356**	**787,180,979**

10.1 Appraisal

The Company engaged the services of the following independent and recognized appraisal companies for the appraisal of some of its designated properties, structures, buildings, fence, and street lightings:

YEAR	APPRAISAL INCREASE (DECREASE) (in thousand pesos)	APPRAISAL CORPORATION
1997	69.71	General Appraisal Co., Inc.
2003	1,620.00	Various
2004	0.05	Various
2006	(235.56)	Various
2010	146.208	Various
2011	(16.523)	Land Bank of the Phils.
2013	17.591	Cuervo Appraisers, Inc. and CAL-FIL Appraisal & Management, Inc.
2015	456.941	CAL-FIL Appraisal & Management, Inc., Asset Consult, Top Consult &Royal Asia

10.2 Others

The Company also owns some 278,477 sq.m. of property, with a total value of P174.127 million, located in different areas of the country which are not yet recorded in the books, as the same are still registered in the name of previous owners. The Company is working on the transfer of title to its name.

Assets for write-off account consists of assets, the existence of which is doubtful and collectibility/realizability is uncertain:

Receivables and advances	**4,139,136,000**
Property and equipment	**2,872,888,000**
Deferred charges	**1,755,663,000**
Inventories	**511,342,000**
Investment in stocks	**179,798,000**
Pre-operating expenses	**137,323,000**
Accounts receivable-long term	**12,000,000**
Investment in joint ventures	**4,563,000**
Miscellaneous deposits	**1,897,000**
Guarantee deposits	**812,000**
	9,615,422,000

These accounts have been provided a 100 per cent allowance for losses.

The Company, in its letter of June 03, 2014, requested authority from the Commission on Audit (COA) to adjust/write-off the aforesaid long outstanding accounts in consonance with COA Circular No. 97-001 dated February 05, 1997. As of December 31, 2015, no decision has been made by COA.

Other assets, which have also been provided with 100 per cent allowance for doubtful accounts, are as follows:

	2015	2014
Accounts receivable-subsidiaries and affiliates	**240,286,465**	240,323,379
Other accounts receivables	**175,200,317**	175,200,317
Billed contract receivables	**90,522,501**	109,285,376
Advances to joint venture, net	**74,021,620**	74,021,620
Accounts receivable-trade	**60,149,526**	60,149,526
Claims receivable	**24,406,064**	24,406,064
Advances to subcontractors	**17,169,107**	17,169,107
Deferred charges	**6,802,733**	6,802,733
Contract retention receivable	**2,380,025**	2,380,025
Advances to suppliers	**2,190,126**	2,190,126
Advances to contract owners	**636,431**	636,431
Other assets-dormant account	**636,088**	636,088
Unbilled contract receivable	**234,456**	234,456
Accounts receivable-officers & employees	**171,609**	171,609
	694,807,068	713,606,857

The Company will request authority from COA to write-off the accounts as soon as documentation is completed.

12. ACCOUNTS PAYABLE AND ACCRUED EXPENSES

This account consists of the following:

	2015	2014
Accounts payable	**30,600,749**	27,146,554
Accrued expenses	**6,813,117**	6,003,550
Customers' deposits	**13,048,984**	11,925,882
	50,462,850	45,075,986

12.1 Accounts payable

	2015	2014
Vouchers payable	**30,302,076**	26,361,815
CESLA savings and loan dues	**198,172**	126,605
Other accounts payable	**100,501**	658,134
	30,600,749	27,146,554

Vouchers payable are liabilities to suppliers of goods and services and to government agencies as regard the mandatory deductions from the employees' compensation and taxes withheld on income payments to suppliers of goods and services.

Other accounts payable as of December 31, 2015 consists mostly of over withheld tax on compensation refunded to the concerned officers and employees in January 2016.

12.2 Accrued expenses

Accrued expenses account of P6.813 million as of December 31, 2015 includes accrual of the mandatory benefits and leave credits of the Company's employees, unpaid professional fees and unpaid accounts to suppliers of goods and services that are normally settled within 12 months from the reporting period.

12.3 Customers' deposits

Customer's deposit account consists of one month deposit and two months advance rental paid by tenants from the leased FCA property and 10 per cent bid deposit posted by winning bidders with regard to the Company's disposal of assets and scrap materials.

13. DUE TO NATIONAL GOVERNMENT AND ITS INSTRUMENTALITIES

This account consists of payables for the following:

	2015	2014
Concession fees (TRB)	**5,270,431,000**	5,012,428,800
Toll revenue (SLEX operation under TOC)	**1,537,850,967**	1,537,850,967
Joint venture companies' revenue/dividends	**1,329,017,649**	1,329,017,649
	8,137,299,616	7,879,297,416

Concession fees

The concession fees of P5.270 billion (principal amount of P1.06 billion plus penalty charges of P258 million in 2015 and P3.952 billion in 2014 and prior years) pertain to the Company's payable to the Toll Regulatory Board (TRB) pursuant to the Toll Operation Agreement (TOA) dated October 1977. The Company is being charged of two per cent penalty charges per month on unpaid concession fees which amounts to over P250 million annually.

From May 2008 to March 2009, the Company made initial payments to the Bureau of the Treasury (BTr) totaling P220 million, of which the latter confirmed application of the P170 million against outstanding concession fees while the P50 million was unilaterally applied by the BTr against an outstanding advances from the National Government (NG).

On July 16, 2010, the Company remitted to the NG, through the BTr, the amount of P200 million to be applied to outstanding concession fees. However, the BTr applied only P100 million and the other P100 million against advances from NG.

These payments bring the Company's total remittances to P495 million from 2006 to report date.

Unremitted share in the toll revenue

Pursuant to the Supreme Court En Banc Decision discussed in Note 1, the Company recognized in the books the unremitted share in the toll revenue for the operation of the South Luzon Expressway (SLEX) under the Toll Operation Certificate from May 2007 to April 2010 in the amount of P1.537 billion, based on the Toll Regulatory Board's (TRB) computation, which accordingly was arrived at by deducting from gross toll revenue the allowable 40 per cent operations and maintenance (O&M) expenses or actual O&M expenses, whichever is lower.

Joint venture companies' revenue/dividends

As discussed in Note 1, the expiration of the Company's franchise in 2007 resulted in the National Government's (NG) owning the toll fees and the net income derived from the toll assets and facilities and also the Company's percentage share in the toll fees collected by the Joint Venture Companies (JVCs) currently operating the tollways.

In line with the above and pending finalization of the Implementing Rules and Guidelines (IRG) relative to the determination of the net income remittable by the Company to the NG, the Company initially recognized its obligation to the Government in the amount of P1.329 billion (net of the direct remittance of the consigned monies of P337.94 million to the BTr on December 23, 2011).

The aforesaid amounts were computed at 90 per cent of the gross revenue share and dividends received from May 2007 to December 31, 2010. This is in accordance with the interim rules and guidelines issued by the Toll Regulatory Board (TRB) in compliance with the decision of the Supreme Court (SC) in the Francisco Case (Note 1).

The SC directed TRB, with the assistance of the Commission on Audit (COA), to prepare and finalize the Implementing Rules and Guidelines (IRG) for the determination of the amounts that the Company is entitled for its administrative expenses.

14. DUE TO GOVERNMENT-OWNED OR CONTROLLED CORPORATIONS

This account covers various advances from the National Development Company (NDC) totaling P214 million between 1990 to1999 for foreign and peso accounts and interest and penalties thereon of P989 million as of December 31, 2009. The issue covering the various advances from NDC is under arbitration before the OGCC Arbitral Tribunal:

- NDC, Petitioner vs. PNCC, Respondent (OGCC ARB Case No. 001-2000)

  Based on the submitted pleadings and supporting documents, the following issues appear to be clear:

  - Whether respondent is liable to pay petitioner the principal amount of the Promissory Notes plus accrued interest and penalties as provided in the said Notes, and the Documentary Stamp Tax necessary for the execution thereof;

  - Whether respondent is liable to pay/reimburse petitioner the amount of respondent's mortgage loan (Including interest thereon) that petitioner paid in order to release the titles of the properties that petitioner bought from the respondent; and

  - Whether petitioner must pay the value of the lot consisting of 7.5 hectares which petitioner developed with its Joint Venture partner despite the fact that said lot was specifically excluded in the Contract of Sale.

  The Department of Justice (DOJ), in its February 18, 2014 Consolidated Decision, granted the NDC's Petition against the Company, the dispositive portion of which follows:

  > *"However, the Petition filed by NDC against PNCC is GRANTED. As prayed for, respondent PNCC is ordered: (1) to pay petitioner NDC the principal amount of the Promissory Notes, plus accrued interests and penalties as provided for in the said Notes; and (2) to reimburse petitioner the amount of mortgage loan including interest thereon."*

  On March 12, 2014, NDC wrote the Company claiming payment of the various advances/loans extended to the latter pursuant to the aforesaid Consolidated Decision of the DOJ.

  The Company, in its letter of March 19, 2014, informed NDC that it cannot yet settle the account as the decision of the DOJ is not final and executory and that it had filed a Motion for Reconsideration (MR) dated March 13, 2014, duly received at the DOJ on March 14, 2014.

In the said MR, the Company prayed that the DOJ consider the consolidation as not proper and decide on OGCC ARB. Case No. 001-2000 separately:

- Order the dismissal of the instant Petition for lack of merit;
- Order the Petitioner to pay PNCC the amount of P3.850 million representing the unpaid balance on the Dasmariñas property, plus legal interest thereon from the time of demand up to the time of payment; and
- Order the Petitioner to pay the Company the value of the 7.5 hectares of Dasmariñas property which was excluded in the Contract of Sale but developed and sold by Petitioner to locators of the First Cavite Industrial Estate, plus legal interest thereon from the time of demand up to the actual date of payment.

On January 22, 2015, the DOJ denied the Company's Motion for Reconsideration (MR). Thereafter, the Company filed a Supplement to the MR on May 28, 2015 which was also denied by the DOJ in its order dated July 13, 2015. On June 26, 2015, the Company filed a Notice of Appeal with the Office of the President (OP) of the Philippines and filed the corresponding Appeal Memorandum on July 27, 2015.

The Company is awaiting the resolution of the OP on the appeal.

15. OTHER PAYABLES

This account comprises of the following:

	2015	2014
Other accounts payable	**171,072,000**	171,072,000
Trust liabilities	**2,768,583**	2,768,583
Advances from contract owners	**1,021,046**	1,021,046
	174,861,629	174,861,629

Other accounts payable pertains to the provision for liability of P171.072 million, the details of which were not disclosed as allowed by "PAS 37, *Provisions, Contingent Liabilities and Contingent Assets.*"

16. CAPITAL STOCK

This account consists of various classes of shares of stock with authorized par value of P10.00 per share, details of which are presented below:

Preferred "A"
(8-16 per cent cumulative,
non-participating, non-voting)
Authorized- 1,400,000 shares

1,400,000	Shares	Treasury Stocks	**14,000,000**

Preferred "B"

(8-17 per cent cumulative, non- participating, non-voting)
Authorized- 42,114,879 shares

Issued and outstanding		Republic of the Philippines Through the APT (now PMO) – previously under PNB	
15,000,000	Shares		150,000,000
3,689,500	Shares	Marubeni	36,895,000
18,689,500			**186,895,000**

Preferred "C"

(14 per cent cumulative, non-participating, non-voting)
Authorized- 6,485,121 shares

Issued and outstanding	Republic of the Philippines Through the APT (now PMO) – previously under NDC	
6,485,121 Shares		**64,851,210**

Preferred "D"

(8 per cent cumulative, participating, voting)
Authorized-27,800,000 shares

Issued and outstanding			
25,500,000	Shares	PMO (previously under PNB)	**255,000,000**

Special common

(non-voting, no pre-emptive right, participating)
Authorized-10,000,000 shares

Issued and outstanding			
3,815	Shares	Carlito C. Paulino	38,150
457	Shares	Editha U. Cruz	4,570
376	Shares	Adolfo S. Suzara	3,760
129	Shares	Vicente Longkino	1,290
Treasury Stocks			
295,227	Shares	Formerly held by PNCC Employees Savings & Loan Association)	2,952,270
72,168	Shares	Formerly held by Alfredo V. Asuncion	721,680
372,172			**3,721,720**

Subscribed-			
1,484,260	Shares	FEBTC Trustee-PNCC Stock Trust Fund	**14,842,600**
Authorized-182,200,000 shares			
Issued and outstanding-			
79,271,024	Shares	Republic of the Philippines Through the APT (Now PMO) - previously under:	
		Phil. Export Foreign Loan Guarantee	375,845,770
		Development Bank of the Phils.	269,874,470
		National Development Co.	146,990,000
47,490,383	Shares	Gov't Service Insurance System	474,903,830
15,360,831	Shares	Universal Holding Corporation	153,608,310
6,811,543	Shares	Various Brokers	68,115,430
4,562,384	Shares	Various Corporations	45,623,840
1,178,856	Shares	Cuenca Investment Corporation	11,788,560
964,800	Shares	Pioneer Insurance and Surety Corporation	9,648,000
657,836	Shares	Land Bank of the Philippines	6,578,360
335,391	Shares	PNCC Employees	3,353,910
7,037,935	Shares	Individual (Non-employees)	70,379,350
163,670,983			**1,636,709,830**
Subscribed-			
9,419,915	Shares	Universal Holding Corporation	94,199,150
909,276	Shares	Cuenca Investment Corporation	9,092,760
149,328	Shares	Various Corporations	1,493,280
33,391	Shares	PNCC Employees	333,910
27,693	Shares	Various Brokers	276,930
234,173	Shares	Individual (Non-employees)	2,341,730
10,773,776			**107,737,760**
228,375,812	Shares		**2,283,758,120**
		Subscriptions receivable (Note 17)	**(56,158,831)**
			2,227,599,289

The cumulative preferred shares are those that are entitled to any dividends not declared in the prior period (dividends in arrears) such that when dividends are declared in the current period, the dividends in arrears are to be satisfied first.

Dividends (in arrears) on cumulative preferred shares are not recognized in the books due to the Board of Directors' non-declaration of dividends. Such action of the PNCC Board is supported by Article XI, Section 11.01 of the Amended Corporate By-Laws which provides that "Dividends maybe declared annually or oftener as the Board of Directors may determine. The Board of Directors may declare dividends only from the surplus profits of the Company."

For purposes, however, of the required disclosure in the financial statements, the dividends in arrears (computed from 2007 to 2015) are as follows:

Name of Stockholders (a)	Class of Stock (b)	Shareholdings (c)	Undeclared Dividend (b x c x 9 yrs)
Republic of the Phil. Through the PMO (previously under PNB)	Preferred "B" (8 per cent-17 per cent, cumulative, non-participating, non-voting)	150,000,000	108,000,000
Marubeni	Preferred "B" (8 per cent-17 per cent, cumulative, non-participating, non-voting)	36,895,000	26,564,400
Republic of the Phil. Through the PMO (previously under NDC)	Preferred "C" (14 per cent, cumulative, non-participating, non-voting)	64,851,210	81,712,525
Republic of the Phil. Through the PMO (previously under PNB)	Preferred "D" (8 per cent, cumulative, non-participating, non-voting)	255,000,000	183,600,000
		506,746,210	**399,876,925**

The above dividends in arrears are not recognized as liabilities because there is no obligating event yet.

17. SUBSCRIPTIONS RECEIVABLE

This account represents the unpaid amount due from the following subscribers on subscription of the Company's shares of stock, the due dates of which are, by agreement, of valid call by the Board of Directors:

Universal Holding Corporation	**48,302,274**
Cuenca Investment Corporation	**5,145,287**
Other Corporations	**966,630**
Individuals	**1,744,640**
	56,158,831

As of the end of 2015, there was no call made by the Board of Directors for the unpaid subscriptions.

18. EQUITY ADJUSTMENTS

Under Rehabilitation Plan-Loans Transferred to National Government (NG)

This account represents substantial portion of the Company's liabilities to Government Financial Institutions (GFIs) which should have been converted into equity pursuant to

Presidential Letter of Instruction (LOI) No. 1295 dated February 23, 1983, and liabilities to the government agencies transferred to the Government pursuant to Proclamation No. 50 issued by the President of the Philippines on December 8, 1986.

	(In thousand pesos)
Philippine National Bank	2,865,445
National Development Company	1,356,693
Philguarantee	1,204,311
Central Bank of the Philippines	75,654
Bureau of the Treasury	39,991
Development Bank of the Philippines	9,633
	5,551,727

The above-mentioned Company indebtedness remains unconverted as it is the Company's position, as supported by the Office of the Solicitor General (OSG) opinion dated August 23, 2007, that based on LOI 1295, which was a special law promulgated to rehabilitate the Company, the debts have effectively been converted to equity and, therefore, should no longer incur interest charges.

The Privatization Management Office (PMO), however, still considers these unconverted debts as liabilities, claiming the total amount of P57.919 billion as of December 31, 2015 and P54.91 billion as of December 31, 2014, inclusive of accumulated interest charges and penalties amounting to P52.407 billion and P49.398 billion, respectively.

These amounts have not been recognized in the books of the Company. The Company did not recognize the disputed interest charges and penalties based on the following:

- The Supreme Court (SC) itself had recognized the validity of LOI 1295 and that it still legally exists today;
- The failure to convert all debts to equity is considered an administrative matter; and
- The P5.552 billion is not a debt but simply represents unissued shares of stocks awaiting actual conversion to equity pursuant to LOI 1295 and, as such, continued imposition of interests and penalties is not warranted.

The above position of the Company is supported by the Office of the Solicitor General (OSG) and the Office of the Government Corporate Counsel (OGCC).

In like manner, the Bureau of the Treasury (BTr) is claiming as of December 31, 2015 the amount of P2.717 billion (inclusive of P1.308 billion interest) representing advances made by the BTr to settle the Company's foreign obligations with creditors. It is the Company's position that said loans are included in the Equity Adjustments under Rehabilitation Plan which are among the accounts transferred by the Company to the Government through the Asset Privatization Trust (APT) pursuant to PNCC's Rehabilitation Plan of 1987 and are no longer recorded as liabilities in the Company books. As such, the Company is precluded from servicing the accounts.

As discussed in Note 13, the application of the P50 million and P100 million payments in 2008 and 2010, respectively, against outstanding NG advances were already effected in the aforesaid confirmed amount of P2.717 billion.

In view of the differences on the treatment of the P5.552 billion unconverted debt to equity, the Company and the PMO resolved to submit the matter to the Department of Justice (DOJ) for arbitration:

- PNCC, Petitioner vs. PMO, Respondent (OSJ Case No. 02-2012)

  The parties entered into a Joint Stipulation of Facts and Issues identifying the issues, as follows:

  - Whether or not PNCC is indebted to the National Government in the amount of P5.4 billion which, inclusive of interests as of October 31, 2011, amounted to P51.060 billion;

  - Whether or not the unconverted debt to equity, which is a leftover of LOI 1295, should be considered as simple loan;

  - Whether or not the unconverted portion of CDCP's debts are liable for interest and penalty charges; and

  - Whether LOI No. 1295 repealed the general provisions of R.A. 337 General Banking Act, as amended, the charters of DBP (R.A. 85, as amended), PNB (PD 694), and LBP (R.A. 3844), which all restricted the GFI's exposure to non-allied industries."

  The DOJ, in its February 18, 2014 Consolidated Decision, dismissed the Company's Petition against PMO, the dispositive portion of which reads:

  > "*WHEREFORE, premises considered, the Petition filed by the PNCC against the PMO, is hereby DISMISSED. As prayed for by the respondent PMO, petitioner PNCC is hereby ordered to pay respondent PMO, in behalf of the National Government, the amount of P51,060,330,392.40 as of 31 October 2011, representing its due and demandable obligation to the latter, inclusive of the interests, plus interests and penalties until actually paid.*"

  The Company filed a Motion for Reconsideration (MR) dated March 13, 2014, duly received at the DOJ on March 14, 2014. The Company prayed that the DOJ consider the consolidation as not proper and decide on OSJ Case No. 02-2012 separately:

  - Render judgment declaring that the interest and penalty charges being imposed by PMO on the actual outstanding debt of PNCC to the National Government is without basis and violative of LOI 1398;

  - Declare that PNCC's outstanding debt to the National Government is only in the amount of P5.4 billion, representing the value of the unconverted debt-to-equity obligation to the Government Financial Institutions (GFIs); and

- Require or direct the debt-to-equity conversion of the P5.4 billion debt of PNCC pursuant to the clear and explicit instructions under LOI 1295.

On January 22, 2015, DOJ denied PNCC's Motion for Reconsideration (MR). PNCC filed a supplement to the MR on May 28, 2015 which was also denied by the DOJ on its order dated July 13, 2015.

On June 26, 2015 PNCC filed a Motion for Appeal at the Office of the President (OP) of the Philippines and filed the corresponding appeal memorandum on July 27, 2015.

The Company is awaiting for the resolution of the OP.

19. REVENUE AND DIVIDEND SHARE FROM JOINT VENTURE COMPANIES

This account consists of the following:

	2015	2014
Revenue Share		
MNTC	**43,649,658**	39,955,949
CMMTC	**27,566,205**	25,281,618
SLTC	**12,586,932**	7,727,181
	83,802,795	72,964,748
Dividend Share		
CMMTC	**36,423,420**	26,219,320
TMC	**0**	6,686,000
	36,423,420	32,905,320
	120,226,215	105,870,068

As discussed in Note 13, pending issuance of the Implementing Rules and Guidelines (IRG) for the determination of the amounts due to the Company for its administrative expenses by the Toll Regulatory Board (TRB) and the Commission on Audit (COA), the Company recognized 10 per cent of its share from the joint venture companies gross toll revenues in accordance with the interim rules and guidelines issued by the TRB.

Relative to the aforesaid interim rules and guidelines, a complaint (entitled: Rodolfo M. Cuenca vs. Toll Regulatory Board, et., al., Civil Case No. 13-919) was filed before the Regional Trial Court (RTC) of Makati Branch 132 by petitioner Rodolfo M. Cuenca, in his capacity as stockholder of the Company, against the Toll Regulatory Board (TRB), Commission on Audit (COA), Manila North Tollways Corporation (MNTC), CITRA Metro Manila Tollways Corporation (CMMTC), South Luzon Tollways Corporation (SLTC) and Manila Toll Expressways Systems, Inc. (MATESI) and the Company as respondents.

The franchise of PNCC under PD 1113 to operate, construct, and maintain toll facilities in the North and South Luzon Tollways for a period of 30 years expired on May 1, 2007. With its expiration, the toll assets and facilities of PNCC were automatically turned over to the government at no cost. The Supreme Court (SC), in Ernesto B. Francisco vs. TRB, PNCC et. al. (G.R. Nos. 166910,169917, 173630, and 183599, October 19, 2010) and in the case of Strategic Alliance Development Corporation vs. Radstock Securities

Limited et. al. (G.R. No. 178158, December 04, 2009), ruled and declared that with the expiration of the Company's franchise, the toll assets and facilities of the Company were automatically turned over, by operation of law, to the National Government (NG) at no cost and consequently, this inevitably resulted in the latter's owning too the toll fees and the net income derived after May 01, 2007 from the toll assets and facilities, including the Company's percentage share in the toll fees collected by the joint venture companies currently operating the tollways, including NLEX and Skyway.

On March 22, 2012, the TRB issued an interim rules and guidelines for the remittance by the JV Companies to the National Treasury of the net income that is supposed to be remitted by the JVCs from the revenues of the NLEX, SLEX and Skyway in accordance with the *Francisco Case.*

Paragraph 2 of the said guidelines provide that *"As subsequently agreed upon by PNCC and TRB as an interim arrangement, 10 per cent of all amounts that are supposed to be remitted by the JV companies shall be set-aside by the JV company for remittance to PNCC. The 90 per cent shall be remitted to the TRB for the National Treasury immediately."*

In his petition, Cuenca said that "there is the very real possibility that what the respondent corporations MNTC, CMMTC, SLTC and MATES have remitted, and will be remitting, to the NG is above or much more than what should be remitted given the actual and true financial situation of the respondent corporations. This gives rise to the unfortunate complication that such overpayments may only be reimbursed by the NG through cumbersome, to say the least, budgetary process."

Thus, petitioner is praying for the Honorable Court, that:

- The respondents TRB and COA come up with and release the final implementing rules and guidelines embodying the final formula relative to the determination of the net income remittable by respondent PNCC to the NG;
- That the respondent corporations be enjoined from remitting any and all amounts directly to the NG until respondents TRB and COA have issued the final implementing rules and guidelines; and
- The respondents be ordered to consign with the Honorable Court any and all amounts they are ready to remit to the NG until the final implementing rules and guidelines has been issued by TRB and COA.

On May 9, 2014, a Writ of Preliminary Injunction was issued by the RTC of Makati Branch 132, enjoining and restraining the TRB and PNCC from implementing the interim rules and guidelines dated March 22, 2012. The respondent corporations, namely: MNTC, CMMTC, SLTC and MATES were directed to forward the entire amounts to be remitted by them under their respective Supplemental Toll Operations Agreement (STOA) to the Company.

It appearing that the government stands to suffer gravely and irreparably from the aforesaid ruling of the RTC as it deprives the government of income based on the government's direct ownership of the assets and facilities of the Company, the Supreme

Court (SC) resolved, on August 04, 2014, to require respondents to file Comment on the petition, not a motion to dismiss, within ten (10) days from notice and to issue, effective immediately and continuing until further orders from the SC, a Temporary Restraining Order (TRO), enjoining the RTC of Makati Branch 132 the private respondent, their representatives, agents or other persons acting on their behalf from implementing the RTC Resolution dated April 30, 2014 in Civil Case No. 13-919.

The Petition is still pending resolution before the SC.

20. RENTAL INCOME

This account represents the revenue derived out of the Company's real estate properties located in the following areas:

	2015	2014
Pasay City	**95,894,390**	86,152,462
Bicutan, Parañaque	**527,625**	703,500
Porac, Pampanga	**417,010**	326,271
Others	**0**	59,471
	96,839,025	87,241,704

Rental income is derived from the Company's properties not used in business and being leased out to third parties for a certain period, renewable under such terms and conditions as may be agreed upon by both parties.

21. SERVICE INCOME

This account consists of the following:

	2015	2014
Plantwide structural steel rehabilitation – Philphos	**8,078,264**	0
Supply of manpower to Skyway O&M Corporation	**2,549,255**	0
	10,627,519	0

Starting October 1, 2015, the Company assumed the operations of DISC Contractors, Builders and General Services Inc. (DCBGSI), a wholly-owned subsidiary of the Company.

22. COST OF SERVICES

This account consists of the following:

	2015	2014
Labor	**7,126,596**	0
Materials	**800,287**	0
Equipment operations costs	**282,828**	0
Others	**3,735**	0
	8,213,446	0

23. GENERAL AND ADMINISTRATIVE OVERHEAD

This account consists of the following:

	2015	2014
Salaries, wages, and allowances	**24,579,611**	24,142,144
Bonuses and gratuities	**2,212,418**	4,327,984
Employees' terminal pay - vacation/sick leave	**2,160,153**	2,180,875
Employees' terminal pay - retrenchment	**1,552,588**	0
Employees' welfare	**644,017**	741,587
SSS/ECC contribution	**482,626**	428,884
Fringe benefit expense	**273,564**	1,736,624
Sports and recreation	**215,605**	86,739
PhilHealth contribution	**152,450**	145,750
Fringe benefit tax expense	**128,736**	817,235
Pag-IBIG contribution	**41,200**	35,500
Medical and dental expenses	**29,367**	21,275
Employee costs	**32,472,335**	34,664,597
Obsolete inventory	**3,342,039**	0
Taxes and licenses	**3,072,229**	3,249,353
Professional fees	**3,028,081**	3,471,959
Light and water	**2,753,859**	3,201,496
Directors' fees and allowances	**2,143,882**	2,275,176
Other outside services	**1,913,127**	2,164,016
Transportation and traveling	**1,833,649**	3,457,283
Legal and documentation	**1,790,092**	1,886,442
Security services - salaries of guards/agency fee	**1,662,001**	1,729,753
Janitorial and messengerial services	**1,374,652**	2,093,751
Postage and other communications	**946,991**	1,036,338
Insurance premium	**676,840**	1,134,391
Repairs and maintenance – materials/labor	**644,078**	998,341
Office supplies and stationery	**419,088**	383,893
Conferences and conventions	**247,165**	250,879
Advertising and promotions	**59,670**	16,320
Membership fees	**27,600**	49,498
Rent expense	**26,088**	0
Entertainment, amusement, and representation	**23,324**	71,926
Contributions and donations	**12,483**	0
Manpower recruitment, training, and development	**8,400**	143,113
Subscriptions	**8,443**	17,359
Bank charges	**6,079**	1,250
Miscellaneous expense	**220,599**	770,369
Operating expenses	**26,240,459**	28,402,906
	58,712,794	63,067,503

	2015	2014
Depreciation	**4,629,779**	6,252,496
Bad debts/doubtful accounts	**0**	106,365,921
Others	**4,629,779**	112,618,417
	63,342,573	175,685,920

24. OTHER INCOME (CHARGES)

This account comprises of the following:

	2015	2014
Gain in change in fair value of investment property	**227,749,845**	0
Dividend income	**6,194,292**	3,174,771
Interest income	**5,727,264**	3,586,377
Equity share in Citra Central Expressway Corporation (CCEC)	**0**	12,500,000
Gain in reversal of allowance for inventory write-down	**0**	1,402,607
Unrealized gain (loss) – available for sale securities	**(140,000)**	148,000
Gain (loss) on sale of property and equipment	**(282,556)**	633,117
Gain (loss) on sale of inventory	**(367,804)**	190,918
Miscellaneous income	**6,053,293**	77,489
	244,934,334	21,713,279

25. INCOME TAXES

The Company's income tax due for the year 2015 is P4.648 million, computed under the Minimum Corporate Income Tax (MCIT).

Of the carry forward benefit of MCIT of P14.588 million presented under "Deferred Charges" account as of December 31, 2015 (see Note 11), P2.364 million was closed to Retained Earnings at the beginning of CY 2015 due to the three-year prescription period, as follows:

Date Incurred	Amount	Application	Expired	Balance	Expiry Date
2015	4,634,538	0		4,634,538	2018
2014	4,016,686	0	0	4,016,686	2017
2013	3,155,276	0	0	3,155,276	2016
2012	2,767,289	0	2,767,289	0	2015
	14,573,789	**0**	**2,767,289**	**11,806,500**	

As of December 31, 2015 and 2014, the following are the temporary differences for which no deferred tax asset was set up because the Management believes that it is more likely that no future taxable income is available against which the benefit from deferred tax assets can be offset:

	2015	2014
Allowance for losses on assets for write off	**9,615,422,219**	9,615,422,219
Allowance for doubtful accounts	**695,236,245**	713,988,425
Allowance for inventory write-down	**3,342,039**	0
Allowance for losses on investments	**177,180,811**	177,180,811
NOLCO	**407,999,112**	619,244,592
	10,899,180,426	11,125,83,607

Net Operating Loss Carry-Over (NOLCO) amounting to P 407.999 million can be carried forward and claimed as deduction from regular taxable income, as follows:

Date Incurred	Amount	Application	Expired	Balance	Expiry Date
2014	231,940,260	0	0	231,940,260	2017
2013	176,058,852	0	0	176,058,852	2016
2012	211,245,480	0	211,245,480	0	2015
	619,244,592	**0**	**211,245,480**	**407,999,112**	

Said benefits, however, cannot be enjoyed for as long as the Company is subject to MCIT.

As of December 31, 2015 and 2014, deferred tax liabilities pertain to the following:

	2015	2014
Fair value adjustment of investment property	**3,179,752,710**	3,111,427,757
Revaluation increment in property	**230,180,540**	161,713,803
	3,409,933,250	3,273,141,560

Deferred tax liabilities pertain to the deemed tax on the increase in value of investment property and property and equipment as required by "PAS 12, *Income Tax*."

26. TAX MATTERS

The Company was assessed by the Bureau of Internal Revenue (BIR) for deficiencies in various taxes. However, no provision for any liability has been made yet in the Company's financial statements.

- Deficiency internal revenue taxes for taxable year 1980 (income tax, contractor's tax, and documentary stamp tax) totaling P212.52 million.

  The Company sought a reinvestigation of the case on November 08, 1995, and as a consequence, the BIR issued a final decision promulgated on September 09, 2004 ordering PNCC to pay the amount of P101.46 million, the reduction of P111.87 million represent deficiency contractor's tax which the BIR resolved to cancel and withdraw *from the assessment it being bereft of merit for lack of legal basis, thus finding the Company's contention meritorious.*

The Company, in its letter of February 15, 2005, informed the BIR that it had filed a Petition with the Department of Justice (DOJ) seeking the reversal of the BIR's resolution holding the Company still liable for the aforesaid tax deficiencies and has applied for an interim order or measure from the DOJ to suspend or stop the collection of subject amount pending resolution of the Petition.

- Deficiency business tax of P64 million due the Belgian Consortium, the Company's partner in its LRT Project.

- Deficiency internal revenue taxes for taxable year 1992 (income tax, value-added tax, and expanded withholding tax) of P1.04 billion which was reduced to P709 million after the Company's written protest.

  PNCC Management, however, requested for a meeting/conference for the clarification of the issue, the reduced amount still being the result of a jeopardy assessment. The BIR has not responded as of date.

- Deficiency internal revenue taxes for taxable year 2002 totaling P72.92 million.

  Management, in close coordination with the concerned BIR officers, presented a more detailed analysis of the accounts. Said presentation and the Company's availment of the tax amnesty had substantially reduced the aforesaid deficiency taxes.

- Deficiency taxes for taxable year 2006 amounting to P116.141 million (inclusive of interest of P48.76 million).

  Management, in its letter of October 29, 2010 to the BIR, protested the aforesaid proposed deficiency taxes pursuant to Section 203 of the NIRC of 1997 (Prescription of limitation upon assessment and collection) and Revenue Regulations (RR) No.12-99 (which requires discussion between the Company and BIR Examiner/s before submission of the report to the BIR Chief concerned).

  No discussion happened as the Company came to know of the findings on the alleged deficiency taxes only on October 22, 2010, way beyond the three (3) year prescription period of April 15, 2010.

  To date, the Company has not received any formal communication from the BIR after its letter on October 29, 2010.

- Deficiency internal revenue taxes for the taxable year 2009 in the amount of P87.414 million (basic tax of P51.957 million and interest/penalty charges of P35.457 million).

  After series of written protests/communications with and presentation of documentary evidences to the BIR, the proposed deficiency taxes of P87.414 million was reduced to P21.147 million (basic tax of P11.384 million and interest/penalty charges of P9.763 million).

The basic taxes of P6.565 million (expanded withholding tax, withholding tax on compensation, and fringe benefit tax) and P4.819 million (final withholding tax) were paid on November 28, 2013 and on January 10, 2014, respectively.

On January 10, 2014, the Company requested reconsideration for the attendant charges of P9.763 million, in the amount equitable to both the BIR and the Company pursuant to Section 204 of the National Internal Revenue Code (NIRC) and the related revenue regulations. To date, it has not yet received any formal communication from the BIR on its request.

27. PENDING LAWSUITS/LITIGATIONS

The Company is involved in continuing litigations relating to labor and civil cases. The ultimate outcome of these litigations cannot be determined yet and no provision for any liability that may result can be made in the financial statements.

The labor cases consist of those filed against the Company comprised mostly of claims for illegal dismissal, backwages, and separation pay. Most of these cases have been ruled by the Labor Arbiter in favor of the complainant. However, these cases are on appeal by the Company before the National Labor Relation Commission.

The civil cases filed against the Company consist of cases involving damages, collection of money, and attorney's fees, which are still in litigation before various Regional Trial Courts. On the other hand, those filed by the Company against other individuals or companies consist of suits involving sums of money, damages, and breaches of contract which involve undeterminable amount of money.

28. RELATED PARTY TRANSACTIONS

The Company, in the normal course of business, has transactions with related parties. The more significant of these transactions include:

Agreements:

- In 2014, the Company entered into contracts with DISC Contractors, Builders, and General Services, Inc. (DCBGSI), a wholly-owned subsidiary, for contractual labors such as janitors and service drivers which were extended until September 30, 2015. The amount billed by DCBGSI for the period ended September 30, 2015 totaled P1.543 million.

  On October 1, 2015, the functions of the DCBGSI were then transferred to the Company pursuant to the Company's proposal which was approved by the Governance Commission for Government-Owned and Controlled Corporation (GCG).

- The Company, lawful owner and possessor of a real property situated at the Financial Center Area (as lessor), entered into a Contract of Lease with

AHEAD-Operations and Nutritional Enterprises, Inc. (as lessee), incorporators and stockholders of which are executives and officers of the Company. The parties mutually agreed to and accepted the terms and conditions specifically provided for in the Contracts of Lease.

	Particulars	Date of Contract	Lease Period	Area in Sq.M.	Rate/ Sq.M.	Monthly Rental
1	Contract of Lease	01/2014	06/01/14 to 05/31/15	300	100	30,000
2	Contract of Lease	05/2014	05/01/14 to 04/30/15	170	112	19,040
				470		49,040

For the year ended December 31, 2015, the Company billed the lessee the amount of P.635 million which amount was fully collected as of reporting date.

AHEAD-Operations and Nutritional Enterprises, Inc.'s Contract of Lease was not renewed after its expiration in April 2015.

Other Transactions

Compensation/other benefits of key management personnel amounted to P14.341 million and P15.538 million for the years ended December 31, 2015 and 2014, respectively.

29. RESTATEMENT OF ACCOUNTS

The 2014 financial statements were restated to reflect the following transactions/adjustments and to conform with the presentation of the 2015 financial statements.

	December 31, 2013 (As previously reported)	Restatement/ Adjustment	January 1, 2014 (As restated)
STATEMENT OF FINANCIAL POSITION			
Accounts receivable	595,647,095		**594,046,160**
a) Unrecorded interest income from placements in 2013		*225,140*	
b) Unrecorded lease rental		*711,420*	
c) Reversal of PNCC charges to ASDI for professional fees		*(1,260,000)*	
d) Legal fees recorded as receivables		*(1,277,495)*	
Other assets	325,855,578		**286,533,430**
e) Expiration of 2006-2010 Minimum Corporate Income Tax (MCIT)		*(39,322,148)*	
STATEMENT OF CHANGES IN EQUITY	114,863,816		**73,940,733**
Deficit (adjustments a to e above)		(40,923,083)	

	December 31, 2014 (As previously reported)	Restatement/ Adjustment	December 31, 2014 (As restated)
STATEMENT OF FINANCIAL POSITION			
Cash and cash equivalents	398,342,129		**398,644,597**
f) Unrecorded interest income from placements in 2014		*302,468*	
Accounts receivable	419,140,464		**412,077,365**
g) Under accrual of rental income for 2014		*2,961,961*	
h) Over accrual of 2014 revenue share		*(7,487,566)*	
i) Derecognition of revenue recognized in c) and d) above		*(2,537,495)*	
Investments	260,984,252		**273,484,252**
j) Free carry investment in Citra Central Expressway Corporation on June 30, 2014		12,500,000	
Other assets	327,625,388		**285,939,538**
k) Expiration of 2011 MCIT		*(2,363,702)*	
l) Removal from 2014 of the expired MCIT in e) above		*(39,322,148)*	
Accounts payable and accrued expenses	44,575,886		**45,075,986**
m) SEC penalty charges for 2014		*500,000*	
STATEMENT OF CHANGES IN EQUITY	110,548,781		**146,995,263**
Deficit			
n) Expiration of 2011 MCIT		*(2,363,702)*	
o) Removal from 2014 of the revenue recognized in c) and d) above		*(2,537,495)*	
p) Removal from 2014 of the expired MCIT in e) above		*(39,322,148)*	
Net loss		*7,763,863*	
STATEMENT OF COMPREHENSIVE INCOME			
Net loss	(225,703,372)		**(218,863,069)**
Revenue and dividend share from Joint Venture Companies			
q) Over accrual of 2014 revenue share		*(7,487,566)*	
Rental income			
r) Under accrual of rental income for 2014		*2,961,961*	
General and administrative overhead			
s) SEC penalty charges for 2014		*(500,000)*	
Other income			
t) Unrecorded interest income from placements in 2014		*302,468*	
u) Free carry investment in Citra Central ExpresswayCorporation on June 30, 2014		*12,500,000*	
v) Reversal of 2013 income erroneously recorded in 2014		*(936,560)*	

The Company presented three Statements of Financial Position in compliance with the requirement of PAS 1 *Presentation of Financial Statements* to include in a complete set of financial statements a statement of financial position as at the beginning of the earliest comparative period whenever the entity retrospectively applies an accounting policy or makes a retrospective restatement of items in its financial statements, or when it reclassifies items in its financial statements.

30. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company's principal financial instruments comprise of cash and cash equivalents, restructured debt and advances to and from related parties. The main purpose of these financial instruments is to finance the Company's operations. The Company has various other financial assets and liabilities such as receivables and accounts payable and accrued expenses (excluding statutory payables), which arise directly from its operations. The main risks arising from the Company's financial instruments are credit risk and liquidity risk. The Company's Board of Directors and the Management review and approve the policies for managing each of this risk.

Credit Risk

Credit risk arising from the inability of counterparty to meet the terms of the Company's financial instrument is generally limited to the amount, if any, by which the counterparty's obligations exceed the obligation of the Company. With respect to credit risk arising from the other financial assets of the Company, which comprise of cash, trade receivables and advances to subsidiaries, the Company's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments.

Liquidity Risk

The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of cash and short-term deposits. The Company also monitors its risk to shortage of funds through monthly evaluation of the projected and actual cash flow information.

Fair Values

Set out below is a comparison by category of carrying amounts and fair values of all of the Company's financial instruments that are carried in the financial statements as of December 31, 2015 and 2014.

	Carrying Amount		Fair Value	
	2015	2014	**2015**	2014
Financial assets				
Cash and cash equivalents	**693,740,491**	398,342,129	**693,740,491**	398,342,129
Accounts receivable	**365,539,337**	419,140,464	**365,539,337**	419,140,464
Receivables from officers and employees	**44,267,803**	42,899,957	**44,267,803**	42,899,957
	1,103,547,631	860,382.550	**1,103,547,631**	860,382.550
Financial liabilities				
Accounts payable and accrued expenses	**50,462,850**	44,512,491	**50,462,850**	44,512,491
Due to National Government and its Instrumentalities	**8,137,299,616**	7,879,297,416	**8,137,299,616**	7,879,297,416
Due to Government Owned or Controlled Corporation	**1,203,000,000**	1,203,000,000	**1,203,000,000**	1,203,000,000
Other accounts payable	**171,072,000**	171,072,000	**171,072,000**	171,072,000
Trust liabilities	**2,768,583**	2,768,583	**2,768,583**	2,768,583
Advances from contract owners	**1,021,046**	1,021,046	**1,021,046**	1,021,046
	9,565,624,095	9,301,671,536	**9,565,624,095**	9,301,671,536

31. SUPPLEMENTARY INFORMATION REQUIRED UNDER BIR REVENUE REGULATION NO. 15-2010

In compliance with the requirements set forth by Revenue Regulation (RR) No. 15-2010, hereunder are the information on taxes, duties, and licenses paid or accrued during the taxable year 2015:

31.1 The Company is a VAT-registered company with VAT output tax declaration of P21.372 million for the year based on the amount reflected in the Sales Account of P178.104 million.

31.2 The amount of VAT input taxes claimed are broken down as follows:

Beginning of the year	0
Current year's purchases:	
Goods for resale/manufacture or further processing	0
Goods other than for resale or manufacture	302,562
Capital goods subject to amortization	0
Capital goods not subject to amortization	6,623
Services lodged under cost of goods sold	0
Services lodged under other accounts	994,218
Claims for tax credit/refund and other adjustments	0
Balance at the end of the year	1,303,403

31.3 Other taxes and licenses:

Local:	
Real Estate Tax	1,499,340
Mayor's Permit	1,223,786
Community tax	10,500
Total	2,733,626

National:	
BIR Annual Registration	500
VAT/Percentage Taxes	465,339
Others (CGT/DST)	26,522
Total	492,361

31.4 The amount of withholding taxes paid/accrued for the year amounted to P6.372 million, broken down as follows:

Tax on compensation and benefits	5,605,945
Creditable withholding tax/es	766,551
Final withholding taxes	0
Total	6,372,496

APPENDIX

PHILIPPINE NATIONAL CONSTRUCTION CORPORATION
SCHEDULES A to K
As of December 31, 2015

Schedule A - Marketable Securities (Current Marketable Equity Securities and Other Short-term Investments)

The company's Short-Term Investment as of December 31,2015 amounting to P669.659 million represents 5.1% only of the total assets of P13.063 billion. This is way below the ceiling requirement of 10% or more of the total assets, hence, this schedule need not be filed.

Schedule B - Amounts Receivable from Directors, Officers, Employees, Related Parties, and Principal Stockholders (Other than Affiliates)

Corresponding schedule is herewith attached/submitted. Included in the list are the company's former employees, officers, and consultants with outstanding aggregate indebtedness of more than P100,000.00 or one (1) percent of the total assets, whichever is less, as of December 31, 2015.

Schedule C - Non-Current Marketable Equity Securities, Other Long-Term Investments in Stock, and Other Investments

The Investment account which stood at P144.944 million as of December 31, 2015 constitutes 1.1% of the total assets in the related balance sheet. Considering that the account is below the 5% ceiling requirement, the schedule is omitted.

Schedule D - Indebtedness of Unconsolidated Subsidiaries and Affiliates

This schedule is omitted. Total receivables from subsidiaries and affiliates as of December 31, 2015 in the amount of P9.287 million is only 0.1% (below the 5% requirement) of the P13.063 billion assets.

Schedule E - Property, Plant, and Equipment

The company's property, plant, and equipment account amounting to P787.181 million is 6.% of the P13.063 billion assets (or down by 19% vis-à-vis the 25% ceiling requirement), hence, the schedule need not be submitted.

Schedule F - Accumulated Depreciation

The related schedule of the accumulated depreciation account amounting to P206.554 million is likewise not submitted due to the reason stated in Schedule E above.

PHILIPPINE NATIONAL CONSTRUCTION CORPORATION
SCHEDULES A to K
As of December 31, 2015

Schedule G - Intangible Assets and Other Assets

The other assets account balance of P344.310 million as of December 31, 2015 comprises 2.6% only (below the 5% requirement) of the P13.063 billion assets, hence, omitted.

Schedule H - Long-Term Debt

Applicable account schedule as of December 31, 2015 is herewith attached/submitted.

Schedule I - Indebtedness to Affiliates and Related Parties (Long-Term Loans from Related Companies)

This schedule is omitted. There is no outstanding payable to subsidiaries and affiliates as of December 31, 2015.

Schedule J - Guarantees of Securities of Other Issuers

Not applicable.

Schedule K - Capital Stock

Applicable account schedule as of December 31, 2015 is herewith attached/submitted.

PHILIPPINE NATIONAL CONSTRUCTION CORPORATION
AGING OF RECEIVABLES & ADVANCES
As of December 31, 2015
(In Thousand Pesos)

					Past Due					
	Amount	Allowance for Doubtful Accounts	Net Amount	Current	1-30 Days	31-60 Days	61-90 Days	91 Days but not over 1 Yr.	Over 1 Yr. but not over 5 Yrs.	Over 5 Years
Current Assets:										
Unbilled Contract Receivables	7,234		7,234			7,234				
Billed Contract Receivables	56,971		56,971	2,759	1,580	25				52,607
Contract Retention Receivables	2,755		2,755							2,755
Claims Receivable	65,052		65,052							65,052
Accounts Receivalbe - Trade	64,853		64,853	10,730	6,246	6,119	6,102	7,372	28,284	
Accounts receivable - Subs. and Aff. (net)	9,286		9,286	3	3				9,280	
Other Accounts Receivable	10,372	1,117	9,255					23	9,228	4
Advances for SSS/ECC Benefits	38		38	38						
Advances to Suppliers	77		77	73					4	
Advances to CESLA	18		18	12	6					
Advances to Bureau of Treasury	150,000		150,000	150,000						
Total Accounts Receivable	**366,656**	**1,117**	**365,539**	**163,615**	**7,835**	**13,378**	**6,102**	**7,395**	**46,796**	**120,418**
Receivables from Officers and Employees	44,268		44,268	**252**	**1**	**1,435**			**39,420**	**3,160**
Sub-total (Current Assets)	**410,924**	**1,117**	**409,807**	**163,867**	**7,836**	**14,813**	**6,102**	**7,395**	**86,216**	**123,578**
Non-Current Assets:										
Accounts Receivable - Trade	50,879		50,879						22,868	28,011
Receivables from Officers and Employees	12,582		12,582						12,082	500
Sub-total (Non-Current Assets)	**63,461**	**-**	**63,461**	**-**	**-**	**-**	**-**	**-**	**34,950**	**28,511**
Total	**474,385**	**1,117**	**473,268**	**163,867**	**7,836**	**14,813**	**6,102**	**7,395**	**121,166**	**152,089**

PHILIPPINE NATIONAL CONSTRUCTION CORPORATION
SCHEDULE B: AMOUNTS RECEIVABLE FROM DIRECTORS, OFFICERS, EMPLOYEES
RELATED PARTIES AND PRINCIPAL STOCKHOLDERS (OTHER THAN AFFILIATES).
As of December 31, 2015-(In Thousand Pesos)

Name and Designation of Debtor		Balance at Beginning of Period	Additions	DEDUCTIONS		Current	Not Current	Balance at End of Period
				Amounts Collected	Amounts Written-off			
Alentajan, Bonifacio	Former Consultant	400					400	400
Armonio, Manuel	Former Consultant	138					138	138
Asuncion, Ma. Theresa	Former President & CEO	1,200					1,200	1,200
Asuncion, Ma. Theresa	Former President & CEO	502					502	502
Bucio, Hermilo	Former Employee	105					105	105
Caballo, Marlon	Former Technical Assistant (Legal Corp.)	5,105					5,105	5,105
Caballo, Marlon	Former Technical Assistant (Legal Corp.)	450					450	450
Encanto, Mervin	Former Consultant	300					300	300
Garin, Edgardo	Former Employee	192					192	192
Gaston, Segundo	Former Group Head - (Senior Vice Pres.)	39,520					39,520	39,520
Gaston, Segundo	Former Group Head - (Senior Vice Pres.)	1,500					1,500	1,500
Gaston, Segundo	Former Group Head - (Senior Vice Pres.)	23					23	23
Jardin, Penny	Former Employee	1,760					1,760	1,760
Jardin, Penny	Former Employee	1,100					1,100	1,100
Pascual, Ruben	Former Consultant	2,190					2,190	2,190
Paulino, Ibarra	Former Employee	632					632	632
Purugganan, Abraham	Former Executive Vice President	476					476	476
Rivera, Reynaldo	Former Consultant	400					400	400
		55,992	-	-	-	-	55,992	55,992

PHILIPPINE NATIONAL CONSTRUCTION CORPORATION
SCHEDULE H : LONG TERM DEBT
As of December 31, 2015 and December 31, 2014
(In Thousand Pesos)

Creditors	Amount Authorized by Indenture	As of December 31, 2015						As of December 31, 2014					
		Current Portion of Long-term Debt	Long-term Debt					Current Portion of Long-term Debt	Long-term Debt				
			Amount	Interest Rate	No. of Periodic Install.	Mat. Date			Amount	Interest Rate	No. of Periodic Install.	Mat. Date	
Domestic:													
Toll Regulatory Board	912M	5,270,431 *		2%/mo.on outs.bal.	30 years	04/30/2007		5,012,428 *		2%/mo.on outs.bal.	30 years	04/30/2007	
Debt to NG		2,866,869						2,866,869					
Debt to GOCC		1,203,000						1,203,000					
Total		9,340,300	0					9,082,297	0				

*inclusive of pena;ty charges

PHILIPPINE NATIONAL CONSTRUCTION CORPORATION
SCHEDULE K: CAPITAL STOCK
As of December 31, 2014

Title of Issue	Number of Shares Authorized	Number of Shares Issued and Outstanding as Shown Under Related Balance Sheet Caption	Number of Shares Reserved for Options, Warrants Conversion and Other Rights, Redemptions	Number of Shares Held by Affiliates	Directors, Officers, and Employees	Others
Preferred A (Treasury Stock)	1,400,000	1,400,000	1,400,000			
Preferred B	42,114,879	18,689,500				18,689,500
Preferred C	6,485,121	6,485,121				6,485,121
Preferred D	27,800,000	25,500,000				25,500,000
Special Common	10,000,000	1,489,037			2,952	1,486,085
(Treasury Stock)		367,395	367,395			-
Common	182,200,000	174,444,759			4,105	174,440,654
Total	270,000,000	228,375,812	1,767,395	-	7,057	226,601,360

√PHILIPPINE NATIONAL CONSTRUCTION CORPORATION

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2015		Adopted	Not Adopted	Not Applicable
Framework for the Preparation and Presentation of Financial Statements Conceptual Framework Phase A: Objectives and qualitative characteristics		√		
PFRSs Practice Statement Management Commentary				
Philippine Financial Reporting Standards				
PFRS 1 (Revised)	First-time Adoption of Philippine Financial Reporting Standards	√		
	Amendments to PFRS 1 and PAS 27: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate	√		
	Amendments to PFRS 1: Additional Exemptions for First-time Adopters			√
	Amendment to PFRS 1: Limited Exemption from Comparative PFRS 7 Disclosures for First-time Adopters			√
	Amendments to PFRS 1: Severe Hyperinflation and Removal of Fixed Date for First-time Adopters			√
	Amendments to PFRS 1: Government Loans		√	
PFRS 2	Share-based Payment			√
	Amendments to PFRS 2: Vesting Conditions and Cancellations			√
	Amendments to PFRS 2: Group Cash-settled Share-based Payment Transactions			√
PFRS 3 (Revised)	Business Combinations			√
PFRS 4	Insurance Contracts			√
	Amendments to PAS 39 and PFRS 4: Financial Guarantee Contracts			√
PFRS 5	Non-current Assets Held for Sale and Discontinued Operations			√
PFRS 6	Exploration for and Evaluation of Mineral Resources			√
PFRS 7	Financial Instruments: Disclosures	√		

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2015		Adopted	Not Adopted	Not Applicable
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets	√		
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets - Effective Date and Transition	√		
	Amendments to PFRS 7: Improving Disclosures about Financial Instruments		√	
	Amendments to PFRS 7: Disclosures - Transfers of Financial Assets		√	
	Amendments to PFRS 7: Disclosures – Offsetting Financial Assets and Financial Liabilities		√	
	Amendments to PFRS 7: Mandatory Effective Date of PFRS 9 and Transition Disclosures		√	
PFRS 8	Operating Segments			√
PFRS 9*	Financial Instruments		√	
	Amendments to PFRS 9: Mandatory Effective Date of PFRS 9 and Transition Disclosures		√	
PFRS 10*	Consolidated Financial Statements		√	
PFRS 11*	Joint Arrangements			
PFRS 12*	Disclosure of Interests in Other Entities			
PFRS 13*	Fair Value Measurement			
Philippine Accounting Standards				
PAS 1 (Revised)	Presentation of Financial Statements	√		
	Amendment to PAS 1: Capital Disclosures			√
	Amendments to PAS 32 and PAS 1: Puttable Financial Instruments and Obligations Arising on Liquidation			√
	Amendments to PAS 1: Presentation of Items of Other Comprehensive Income		√	
PAS 2	Inventories	√		
PAS 7	Statement of Cash Flows	√		
PAS 8	Accounting Policies, Changes in Accounting Estimates and Errors	√		
PAS 10	Events after the Reporting Period	√		
PAS 11	Construction Contracts			√

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2015		Adopted	Not Adopted	Not Applicable
PAS 12	Income Taxes	√		
	Amendment to PAS 12 - Deferred Tax: Recovery of Underlying Assets	√		
PAS 16	Property, Plant and Equipment	√		
PAS 17	Leases		√	
PAS 18	Revenue	√		
PAS 19	Employee Benefits		√	
	Amendments to PAS 19: Actuarial Gains and Losses, Group Plans and Disclosures		√	
PAS 19 (Amended)*	Employee Benefits		√	
PAS 20	Accounting for Government Grants and Disclosure of Government Assistance			√
PAS 21	The Effects of Changes in Foreign Exchange Rates			√
	Amendment: Net Investment in a Foreign Operation			√
PAS 23 (Revised)	Borrowing Costs	√		
PAS 24 (Revised)	Related Party Disclosures	√		
PAS 26	Accounting and Reporting by Retirement Benefit Plans			√
PAS 27	**Consolidated and Separate Financial Statements**		√	
PAS 27 (Amended)*	Separate Financial Statements	√		
PAS 28	**Investments in Associates**	√		
PAS 28 (Amended)*	Investments in Associates and Joint Ventures	√		
PAS 29	Financial Reporting in Hyperinflationary Economies			√
PAS 31	Interests in Joint Ventures	√		
PAS 32	Financial Instruments: Disclosure and Presentation	√		
	Amendments to PAS 32 and PAS 1: Puttable Financial Instruments and Obligations Arising on Liquidation			√

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2015		Adopted	Not Adopted	Not Applicable
	Amendment to PAS 32: Classification of Rights Issues			√
	Amendments to PAS 32: Offsetting Financial Assets and Financial Liabilities			√
PAS 33	Earnings per Share	√		
PAS 34	Interim Financial Reporting	√		
PAS 36	Impairment of Assets	√		
PAS 37	Provisions, Contingent Liabilities and Contingent Assets	√		
PAS 38	Intangible Assets		√	
PAS 39	Financial Instruments: Recognition and Measurement	√		
	Amendments to PAS 39: Transition and Initial Recognition of Financial Assets and Financial Liabilities	√		
	Amendments to PAS 39: Cash Flow Hedge Accounting of Forecast Intragroup Transactions			√
	Amendments to PAS 39: The Fair Value Option	√		
	Amendments to PAS 39 and PFRS 4: Financial Guarantee Contracts			√
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets	√		
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets – Effective Date and Transition	√		
	Amendments to Philippine Interpretation IFRIC–9 and PAS 39: Embedded Derivatives		√	
	Amendment to PAS 39: Eligible Hedged Items			√
PAS 40	Investment Property	√		
PAS 41	Agriculture			√
Philippine Interpretations				
IFRIC 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities			√
IFRIC 2	Members' Share in Co-operative Entities and Similar Instruments			√
IFRIC 4	Determining Whether an Arrangement Contains a Lease			√
IFRIC 5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds			√

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2015		Adopted	Not Adopted	Not Applicable
IFRIC 6	Liabilities arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment			√
IFRIC 7	Applying the Restatement Approach under PAS 29 Financial Reporting in Hyperinflationary Economies			√
IFRIC 8	*Scope of PFRS 2*			√
IFRIC 9	Reassessment of Embedded Derivatives			√
	Amendments to Philippine Interpretation IFRIC–9 and PAS 39: Embedded Derivatives			√
IFRIC 10	*Interim Financial Reporting and Impairment*	√		
IFRIC 11	PFRS 2- Group and Treasury Share Transactions			√
IFRIC 12	Service Concession Arrangements			√
IFRIC 13	Customer Loyalty Programmes			√
IFRIC 14	The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction			√
	Amendments to Philippine Interpretations IFRIC- 14, Prepayments of a Minimum Funding Requirement			√
IFRIC 16	Hedges of a Net Investment in a Foreign Operation			√
IFRIC 17	Distributions of Non-cash Assets to Owners			√
IFRIC 18	Transfers of Assets from Customers			√
IFRIC 19	Extinguishing Financial Liabilities with Equity Instruments			√
IFRIC 20	Stripping Costs in the Production Phase of a Surface Mine			√
SIC-7	Introduction of the Euro			√
SIC-10	Government Assistance - No Specific Relation to Operating Activities			√
SIC-12	Consolidation - Special Purpose Entities			√
	Amendment to SIC - 12: Scope of SIC 12			√
SIC-13	Jointly Controlled Entities - Non-Monetary Contributions by Venturers			√
SIC-15	Operating Leases - Incentives			√
~~**SIC-21**~~	~~Income Taxes – Recovery of Revalued Non-Depreciable Assets~~			

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2015		Adopted	Not Adopted	Not Applicable
SIC-25	Income Taxes - Changes in the Tax Status of an Entity or its Shareholders			√
SIC-27	Evaluating the Substance of Transactions Involving the Legal Form of a Lease			√
SIC-29	Service Concession Arrangements: Disclosures.			√
SIC-31	Revenue - Barter Transactions Involving Advertising Services			√
SIC-32	Intangible Assets - Web Site Costs			√

PHILIPPINE NATIONAL CONSTRUCTION CORPORATION
FINANCIAL SOUNDNESS INDICATORS

	2015 (Audited)	2014 (As restated)
1 Current/Liquidity Ratios:		
Current Ratio	0.12	0.09
Quick Asset Ratio	0.12	0.09
2 Solvency Ratios:		
Debt to Assets	99.33%	101.18%
Debt to Equity Ratio	14867.87%	-8554.95%
3 Asset to Equity Ratio	14967.87%	-8454.95%
4 Interest Rate Coverage Ratio	1.555	0.152
5 Profitability Ratios:		
Return on Assets	1.80%	-1.76%
Return on Equity	269.48%	148.89%

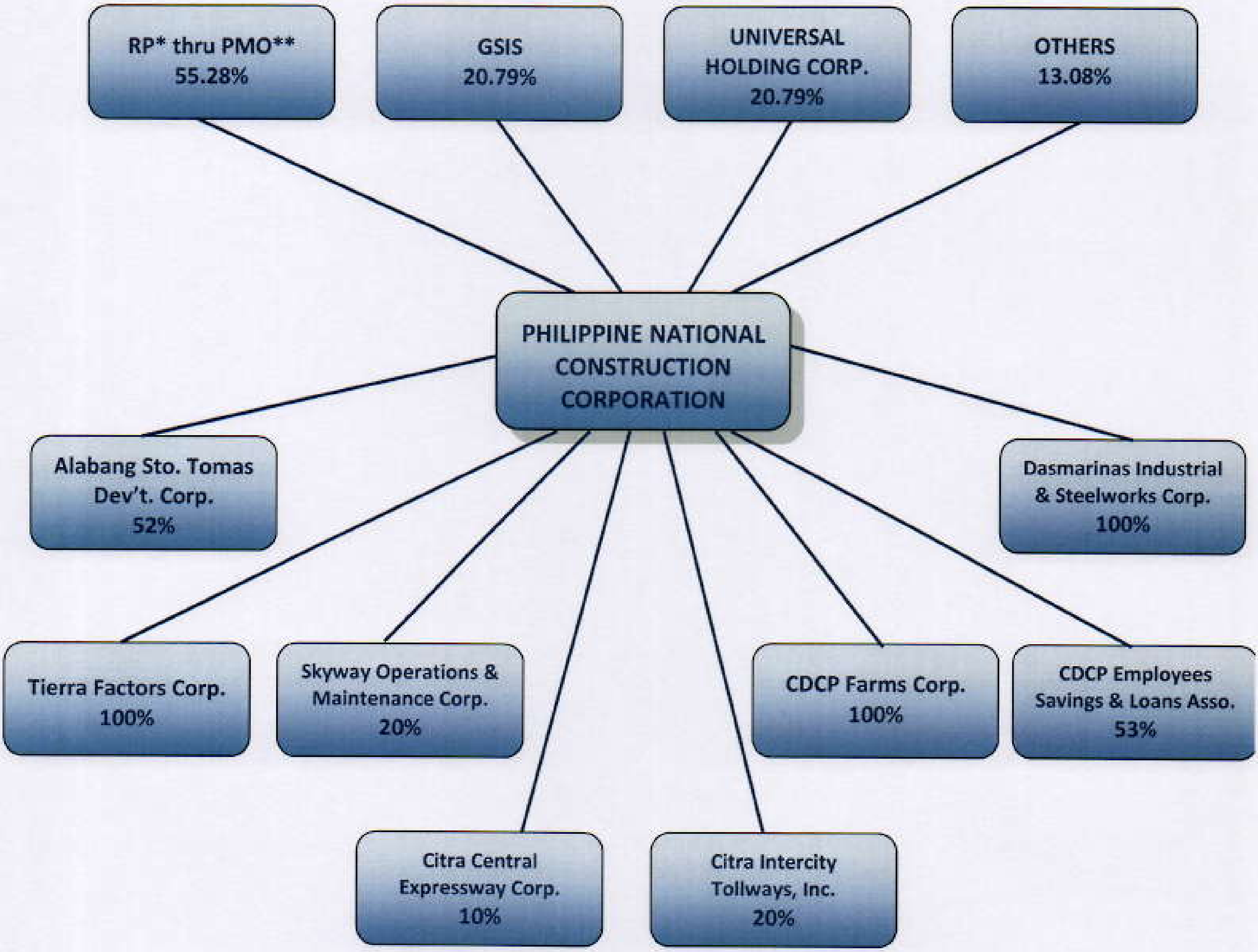
PHILIPPINE NATIONAL CONSTRUCTION CORPORATION
SUPPLEMENTARY SCHEDULE OF RETAINED EARNINGS (DEFICIT)

For the Year Ended December 31, 2015

Deficit, balance at beginning of year	(8,333,090,592)
Prior year adjustments	(1,201,185)
Piecemeal realization of revaluation surplus	969,251
Deficit, balance at beginning of year, as adjusted	(8,333,322,526)
Net Income	74,743,921
Deficit, balance at end of year	(8,258,578,605)

As discussed in Note 16 of the 2015 Audited of the Financial Statements, dividends (in arrears) on cumulative preferred shares are not recognized in the books due to the Board of Directors' non-declaration of dividends in view of the Company's deficit of P8.259 billion as of December 31, 2015. Such action of the PNCC Board is supported by Article XI, Section 11.01 of the Amended Corporate By-Laws which provides that "Dividends maybe declared annually or oftener as the Board may determine. The Board of Directors may declare dividends only from the surplus profits of the Corporation."

MAP SHOWING THE RELATIONSHIPS BETWEEN AND AMONG THE COMPANIES IN THE GROUP, ITS ULTIMATE PARENT COMPANY AND SUBSIDIARIES



ANNEX "A"

2015 Annual Corporate Governance Report

101292016001438

SECURITIES AND EXCHANGE COMMISSION

SECBuilding,EDSA,Greenhills,MandaluyongCity,MetroManila,Philippines
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Industry Classification	
Company Type	Stock Corporation

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Remarks	ACGR

COVER SHEET

3 0 9 3 9

S.E.C. Registration Number

PHILIPPINE NATIONAL CONSTRUCTION CORPORATION

(Company's Full Name)

PNCC COMPLEX KM 15 EAST SERVICE ROAD BICUTAN PARANAQUE CITY

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

FRANCES LYNETTE V. SAYSON

Contact Person

846-2906

Company Telephone Number

1 2 3 1

Month *Day*

Fiscal Year

ACGR

FORM TYPE

0 3 4th Tuesday

Month *Day*

Annual Meeting

Secondary License Type, If Applicable

Dept. Requiring this Doc.

Amended Articles Number / Section

Total No. of Stockholders

Domestic

Foreign

To be accomplished by SEC Personnel Concerned

File Number

LCU

Document ID

Cashier

STAMPS

SECURITIES AND EXCHANGE COMMISSION

SEC FORM – ACGR

ANNUAL CORPORATE GOVERNANCE REPORT

1. Report is Filed for the Year **2015**

2. Exact Name of Registrant as Specified in its Charter **Philippine National Construction Corporation**

3. **PNCC Compound, Km. 15 East Service Road, Bicutan Parañaque City** **1700**
   Address of Principal Office Postal Code

4. SEC Identification Number **30939**

5. (SEC Use Only)
   Industry Classification Code

6. BIR Tax Identification Number **410-000-058-V**

7. **(632) 846 3045**
   Issuer's Telephone number, including area code

8. ....
   Former name or former address, if changed from the last report

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A. BOARD MATTERS

1) Board of Directors

Number of Directors per Articles of Incorporation	11

Actual number of Directors for the year	11

(a) Composition of the Board

Director's Name	Type [Executive (ED), Non-Executive (NED) or Independent Director (ID)]	If nominee, identify the principal	Nominator in the last election (if ID, state the relationship with the nominator)	Date first elected	Date last elected(if ID, state the number of years served as ID)[1]	Elected when (Annual /Special Meeting)	No. of years served as director
Elpidio C. Jamora, Jr.	NED	OP*	OP*	09/30/2013	09/30/2013	Special Meeting	2
Luis F. Sison	ED	OP*	OP*	01/11/2011	01/11/2011	Special Meeting	4
Tomas C. Alvarez	NED	OP*	OP*	01/11/2011	01/11/2011	Special Meeting	4
Rosendo T. Capco	NED	OP*	OP*	01/11/2011	01/11/2011	Special Meeting	4
Antonio C. Pido	NED	OP*	OP*	01/11/2011	01/11/2011	Special Meeting	4
Nora O. Vinluan	NED	OP*	OP*	01/11/2011	01/11/2011	Special Meeting	4
Rosanna E. Velasco	NED	OP*	OP*	09/30/2013	09/30/2013	Special Meeting	2
Cristino L. Panlilio	NED	OP*	OP*	09/30/2013	09/30/2013	Special Meeting	2
Tomas C. Falgui II	NED	OP*	OP*	10/08/2013	10/08/2013	Special Meeting	2
Elisea G. Gozun	NED	GSIS	OP*	10/14/2013	10/14/2013	Special Meeting	2
Robert G. Vergara	NED	GSIS	OP*	10/14/2013	10/14/2013	Special Meeting	2
Toni Angeli V. Coo	Ex-officio	PMO	OP*	01/20/2014	01/20/2014	Regular Meeting	1

Legend:
*OP – Office of the President of the Philippines

(b) Brief Summary of the Corporate Governance Policy that the Board of Directors Adopted

BOARD RESPONSIBILITIES.
As provided for in the company's Revised Manual on Corporate Governance:

It is the Board's responsibility to foster the long-term success of the corporation, and to sustain its competitiveness and profitability in a manner consistent with its corporate objectives and the best interests of its stockholders.

1. Implement a process for the selection of directors who can add value and contribute independent judgment to the formulation of sound corporate strategies and policies. Appoint competent, professional, honest and highly motivated management officers. Adopt an effective succession planning program for Management.
2. Provide sound strategic policies and guidelines to the corporation on major capital expenditures. Establish programs that can sustain its long-term viability and strength. Periodically evaluate and monitor the implementation of such policies and strategies, including the business plans, operating budgets and Management's overall performance.
3. Ensure the corporation's faithful compliance with all applicable laws, regulations and best business practices.
4. Establish and maintain an investor relations program that will keep the stockholders informed of important developments in the corporation. If feasible, the corporations's CEO or Chief Financial Officer shall exercise oversight responsibility over this program.
5. Identify the corporation's stakeholders in the community in which the corporation operates or are directly affected by its operations, and formulate a clear policy of accurate, timely and effective communication with them.
6. Implement a system of internal checks and balances within the Board. A regular review of the

effectiveness of such system should be conducted to ensure the integrity of the decision-making and reporting processes at all times. There should be a continuing review of the corporation's internal control system in order to maintain its adequacy and effectiveness.

7. Identify key risk areas and performance indicators and monitor these factors with due diligence to enable the corporation to anticipate and prepare for possible threats to its operational and financial viability.
8. Formulate and implement policies and procedures that would ensure the integrity and transparency of related party transactions between and among the corporation and its parent company, joint ventures, subsidiaries, associates, affiliates, major stockholders, officers and directors, including their spouses, children and dependent siblings and parents, and of interlocking director relationships by members of the Board.
9. Constitute an Audit Committee and such other committees it deems necessary to assist the Board in the performance of its duties and responsibilities.
10. Ensure the integrity of the corporation's accounting and financial reporting systems, including independent audit, and that appropriate systems of control are in place, in particular, systems for risk management, and financial and operational control.
11. Establish and maintain an alternative dispute resolution system in the corporation that can amicably settle conflicts or differences between the corporation and its stockholders, and the corporation and third parties, including the regulatory authorities.
12. Meet regularly, ideally at least once a month, and at such times or frequency as may be needed, to properly discharge its responsibilities, with independent views expressed during such meetings being given due consideration. The minutes of such meetings should be duly recorded. Independent views during Board meetings should be encouraged and given due consideration.
13. Keep the activities and decisions of the Board within its authority under the articles of incorporation and by-laws, and in accordance with existing laws, rules and regulations.
14. Appoint a Compliance Officer who shall have the rank of at least vice president. In the absence of such appointment, the Corporate Secretary, preferably a lawyer, shall act as Compliance Officer.

STOCKHOLDERS' RIGHTS AND PROTECTION OF MINORITY STOCKHOLDERS' INTEREST.
As provided for in the company's Revised Manual on Corporate Governance:

The Board respects the rights of the stockholders as provided for in the Corporation Code such as voting right, pre-emptive right, power of inspection, right to information, right to dividends and appraisal right.

Voting Right

1. Shareholders have the right to elect, remove and replace directors and vote on certain corporate acts in accordance with the Corporation Code.
2. Cumulative voting shall be used in the election of directors.
3. A director shall not be removed without cause if it will deny shareholders representation in the Board.

Pre-emptive Right

All stockholders shall have pre-emptive rights in accordance with law, unless the same is denied in the Articles of Incorporation or an amendment thereto. They shall have the right to subscribe to the capital stock of the Corporation. The Articles of Incorporation shall lay down the specific rights and powers of stockholders with respect to the particular shares they hold, all of which shall be protected by law so long as they shall not be in conflict with the Corporation Code.

Power of Inspection

All stockholders shall be allowed to inspect corporate books and records including minutes of the Board meetings and stock registries in accordance with the Corporation Code and shall be furnished with annual reports, including financial statements, without cost or restrictions.

Right to Information

1. The stockholders shall be provided, upon request, with periodic reports which disclose personal and professional information about the directors and officers and certain other matters such as their holdings of the corporation's share, dealings with the corporation, relationship among directors and key officers and the aggregate compensation of directors and officers.
2. The minority stockholders shall be granted the right to propose the holding of a meeting, and the right to propose items in the agenda provided the items are for legitimate business purposes, and in accordance with law, jurisprudence and best practice.
3. The minority stockholders shall have access to any and all information relating to matters for which the management is accountable for. If not included, then the minority stockholders shall be allowed to propose such matters in the agenda of a stockholders' meeting, being within the definition of "legitimate purposes" and in accordance with law, jurisprudence and best practice.

Right to Dividends

1. Stockholders shall have the right to receive dividends subject to the discretion of the Board.
2. The corporation shall be compelled to declare dividends when its retained earnings shall be in excess of 100% of its paid-in capital stock except : a) when justified by definite corporate expansion projects or programs approved by the Board, or b) when the corporation is prohibited under loan agreement with any financial institution or creditor, whether local or foreign, from declaring dividends without its consent, and such consent has not been secured, or c) when it can be clearly shown that such retention is necessary under special circumstances obtaining in the corporation, such as when there is a need for special reserve for probable contingencies.

Appraisal right

The stockholders shall have appraisal right or the right to dissent and demand payment of the fair value of their shares in the manner provided for under Section 82 of the Corporation Code of the Philippines, under any of the following circumstances:

1. In case any amendments to the Articles of Incorporation has the effect of changing or restricting the rights of any stockholder or class of shares, or of authorizing preferences in any respect superior to those of outstanding shares of any class, or of extending or shortening the terms of corporate existence;
2. In case of sale, lease, exchange, transfer, mortgage, pledge or other disposition of all or substantially all of the corporate property and assets provided in the Corporation Code; and
3. In case of merger or consolidation.

The Board shall continue to be transparent and fair in the conduct of the annual and special stockholders' meetings of the corporation. The stockholders shall be encouraged to personally attend such meetings. If they cannot attend, they shall be apprised ahead of time of their right to appoint a proxy. Subject to the requirements of the by-laws, the exercise of that right shall not be unduly restricted and any doubt about the validity of a proxy shall be resolved in the stockholder's favor.

It is the duty of the Board to promote the rights of the stockholders, remove impediments to the exercise of those rights and provide an adequate avenue for them to seek timely redress for breach of their rights.

The Board shall take the appropriate steps to remove excessive or unnecessary costs and other administrative impediments to the stockholders' meaningful participation in meetings, whether in person or by proxy. Accurate and timely information shall be made available to the stockholders to enable them to make a sound judgment on all matters brought to their attention for consideration or approval.

Although all stockholders shall be treated equally or without discrimination, the Board shall give minority stockholders the right to propose the holding of meetings and the items for discussion in the agenda that relate directly to the business of the corporation.

DISCLOSURE AND TRANSPARENCY.
As provided for in the company's Revised Manual on Corporate Governance:

1. All material information about the corporation which could adversely affect its viability or the interests of its stockholders and other stakeholders shall be publicly and timely disclosed. Such information shall include, among others, earning results, acquisition of assets, off balance sheet transactions, related party transactions and direct and indirect remuneration of members of the Board and Management.
2. The reports or disclosures required under this Manual shall be prepared and submitted to the pertinent regulatory agencies by the responsible Committee or Officer through the Corporation's Compliance Officers.
3. All disclosed information shall be released via the approved stock exchange procedure for company announcements as well as through the annual report.
4. The Board shall commit at all times to full disclosure of material information dealings. It shall cause the filing of all required information through the appropriate Exchange mechanisms for listed companies and submissions to the Securities and Exchange Commission for the interest of its stockholders and other stakeholders.
5. The Revised Manual on Corporate Governance shall be available for inspection by any stockholder of the Corporation at reasonable times on business days.
6. The Compliance Officer shall provide copies of the Manual to all directors, division and department heads to ensure that thorough dissemination of the Manual to all employees and related third parties, and to enjoin compliance in the process.
7. An adequate number of printed copies of the Manual must be produced under the supervision of the Compliance Officer, with a minimum of at least one (1) hard copy of the Manual per department.

(c) The Company's vision and mission statement is under review and will be approved as required.

(d) Directorship in Other Companies

(i) Directorship in the Company's Group[2]

Director's Name	Corporate Name of the Group Company	Type of Directorship (Executive, Non-Executive, Independent) Indicate if director is also the Chairman.
Elpidio C. Jamora, Jr.	**Citra Metro Manila Tollways Corp.** **DISC Contractors, Builders & Gen. Services Inc.**	**NED** **NED/Chairman**
Luis F. Sison	**CDCP Farms Corp.** **Alabang Sto. Tomas Devt. Inc.** **Traffic Control Products Corp.** **DISC Contractors, Builders & Gen. Services Inc.**	**ED** **ED** **ED** **ED**
Tomas C. Alvarez	**Traffic Control Products Corp.** **DISC Contractors, Builders & Gen. Services Inc.**	**NED** **NED**
Rosanna E. Velasco	**DISC Contractors, Builders & Gen. Services Inc.**	**NED**
Rosendo T. Capco	**Traffic Control Products Corp.** **CDCP Savings & Loan Association**	**NED** **NED**
Antonio C. Pido	**DISC Contractors, Builders & Gen. Services Inc.** **Alabang Sto. Tomas Devt. Inc.**	**NED** **NED**
Nora O. Vinluan	**Traffic Control Products Corp.** **DISC Contractors, Builders & Gen. Services Inc.**	**NED** **NED**

[2] The Group is composed of the parent, subsidiaries, associates and joint ventures of the company.

(ii) Directorship in Other Listed Companies

Director's Name	Name of Listed Company	Type of Directorship (Executive, Non-Executive, Independent). Indicate if director is also the Chairman.
Robert G. Vergara	**National Reinsurance Corporation of the Philippines** **Philippine Stock Exchange, Inc.**	**NED** **NED**

(iii) Relationship within the Company and its Group

There is known relationship among the members of the Board of Directors which links them to significant shareholders in the company and/or in its group.

Director's Name	Name of the Significant Shareholder	Description of the relationship
Robert G. Vergara	**GSIS**	**GSIS Representative**
Tomas G. Falgui II	**Robert G. Vergara**	**3rd degree by affinity**

(iv) Has the company set a limit on the number of board seats in other companies (publicly listed, ordinary and companies with secondary license) that an individual director or CEO may hold simultaneously? In particular, is the limit of five board seats in other publicly listed companies imposed and observed? If yes, briefly describe other guidelines:

NO, the company has not set a limit on the number of board seats in other companies that an individual director or CEO may hold simultaneously. The Governance Commission for GOCCs (GCG), per Memorandum Circular No 2012-07, has ruled that the capacity of Appointive Directors to serve with diligence shall not be compromised. Pursuant thereto, GCG has ruled that no Appointive Director in a GOCC, Subsidiary or Affiliate may hold more than two (2) other Board seats in other GOCCs, Subsidiaries and/or Affiliates.

	Guidelines	Maximum Number of Directorships in other companies
Executive Director **Non-Executive Director** **CEO**	**Section 11 of Code of Corporate Governance for GOCCs (GCG Memorandum Circular No. 2012-07)**	**2**

(e) Shareholding in the Company

Name of Director	Number of Direct shares	Number of Indirect shares / Through (name of record owner)	% of Capital Stock
Elpidio C. Jamora, Jr.		**1**	**00.00%**
Luis F. Sison	**2000**	**1 / PNCC**	**00.00%**
Tomas C. Alvarez		**101**	**00.00%**
Rosendo T. Capco		**10**	**00.00%**
Rodolfo C. Naguit*		**2**	**00.00%**
Antonio C. Pido		**50**	**00.00%**
Nora O. Vinluan		**2**	**00.00%**
Rosanna E. Velasco		**50**	**00.00%**
Cristino L. Panlilio	**1455**	**1**	**00.00%**
Robert G. Vergara		**50**	**00.00%**
Elisea G. Gozun		**50**	**00.00%**
Tomas C. Falgui II		**100**	**00.00%**

- *Resigned effective June 30, 2013. However, shares assigned to Mr. Naguit still remain under his name.*

2) Chairman and CEO

(a) Do different persons assume the role of Chairman of the Board of Directors and CEO? If no, describe the checks and balances laid down to ensure that the Board gets the benefit of independent views.

Yes [X] No [ ]

Identify the Chair and CEO:

Chairman of the Board	**Elpidio C. Jamora, Jr.**
CEO/President	**Luis F. Sison**

(b) Roles, Accountabilities and Deliverables

Define and clarify the roles, accountabilities and deliverables of the Chairman and CEO.

	Chairman	**Chief Executive Officer**
Role	• Presides at all meetings of the stockholders and of the Board of Directors. He presides and/or attends meetings of standing committees created by the Board • Informs the Board of Directors and the stockholders on matters of interest to them at their respective meetings • Represents and votes shares of the Company in other corporations.	• Exercises overall responsibility for the successful administration of the affairs and business of the Corporation • Presides at all meetings of the stockholders and of the directors, in the absence, inability or default of the Chairman • Exercises general supervision over all the other officers of the Corporation • Represents and votes the shares owned by the Corporation in other corporations
Accountabilities	• Ensures that policies enunciated by the Board are implemented • Ensures that the meetings of the Board and shareholders are held in accordance with the by-laws	• Negotiates, enters into and executes on behalf of the Corporation all contracts and agreements • Signs, endorses and delivers all checks, drafts, bills of exchange, promissory notes and orders of payment of sums of money • Submits an annual report of the operations of the company to the Board and at such other times as the latter may request, an annual report to the stockholders at the annual meeting • Appoints, removes or suspends all agents, employees, and other subordinate personnel of the company
Deliverables	• Supervises the preparation of agenda of the meeting in coordination with the Corporate Secretary taking into consideration the suggestions of the CEO, Management and directors • Maintains qualitative and timely lines of communication and information between the Board and Management	• Determines, promulgates and enforces the general operating and administrative policies required to implement basic policy established by the Board

3) Explain how the board of directors plans for the succession of the CEO/Managing Director/President and the top key management positions?

Members of the Board of Directors in GOCCs and their Subsidiaries are appointed by the President of the Philippines from a shortlist prepared by the GCG per Section 15 of R.A. 10149. Generally, top key management positions are retained by current position holders.

4) Other Executive, Non-Executive and Independent Directors

Does the company have a policy of ensuring diversity of experience and background of directors in the board? Please explain.

Article 3.2.2 of the Revised Manual on Corporate Governance provides that:

The Board may likewise provide for the following additional qualifications for membership in the Board 1) membership in good standing in relevant industry, business or professional organizations; and 2) previous business experience in relevant industry.

Does it ensure that at least one non-executive director has an experience in the sector or industry the company belongs to? Please explain.

The Directors of the Board as constituted are experts or have broad experience in the industry the company belongs to. The appointment of Directors by the Office of the President of the Philippines is mindful of these qualifications.

Define and clarify the roles, accountabilities and deliverables of the Executive, Non-Executive and Independent Directors:

	Executive	Non-Executive	Independent Director
Role	Designs, develops and implements strategic plans for the organization in a cost-effective and time efficient manner. The Executive Director is authorized to run the organization.	Participates in governing the organization by establishing broad policies and organizational objectives	Promotes independent judgment in carrying out his responsibilities in the establishment of policies and objectives. Protects the voice / interests of minority shareholders.
Accountabilities	Accountable to the Board of Directors for his management of the organization	Accountable to the shareholders / stakeholders for the organization's performance	Accountable to the minority shareholders in representing their interests
Deliverables	Business Plan Operational Budget	Inputs to policy formulation consistent with organizational goals	Contribution to policy formulation that speaks for minority concerns

Provide the company's definition of "independence" and describe the company's compliance to the definition.

Independent director is a person who, apart from his fees and shareholdings, exercises independence resulting from being independent of management and being free from any business or other relationship which could, or could reasonably be perceived to, materially interfere with his exercise of independent judgment in carrying out his responsibilities/

The company adopts the the principle under Securities Regulation Code of having at least two (2) independent directors or such number of independent directors that constitutes twenty percent (20%) of the members of the Board, whichever is lesser, but in no case less than two (2). The membership of the Board may be a combination of

executive and non-executive directors (which include independent directors) in order that no director or small group of directors can dominate the decision making process. However, as explained below, this has yet to be implemented.

Does the company have a term limit of five consecutive years for independent directors? If after two years, the company wishes to bring back an independent director who had served for five years, does it limit the term for no more than four additional years? Please explain.

Not applicable. The above definition cannot be applied as yet. As a GOCC, no independent directors have as yet been nominated / elected in the Company. Consequently, no term limit has as yet been set for independent director(s).

5) Changes in the Board of Directors (Executive, Non-Executive and Independent Directors)

(a) Resignation/Death/Removal

Indicate any changes in the composition of the Board of Directors that happened during the period:

Name	Position	Date of Cessation	Reason
There is nothing to report.			

(b) Selection/Appointment, Re-election, Disqualification, Removal, Reinstatement and Suspension

Describe the procedures for the selection/appointment, re-election, disqualification, removal, reinstatement and suspension of the members of the Board of Directors. Provide details of the processes adopted (including the frequency of election) and the criteria employed in each procedure:

Procedure	Process Adopted	Criteria
a. Selection/Appointment		
(i) Executive Directors (ii) Non-Executive Directors	Every GOCC and Subsidiary, through the Compliance Officer, or the Corporate Secretary, if there is no Compliance Officer appointed, shall submit to the GCG within thirty (30) days from the start of each calendar year a certificate stating and attesting to the qualifications and disqualifications rules applicable to their Appointive Directors and CEO, as found in their Charter or By-laws and the provisions of laws, rules and regulations applicable to the particular GOCC.	*Minimum Qualification of Directors* – provided for in the Revised Manual on Corporate Governance: (a) Be a Filipino citizen; (b) At least a college graduate or equivalent college degree, with at least five years relevant experience; (c) Be at least thirty (30) years old; (d) Be of good moral character, of unquestionable integrity and of known probity; (e) Possess management skills and competence preferably relating to the operations of the corporation; (f) Assiduous;
	(Art. 4 of Fit and Proper Rule for Appointive Directors and CEOs of GOCCs – Memo Circular No. 2012-05 of GCG)	*(Minimum Qualifications) Additional Qualifications of Appointive Directors and CEOs(not indicated in the Revised Manual on Corporate Governance)* - Without prejudice to the qualifications set out in the Charter or By-laws of the GOCC, every Appointive Director and CEO, if a sectoral representative, to be a *bona fide* member

Procedure	Process Adopted	Criteria
a. Selection/Appointment		
		of the indicated sector or the association being represented as provided for in the Charter or By-laws. Further, a director may be allowed to attend within three (3) months from the date of appointment a special seminar on public corporate governance for Directors conducted by the GCG or any individual or entity accredited by the GCG. *(Art. 5 of Fit and Proper Rule for Appointive Directors and CEOs of GOCCs – Memo Circular No. 2012-05 of GCG)*
(iii) Independent Directors	The company adopts the process and qualifications set by Securities Regulation Code on nomination and election of Independent directors.	
b. Re-appointment		
(i) Executive Directors (ii) Non-Executive Directors	Unless removed by the President of the Republic of the Philippines, Executive Director and Non-Executive Director are automatically reappointed.	
(iii) Independent Directors	The company adopts the process and qualifications set by Securities Regulation Code on nomination and election of Independent directors.	
c. Permanent Disqualification		
(i) Executive Directors (ii) Non-Executive Directors (iii) Independent Directors	Apply Article 3.3 of Revised Manual on Corporate Governance	Grounds for the permanent disqualification of a director: • Any person convicted by final judgment or order by a competent judicial or administrative body of any crime that (a) involves the purchase or sale of securities, as defined in SRC; (b) arises out of the person's conduct as an underwriter, broker, dealer, futures commission merchant, commodity trading advisor, or floor broker; or (c) arises out of his fiduciary relationship with a bank, quasi-bank, trust company, investment house or as an affiliate person or any of them. • Any person who, by reason of misconduct, after hearing, is permanently enjoined by a final judgment or order of the SEC or any court or administrative body of competent jurisdiction from: (a) acting as underwriter, broker, dealer, investment adviser, principal distributor, mutual fund dealer, futures commission merchant, commodity trading advisor, or floor broker; (b) acting a director or officer of a bank, quasi-bank, trust company, investment house, or investment company; (c) engaging or in continuing any conduct or practice in any of the capacities mentioned in sub-paragraphs (a) and

Procedure	Process Adopted	Criteria
c. Permanent Disqualification		
		(b) above, or willfully violating the laws that govern securities and banking activities. • If such person is currently the subject of an order of the Commission or any court or administrative body denying, revoking or suspending any registration, license or permit issued to him under the Corporation Code, SRC or any other law administered by the Commission or BangkoSentral ng Pilipinas (BSP), or under any rule or regulation issued by the Commission or BSP, or has otherwise been restrained to engage in any activity involving securities and banking; or such person is currently the subject of an effective order of a self-regulatory organization suspending or expelling him from membership, participation or association with a member or participant of the organization. • Any person convicted by final judgment or order by a court or competent administrative body of an offense involving moral turpitude, fraud, embezzlement, theft, estafa, counterfeiting, misappropriation, forgery, bribery, false affirmation, perjury or other fraudulent acts. • Any person who has been adjudged by final judgment or order of the Commission, court, or competent administrative body to have willfully violated, or willfully aided, abetted, counseled, induced or procured the violation of any provision of the Corporation Code, SRC or any other law administered by the Commission or BSP, or any of its rule, regulation or order. • Any person earlier elected as independent director who becomes an officer, employee or consultant of the same corporation. • Any person judicially declared as insolvent. • Any person found guilty by final judgment or order of a foreign court or equivalent financial regulatory authority of acts, violations or misconduct similar to any of the acts, violations or misconduct enumerated

Procedure	Process Adopted	Criteria
c. Permanent Disqualification		
		• in ((i) to (v)) above. • Conviction by final judgment of an offense punishable by imprisonment for more than six (6) years, or a violation of the Corporation Code committed within five (5) years prior to the date of election or appointment. • Persons who have been convicted by final judgment or a court or tribunal of: o A crime or offense involving dishonesty or breach of trust such as, but not limited to estafa, embezzlement, extortion, forgery, malversation, swindling, theft, robbery, falsification, or bribery; violation of the Bouncing Checks Law, the Anti-Graft and Corrupt Practices Act; violating banking laws, rules and regulations; o Persons who have been judicially declared insolvent, spendthrift or incapacitate to contract; o Persons who have been found by a competent administrative body as administratively liable for violation of laws, rules and regulations where a penalty of removal from office is imposed, which finding of the administrative body has become final and executor.
	Article 6 of the GCG Memorandum Circular No. 2012-05 entitled **Fit and Proper Rule for Appointive Directors and CEOS of GOCCs** provides the criteria for permanent disqualification of a Director	*Directors, CEO and Officers of GOCCs who have been:* *1. Found by a competent administrative body as administratively liable for violationof laws, rules and regulations particularly applicable to the sector of the GOCC concerned, as well as those covered by related sectors, and where a penalty of removal from office is is imposed, which finding of the administrative body has become final and executory;* *2. Determined by the Commission on Audit (COA) pursuant to a Notice of Disallowance which has become final and executory, to have, by virtue of their office, acquired or received a benefit or profit, of whatever kind or nature including, but not limited to, the acquisition of shares in corporations where the GOCC has an interest, using rights, options or properties of the GOCC for their own benefit, receiving*

Procedure	Process Adopted	Criteria
c. Permanent Disqualification		
		commission on contracts from the GOCC's assets, or taking advantage of corporate opportunities of the GOCC's, or *3. Found to be culpable for a GOCC's insolvency, closure, or ceasure of operations, as determined by the GCG in consultation with the appropriate Government Agency;* • Directors and Officers of private corporations, or any person found by the GCG in consultation with the appropriate Government Agency, to be unfit for the position of Appointive Director because they were found administratively liable by such Government Agency for; *1. A violation of laws, rules and regulations relevant to the sector of the GOCC concerned, as well as in related sectors; or* *2. Any offense/violation involving dishonesty or breach of trust;* and which finding of such Government Agency has become final and executory.
d. Temporary Disqualification		
(i) Executive Directors (ii) Non-Executive Directors (iii) Independent Directors	As provided for in Article 3.3.2 of Revised Manual on Corporate Governance	• Refusal to comply with the disclosure requirements of SRC and its Implementing Rules and Regulations. The disqualification shall be in effect as long as the refusal persists; • Directors who have been absent or who have not participated for whatever reason in more in more than fifty (50) percent of all meetings, both regular and special, of the Board during the immediately preceding semester, or who failed to attend for whatever reasons at least twenty (20) percent of all board meetings in any year; • Dismissal or termination for cause as director of any corporation covered by SEC. The disqualification shall be in effect until he has cleared himself from any involvement in the cause that gave rise to his dismissal or termination; • If the beneficial equity ownership of an independent director or its subsidiaries and affiliates exceeds two (2) percent of its subscribed capital stock. The disqualification shall be lifted if the limit

Procedure	Process Adopted	Criteria
d. Temporary Disqualification		
		is later complied with; • If any of the judgments or orders cited in the grounds for permanent disqualification has not yet become final; • Persons who refused or failed to fully disclose the extent of their business interest or any material information to the appropriate agency, when required pursuant to the requirements of the SRC, or any other relevant provision of law, as well as when required by a circular, memorandum, rule or regulation, applicable to such institutions; and such disqualification shall be in effect as long as the refusal or failure persists; • Persons who are delinquent in the payment of their obligations as defined below: ○ Delinquency in the payment of obligations means the failure to pay according to the terms of the contracted obligation within at least sixty (60) days from formal demand; ○ Obligations shall include all borrowings obtained by: 1) a director for his/her own account or as a representative or agent of others or where he/she acts as a guarantor, endorser or surety for loans from such institutions; 2) the spouse or child under the parental authority of the director; 3) any person whose borrowings or loan proceeds were credited to the account of, or used for the benefit of a director; 4) a partnership in which a director, or his/her spouse, is the managing partner or a general partner owning a controlling interest in the partnership, and 5) a corporation, association or firm wholly-owned or majority of the capital of which is owned by any of the group of persons mentioned. • Persons who have been convicted in the first instance by a court for: ○ Any offense involving dishonesty or breach of trust such as, but not limited to, estafa, embezzlement, extortion, forgery, malversation, swindling, theft, robbery, falsification or bribery;

Procedure	Process Adopted	Criteria
d. Temporary Disqualification		
		○ A violation of the Bouncing Checks Law and the Anti-Graft and Corrupt Practices Act; ○ A violation of banking laws, rules and regulations; or ○ An offense where the penalty imposed is to serve a maximum term of imprisonment of more that six (6) years. But whose conviction has not yet become final and executory; provided that such temporary disqualification shall cease upon receipt of a certified true copy of a judgment amounting to an acquittal. • Persons with derogatory records as certified by, or on the official files of the Judiciary, the National Bureau of Investigation (NBI), the Philippine National Police (PNP), the Ombudsman, quasi-judicial bodies, other government agencies, international police, monetary authorities and similar agencies of foreign countries, for irregularities and violations of any law, rules and regulations that would adversely affect the reputation and integrity of the Director, of the ability to effectively discharge his/her duties. A temporarily disqualified director shall, within sixty (60) business days from such disqualification, take the appropriate action to remedy or correct the disqualification. If he fails or refuses to do so for unjustified reasons, the disqualification shall become permanent.
e. Removal		
(i) Executive Directors	Executive Directors and Non-Executive Directors representing the equity interest of the Government in the Company serve at the pleasure of and may be removed by the President of the Republic of the Philippines anytime.	
(ii) Non-Executive Directors		
(iii) Independent Directors		
f. Re-instatement		
(i) Executive Directors	The President of the Republic of the Philippines has the discretion to re-instate any Director to the PNCC Board representing the equity interest of the government in the Company.	
(ii) Non-Executive Directors		
(iii) Independent Directors		
g. Suspension		
(i) Executive Directors	The Company has not adopted a rule on suspension of Directors.	
(ii) Non-Executive Directors		
(iii) Independent Directors		

Voting Result of the last Annual General Meeting **NO MEETING HELD IN 2015**

Name of Director	Votes Received
N/A	**N/A**

6) Orientation and Education Program

(a) Disclose details of the company's orientation program for new directors, if any.

No new director was appointed in 2015.

(b) State any in-house training and external courses attended by Directors and Senior Management for the past three (3) years: 2013 to 2015

Name of Director/Officer	Date of Training	Program	Name of Training Institution
There is nothing to report.			

(c) Continuing education programs for directors: programs and seminars and roundtables attended during the year. (2015)

Name of Director/Officer	Date of Training	Program	Name of Training Institution
There is nothing to report.			

CODE OF BUSINESS CONDUCT & ETHICS

Business Conduct & Ethics	Directors	Senior Management	Employees
(a) Conflict of Interest	*As provided for in the Company's Revised Manual on Corporate Governance:* • A Director should not use his position to profit or gain some benefit or advantage for himself and/or his related interest. • If an actual or potential conflict of interest may arise on the part of a director, he should fully and immediately disclose it and should not participate in the decision-making process. *As provided for in Section 27.1 of Code of Corporate Governance for GOCCs, GCG Circular Memorandum No. 2012-07:* • Directors and Officers shall at all times avoid any actual or potential conflict of interest with the GOCC. Each shall also avoid any conduct, or situation, which could reasonably be construed as creating an	*As provided for in the company's Codes of Conduct and Employee Discipline:* All employees shall not directly or indirectly participate for their personal gain in any business transaction or contact entered into by the company and shall strictly avoid conflict of interest in the performance of their functions. Conflict of interest is deemed to exist where a PNCC employe has or acquires a financial or other interest of a personal nature in any business enterprise or transaction in which he may be called upon to act (for example, to approve, recommend action, make a study, or make findings of fact) in a manner detrimental to the interest of the company by reason of his personal involvement in such business enterprise or transaction.	

Business Conduct & Ethics	Directors	Senior Management	Employees
	appearance of a conflict of interest. Any question about a Director's or Officer's actual or potential conflict of interest with the GOCC shall be brought promptly to the attention of the Chairman of the Board, who will review the question and determine an appropriate course of action.		
(b) Conduct of Business and Fair Dealings	*As provided for in the Company's Revised Manual on Corporate Governance:* • A director should avoid situations that may compromise his impartiality. • A director should carefully evaluate the issues and, if necessary, make inquiries and request clarification.	*As provided for in the company's Codes of Conduct and Employee Discipline:* • All employees shall remain truthful in dealing with their clients, superiors or subordinates at all times. They must act with justice and sincerity and shall not discriminate anyone. They shall act at all times respect the rights of others, and shall refrain from doing acts contrary to law, good morals, good customs, public policy, public order, public safety and public interest.	
	As provided for in Section 26 of Code of Corporate Governance for GOCCs, GCG Memorandum Circular 2012-07: The fiduciary duty of diligence of Directors and Officers to always act in the best interest of the GOCC, with utmost good faith in all its dealings with the property and monies of the GOCC, includes the obligation to: • Exercise extraordinary diligence, skill and utmost good faith in the conduct of the business and in dealing with the properties of the GOCC, using the utmost diligence of a very cautious person with due regard to all the circumstances; • Apply sound business principles to ensure the financial soundness of the GOCC; and • Elect and/or employ only Officers who are fit and proper to hold such office with due regard to the qualifications, competence, experience and integrity	*As provided for in the company's Codes of Conduct and Employee Discipline:* • Officers and employees shall extend prompt, courteous and adequate service to the company's clients. • The Employee must make truthful representations regarding his rank/position at all times in all his official transactions and must perform any act pertaining to any person in authority in the Company only if he is being officially authorized to do so. • The Employee must observe proper conduct and courtesy and show respect towards his fellow employees, Company visitors, patrons/clients at any time within Company premises.	

Business Conduct & Ethics	Directors	Senior Management	Employees
(c) Receipt of gifts from third parties	*As provided for in Section 26 of Code ofCorporate Governance for GOCCs, GCG Memorandum Circular 2012-07:* *No Gift Policy.* A Director or Officer shall not solicit, nor accept, directly or indirectly, any gift, gratuity, favor, entertainment, loan or anything of monetary value ("Gift") from any person where such Gift: • Would be illegal or in violation of law; • Is part of an attempt or agreement to do anything in return; Has a value beyond what is normal and customary in the GOCC's business; • Is being made to influence the matter of Board's, or Officer's actions as such, or • Could create the appearance of a conflict of interest	*As provided for in the company's Codes of Conduct and Employee Discipline:* The Company prohibits all Employees of the following: • Soliciting or receiving money, gift or anything of value, from any person, personally or through the mediation of another, to perform an act prejudicial to the Company or as a condition for the performance of one's duty. Bribing, or offering money, gift or anything of value to any employee, personally of through mediation of another, to seek or qualify for preference, benefit or favorable condition of employment. Extorting/accepting bribes in cash or in kind from clients for personal gain.	
(d) Compliance with Laws & Regulations	*As provided for in the Company's Revised Manual on Corporate Governance:* • A director shall have a working knowledge of the statutory and regulatory requirements that affect the corporation, including its articles of incorporation and by-laws, the rules and regulations of the Commission and, where applicable, the requirements of relevant regulatory agencies. *As provided for in Section 25 of Code of_Corporate Governance for GOCCs, GCG Memorandum Circular 2012-07:* *Respect for and Obedience to the Constitution and the law.* – As Public Officials, a Director or Officer shall respect and obey the Constitution, and shall comply, and cause the GOCC to faithfully and timely comply, with all legal provisions, rules and regulations, and corporate governance standards, applicable to them and to the GOCC in which they serve, and to act within the bounds of their Charter, Articles of Incorporation and By-laws.	*As provided for in the company's Codes of Conduct and Employee Discipline:* All employees shall at all times respect the rights of others, and shall refrain from doing acts contrary to law, good morals, good customs, public policy, public order, public safety and public interest.	

<table>
<tr><th>Business Conduct & Ethics</th><th>Directors</th><th>Senior Management</th><th>Employees</th></tr>
<tr><td>(e) Respect for Trade Secrets/Use of Non-public Information</td><td>As provided for in the Company's Revised Manual on Corporate Governance:
• A director should keep secure and confidential all non-public information he may acquire or learn by reason of his position as director.
• He should not reveal confidential information to unauthorized persons without the authority of the Board.

As provided for in Section 30 of Code ofCorporate Governance for GOCCs, GCG Memorandum Circular 2012-07: Duty of Confidentiality. Pursuant to their duties of diligence and loyalty, a member of the Board or an Officer shall not use or divulge confidential or classified information officially made known to them by reason of their office and not made available to the public, either: (1) to further their private interests, or give undue advantage to anyone; or (2) which may prejudice the public interest.</td><td colspan="2">As provided for in the company's Codes of Conduct and Employee Discipline:

The Company prohibits all employees from:
• Losing or misplacing Company records or any other documents which cause prejudice to the Company
• Knowingly submitting false, misleading or grossly inaccurate data or information about the work assigned to him as a result of neglect or failure to make proper research or inquiry causing prejudice to Company interest.</td></tr>
<tr><td>(f) Use of Company Funds, Assets and Information</td><td>As provided for in Section 27 of Code of Corporate Governance for GOCCs, GCG Memorandum Circular 2012-07:

The fiduciary duty of loyalty of Directors and Officers to always act in the best interest of the GOCC, with utmost good faith in all its dealings with the property and monies of the GOCC, includes the obligation to:
(a) Act with utmost and undivided loyalty to the GOCC;
(b) Avoid conflicts of interest and declare any interest they may have in any particular matter before the Board; and
Avoid (1) taking for themselves opportunities related to the GOCC's business; (2) using the GOCC's property, information or position for personal gain; or (3) competing with the GOCC's business opportunities.</td><td colspan="2">As provided for in the company's Codes of Conduct and Employee Discipline:

The Employee who is accountable for or is entrusted with the custody, control, handling of company funds must use or appropriate said funds for legal or authorized purposes only.</td></tr>
</table>

Business Conduct & Ethics	Directors	Senior Management	Employees
(g) Employment & Labor Laws & Policies	Not Applicable – No employee – employer relationship	All employees are expected to at all times respect the rights of others, and shall refrain from doing acts contrary to law, good morals, good customs, public policy, public order, public safety and public interest. The company and its senior management and employees must adhere to what is lawful, just, fair and resonalbe in all matters concerning hiring, recruitment, terms and conditions of employment, salaries and wages, working days, hours, promotions, transfers, and other matters relations to the employee and his job. The company, its senior management and its employees should commit to provide safe, healthy and harmonious working conditions, to treat everyone considerately and fairly, to uphold the dignity of the individual, to recognize their importance as an asset to the company and to recognize the employees' constitutional right to organize within legal bounds.	
(h) Disciplinary action	The GCG Code of Governance provides for the bases for disqualification, either permanent or temporary, of directors. It provides for the the bases for removal from office and for suspension. The President of the Philippines, upon the recommendation of the GCG, appoints, re-appoints, suspends and removes directors of the company.	The company prescribes a Code of Ethical Conduct and Personnel Discipline (CCED) to govern ethical behavior and commendable performance of its employees. Any infraction to the CCED will be subjected to thorough investigation by the Local Board, Administrative Board, Special Administrative Board or the Safety Committee, depending on the committed infraction. The same shall be meted with the appropriate penalty/ies in accordance with the company's Code of Discipline.	
(i) Whistle Blower	Any employee or non-employee can file a complaint against anybody in the Company whom he deems to have committed an infraction against himself or the company.		
(j) Conflict Resolution	The current system is to discuss/evaluate issues at the Board level. Failing resolution within the Board, opinion of OGCC/DOJ will be sought.		

1) Has the code of ethics or conduct been disseminated to all directors, senior management and employees?

Yes, the PNCC Code of Conduct and Employee Discipline has been disseminated to all employees as this applies to them. On the other hand, the Revised Manual on Corporate Governance and Code of Corporate Governance for GOCCs – GCG Memorandum Circular No. 2012-07 have been disseminated to all Directors, as these are applicable to them.

2) Discuss how the company implements and monitors compliance with the code of ethics or conduct.

The Code of Conduct and Employee Discipline provides for mechanisms to monitor adherence to the provisions thereof. These include not only the declaration of company principles on expected behavior and conduct on all aspects of corporate activities, but also the clearly defined disciplinary measures on any infraction thereon. The following are also provided for: Jurisdiction of various Administrative Boards, the Procedure to be followed

in Prosecuting Administrative Cases, Provisions on Preventive Suspension and in the Imposition of Penalties. All these have promoted the implementation of the provisions of the Code of Conduct in the company.

3) Related Party Transactions
   (a) Policies and Procedures

Describe the company's policies and procedures for the review, approval or ratification, monitoring and recording of related party transactions between and among the company and its parent, joint ventures, subsidiaries, associates, affiliates, substantial stockholders, officers and directors, including their spouses, children and dependent siblings and parents and of interlocking director relationships of members of the Board.

It is an avowed policy of the Company that all transactions between the Company and Related parties are carried out with integrity and transparency.

Related Party Transactions	Policies and Procedures
(1) Parent Company	The company does not have any parent company, and is in fact the parent company of its various subsidiaries.
(2) Joint Ventures	All joint venture agreements in relation to tollways franchise under P.D. 1894 is approved by the Board of Directors. Any supplemental agreement and/or amendments, or restatements of the existing Joint Venture Agreements are likewise approved by the Board of Directors. The Negotiating Committees were created by the Board to negotiate the terms of the joint venture agreement, which are then submitted to the Board for approval and ratification. Before the agreement is signed by PNCC, this is first referred for review by the Office of Government Corporate Counsel (OGCC), its statutory counsel, prior to signing thereof. The Board of Directors then designates the President and/or the Chairman of the Board to sign, execute and deliver the said agreements and/or amendments, supplements or restatements. All such agreements stipulate that the approval of the President of the Philippines is required to be valid and binding.
(3) Subsidiaries (4) Entities Under Common Control (5) Substantial Stockholders (6) Officers including spouse/children/siblings/parents (7) Directors including spouse/children/siblings/parents (8) Interlocking director relationship of Board of Directors	All other bidded contracts/agreements for projects: - Up to₱500K for approval of the President/CEO - Over₱500Kshall be recommended by President/CEO for approval of the Board - All agreements shall be signed by the President/CEO

(b) Conflict of Interest

(i) Directors/Officers and 5% or more Shareholders

Identify any actual or probable conflict of interest to which directors/officers/5% or more shareholders may be involved.

Related Party Transactions	Details of Conflict of Interest (Actual or Probable)
Name of Director/s	
1. Elpidio C. Jamora, Jr.	**No related party transaction with /among subject directors**
2. Luis F. Sison	
3. Antonio C. Pido	
4. Rosendo T. Capco	
5. Nora O. Vinluan	
6. Cristino L. Panlilio	
7. Rosanna E. Velasco	
8. Elisea G. Gozun	
9. Robert G. Vergara	
10. Tomas C. Alvarez	
11. Tomas C. Falgui II	
12. Toni Angeli V. Coo (*Ex-Officio)*	
Name of Officer/s	
1. Janice Day E. Alejandrino	**No related party transaction with subject officers**
2. Miriam M. Pasetes	
3. Yolanda C. Mortel	
4. Susan R. Vales	
5. Henry B. Salazar	
6. Felix M. Erece, Jr.	
Name of Significant Shareholders	**No known related party transaction with significant shareholders**

(ii) Mechanism

Describe the mechanism laid down to detect, determine and resolve any possible conflict of interest between the company and/or its group and their directors, officers and significant shareholders.

	Directors/Officers/Significant Shareholders
Company	**Regular discussion/resolution of issues that are coming up; Office of Government Corporate Counsel (OGCC), the company's statutory legal counsel and Department of Justice (DOJ) are consulted on issues. However, in cases of unsettled issues, the same are elevated to the DOJ, OGCC, Office of the Solicitor General (OSG) and regular courts as the case may be.**
Group *(This pertains to Directors, officers and significant shareholders)*	

	Directors/Officers/Significant Shareholders
Company Group *(This pertains to Directors, officers and significant shareholders)*	**In compliance with disclosure requirements of related accounting standards and the Securities Regulation Code reporting requirements, we properly disclose to the public all material information, through detailed disclosures provided in the related Notes to financial statements (Note 30. Related Party Transactions) and Sec Form 17-A, Annual Report.**

4) Family, Commercial and Contractual Relations

(a) Indicate, if applicable, any relation of a family,[3] commercial, contractual or business nature that exists between the holders of significant equity (5% or more), to the extent that they are known to the company:

Names of Related Significant Shareholders	Type of Relationship	Brief Description of the Relationship
There is nothing to report.		

(b) Indicate, if applicable, any relation of a commercial, contractual or business nature that exists between the holders of significant equity (5% or more) and the company:

Names of Related Significant Shareholders	Type of Relationship	Brief Description
There is nothing to report.		

(c) Indicate any shareholder agreements that may impact on the control, ownership and strategic direction of the company:

Name of Shareholders	% of Capital Stock affected (Parties)	Brief Description of the Transaction
The Company is not aware of any person holding more than 5% of the shares of the Company under a voting trust or similar agreement which may result in a change in control of the Company.		

5) Alternative Dispute Resolution

Describe the alternative dispute resolution system adopted by the company for the last three (3) years in amicably settling conflicts or differences between the corporation and its stockholders, and the corporation and third parties, including regulatory authorities.

	Alternative Dispute Resolution System
Corporation & Stockholders	The Board of Directors shall establish an alternative dispute resolution system in the corporation that can amicably settle conflicts or differences between the corporation and its stockholders, and the corporation and third parties, including the regulatory authorities. *Article 3.4.2.11 of Revised Manual on Corporate Governance*
Corporation & Third Parties	
Corporation & Regulatory Authorities	

[3] Family relationship up to the fourth civil degree either by consanguinity or affinity.

B. BOARD MEETINGS& ATTENDANCE

1) Are Board of Directors' meetings scheduled before or at the beginning of the year?

   YES

2) Attendance of Directors

Board	Name	Date of Election	No. of Meetings Held during the year	No. of Meetings Attended	%
Chairman	Elpidio C. Jamora, Jr.	09/30/2013	17	17	100%
Member	Luis F. Sison	01/11/2011	17	15	88.24%
Member	Tomas C. Alvarez	01/11/2011	17	17	100%
Member	Rosendo T. Capco	01/11/2011	17	17	100%
Member	Tomas C. Falgui, II	10/08/2013	17	8	47.06%
Member	Elisea G. Gozun	10/14/2013	17	11	64.71%
Member	Cristino L. Panlilio	09/30/2013	17	12	70.59%
Member	Antonio C. Pido	01/11/2011	17	10	58.82%
Member	Rosanna E. Velasco	09/30/2013	17	14	82.35%
Member	Robert G. Vergara	10/14/2013	17	6	35.29%
Member	Nora O. Vinluan	01/11/2011	17	16	94.12%
Ex-Officio	Toni Angeli V. Coo	01/20/2014	17	8	47.06%

3) Do non-executive directors have a separate meeting during the year without the presence of any executive? If yes, how many times? **NO**

4) Is the minimum quorum requirement for Board decisions set at two-thirds of board members? Please explain.

   No. As provided for in Section 5.07 of Corporation's By-Laws, "A majority of the Directors shall constitute a quorum at any meeting but if less, the meeting may be adjourned from time to time, and the meeting may be continued as adjourned without further notice; unless a quorum is constituted at the meeting, no business may be transacted."

5) Access to Information

   (a) How many days in advance are board papers[4] for board of directors meetings provided to the board? **At least 3 days before the actual meeting**

   (b) Do board members have independent access to Management and the Corporate Secretary? **YES.**

   (c) State the policy of the role of the company secretary. Does such role include assisting the Chairman in preparing the board agenda, facilitating training of directors, keeping directors updated regarding any relevant statutory and regulatory changes, etc?

   As stated in Section 7.08 of the Corporation's By-Laws, the Corporate Secretary shall have the following powers and duties:

   1) **He shall keep accurate minutes of all meetings of the stockholders of the Board, and of the Executive Committee, and shall attend tothe giving of all notices required by the By-Laws to be given.**
   2) **He shall be the custodian of the corporate seal, stock certificate books, stock and transfer books,**

[4] Board papers consist of complete and adequate information about the matters to be taken in the board meeting. Information includes the background or explanation on matters brought before the Board, disclosures, budgets, forecasts and internal financial documents.

records, documents, and papers of the Corporation, prepare ballots for the annual elections and keep a complete and up-to-date list of the stockholders and their addresses

The Revised Manual on Corporate Governance enumerates the following responsibilities of the Corporate Secretary:

1) **Be responsible for the safekeeping and preservation of the integrity of the minutes of the meetings of the Board and its committees, as well as the other official records of the corporation;**
2) **Be loyal to the mission, vision and objectives of the corporation;**
3) **Work fairly and objectively with the Board, Management and stockholders and stakeholders;**
4) **Have appropriate administrative and interpersonal skills;**
5) **If he is not at the same time the corporation's legal counsel, be aware of the laws, rules and regulations necessary in the performance of his duties and responsibilities;**
6) **Have a working knowledge of the operations of the corporation;**
7) **Inform members of the Board of the agenda of their meetings and ensure that the members have before them accurate information that will enable them to arrive at intelligent decisions on matters that require their approval;**
8) **Attend all Board meetings, except when justifiable causes, such as illness, death in the immediate family and serious accidents, prevent him from doing so;**
9) **Ensure that all Board procedures, rules and regulations are strictly followed by members;**
10) **If he is also the Compliance Officer, perform all the duties and responsibilities of the said officer as provided for in this Code; and**
11) **Submit to the Commission, on of before January 30 of the following year, a sworn certification about the directors' record of attendance in Board meetings. The certification may be submitted through SEC Form 17-C in a separate filing.**

The Code of Corporate Governance for GOCCs provides the following responsibilities of the Corporate Secretary:

1) **Serve as an adviser to the Board Members on their responsibilities and obligations;**
2) **Keep the minutes of meetings of the shareholders, the Board, the Executive Committee, and all other committees in a book or books kept for that purpose, and furnish copies thereof to the Chairman, the CEO and other members of the Board as appropriate;**
3) **Keep in safe custody the seal of the GOCC and affix it to any instrument requiring the same;**
4) **For stock GOCCs, have charge of the stock certificate book and such other books and papers as the Board may direct;**
5) **Attend to the giving and serving of notices of Board and shareholder meetings, if applicable;**
6) **Be fully informed and be part of the scheduling process of other activities of the Board;**
7) **Receive instructions from the Chairman on the preparation of an annual schedule, the calling of Board meetings, the preparation of regular agenda for meetings, and notifying the Board of such agenda at every meeting;**
8) **Oversee the adequate flow of information to the Board prior to meetings; and**
9) **Ensure fulfillment of disclosure requirements to regulatory bodies.**

(d) Is the company secretary trained in legal, accountancy or company secretarial practices? Please explain should the answer be in the negative.

YES

(e) Committee Procedures

Disclose whether there is a procedure that Directors can avail of to enable them to get information necessary to be able to prepare in advance for the meetings of different committees:

Yes [X] No [ ]

<table>
<tr><th>Committee</th><th>Details of the procedures</th></tr>
<tr><td>Executive</td><td rowspan="5">1. For information that may require preparation for such, a Director may directly write the concerned personnel through the President;
2. Request for a copy of documents, a Director may fill-out the Document Request Form for the release of needed documents.</td></tr>
<tr><td>Audit</td></tr>
<tr><td>Nomination</td></tr>
<tr><td>Remuneration</td></tr>
<tr><td>Others (specify)</td></tr>
</table>

6) External Advice

Indicate whether or not a procedure exists whereby directors can receive external advice and, if so, provide details:

Generally, the members, either individually or as a Board, in furtherance of their duties and responsibilities, may access independent professional advice at the company's expense, subject to the approval of the Board of Directors.

Procedures	Details
Seek legal advice/opinion	Refer to the Office of the Government Corporate Counsel for advice and guidance on possible legality or implications
Seek independent opinion on financial matters and related regulatory concerns	Refer to the external auditors for proper guidance on the correct accounting treatment and other financial statement disclosure requirements

Change/s in existing policies

Existing Policies	Changes	Reason
NONE	**NONE**	**NONE**

C. REMUNERATION MATTERS

1) Remuneration Process

<table>
<tr><th>Process</th><th>CEO</th><th>Top 4 Highest Paid Management Officers</th></tr>
<tr><td>(1) Fixed remuneration</td><td colspan="2" rowspan="2">Board Approval</td></tr>
<tr><td>(2) Variable remuneration</td></tr>
<tr><td>(3) Per diem allowance</td><td>N/A</td><td>N/A</td></tr>
<tr><td>(4) Bonus</td><td colspan="2" rowspan="3">Board Approval</td></tr>
<tr><td>(5) Stock Options and other financial instruments</td></tr>
<tr><td>(6) Others (specify)</td></tr>
</table>

2) Remuneration Policy and Structure for Executive and Non-Executive Directors

	Remuneration Policy	Structure of Compensation Packages	How Compensation is Calculated
Executive Directors	Follows Company's salary structure and benefit packages	Compensation / salary package is composed of basic salary pay plus allowances.	Directors who assume executive positions follow the salary structure in place for corresponding positions.
Executive Directors, Non-Executive Directors	The Board adopts and complies with Executive (E.O.) 24, series of 2011, prescribing rules to govern the compensation of members of the board of directors.	Effective 01 June 2013, the Governance Commission for Government Owned or Controlled Corporation (GOCC), in its letter dated 27 May 2013 determined PNCC to be under classification "D". The entitlement of the members of the Board of Directors for actual attendance of meeting are as follows: Board Meetings: **₽10,000.00** per meeting but not to exceed the maximum annual amount of **₽240,000.00** Committee meetings: **₽6,000.00** per meeting but not to exceed the maximum annual amount of **₽144,000.00**	
		Effective April 20, 2015, the Board resolved to amend the previous resolutions on the matter of Directors' reimbursable representation, transportation and communication expenses, as follows: Transportation & Gasoline Allowance **₽1,000.00** per meeting but not to exceed **₽60,000** per per year subject to submission of receipts Communication Allowance **₽2,000.00** per month but not to exceed **₽24,000** per annum subject to submission of telephone /cellphone bills or receipts for cellphone loads	

Do stockholders have the opportunity to approve the decision on total remuneration (fees, allowances, benefits-in-kind and other emoluments) of board of directors? Provide details for the last three (3) years.

NO. The Company has not held any stockholders' meeting for the last three years. To govern director's compensation, the Board adopted Executive Order no. 24, series of 2011.

Remuneration Scheme	Date of Stockholders' Approval
NO	**No stockholder's meeting was held for the last three years**

3) Aggregate Remuneration

Complete the following table on the aggregate remuneration accrued during the most recent year:

Remuneration Item	Executive Directors	Non-Executive Directors (other than independent directors)	Independent Directors
(a) Fixed Remuneration	**₽4,504,356.00**	**N/A**	**N/A**
(b) Variable Remuneration	**N/A**	**N/A**	**N/A**
(c) Per diem Allowance	**₽192,000.00**	**₽1,786,000.00**	**N/A**
(d) Bonuses	**₽385,363.00**	**N/A**	**N/A**
(e) Stock Options and/or other financial instruments	**N/A**	**N/A**	**N/A**
(f) Others (Specify) Gas & Driver Allowance	**N/A**	**N/A**	**N/A**
Total	**₽5,081,719.00**	**₽1,786,000.00**	**N/A**

Other Benefits	Executive Directors	Non-Executive Director (other than independent directors)	Independent Directors
(a) Advances	**N/A**	**N/A**	**N/A**
(b) Credit granted	**N/A**	**N/A**	**N/A**
(c) Pension Plan/sContributions	**N/A**	**N/A**	**N/A**
(d) Pension Plans, Obligationsincurred	**N/A**	**N/A**	**N/A**
(e) Accident / Life Insurance Premium	**N/A**	**N/A**	**N/A**
(f) Hospitalization Plan (HMO)	**₽18,284.00**	**₽54,864.00**	**N/A**
(g) Car Plan	**N/A**	**N/A**	**N/A**
(h) Others (Specify) Reimbursables: Representation Transportation Communication Rice Subsidy Clothing Allowance	 **₽8,142.56** **₽311,305.87** **₽73,307.42** **₽18,000.00** **₽5,000.00**	**₽440,771.98** **₽39,090.84**	**N/A**
Total	**₽434,040.49**	**₽534,666.83**	

(d) Stock Rights, Options and Warrants

(a) Board of Directors

Director's Name	Number of Direct Option/Rights/ Warrants	Number of Indirect Option/Rights/ Warrants	Number of Equivalent Shares	Total % from Capital Stock
N/A	**N/A**	**N/A**	**N/A**	**N/A**

(b) Amendments of Incentive Programs

Incentive Program	Amendments	Date of Stockholders' Approval
N/A	**N/A**	**N/A**

(e) Remuneration of Management

Identify the five (5) members of management who are not at the same time executive directors and indicate the total remuneration received during the financial year:

Name of Officer/Position	Total Remuneration
Senior Management as a group (Senior Vice President, Vice President and Assistant Vice President)*	**₱9,016,765.28**

**includes the following officers:*
1. Janice Day E. Alejandrino
2. Yolanda C. Mortel
3. Miriam M. Pasetes
4. Susan R. Vales
5. Felix M. Erece

D. BOARD COMMITTEES

1) Number of Members, Functions and Responsibilities

Provide details on the number of members of each committee, its functions, key responsibilities and the power/authority delegated to it by the Board: **Refer to Annex "A"**

2) Committee Members

(a) Executive Committee

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman	**The Company has not set up an Executive Committee starting 2013. Specific board committees are already in place with their respective oversight role on key business areas and each reporting to the Board on significant matters arising from their respective areas of responsibility.**					
Member (ED)						
Member						

(b) Audit & Finance Committee

Office	Name	Date of Appointment	No. of Meetings Held*	No. of Meetings Attended	%	Length of Service in the Committee
Audit Committee (July 21, 2014 to June 14, 2015)						
Chairman	Rosanna E. Velasco	11/20/2013	12	12	100%	2
Member (NED)	Tomas C. Alvarez	01/11/2011	12	8	66.7%	4
	Nora O. Vinluan	01/11/2011	12	11	91.6%	4
Member (Ex-officio)	Luis F. Sison	01/11/2011	12	1	8.3%	4
	Elpidio E. Jamora, Jr.	11/20/2013	12	7	58.3%	2
Audit Committee (June 15, 2015 to October 25, 2015)						
Chairman	Tomas C. Alvarez	01/11/2011	Refer to above matrix			4
Member (NED)	Rosanna E. Velasco	11/20/2013				2
	Nora O. Vinluan	01/11/2011				4
Member (Ex-officio)	Luis F. Sison	01/11/2011				4
	Elpidio E. Jamora, Jr.	11/20/2013				2
Audit Committee (October 26, 2015 to present)						
Chairman	Rosanna E. Velasco	11/20/2013	Refer to above matrix			2
Member (NED)	Tomas C. Alvarez	01/11/2011				4
	Nora O. Vinluan	01/11/2011				4
Member (Ex-officio)	Luis F. Sison	01/11/2011				4
	Elpidio E. Jamora, Jr.	11/20/2013				2
*Covered period January 1, 2015 to December 31, 2015						

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Finance Committee (July 21, 2014 to present)						
Chairman	Cristino L. Panlilio	11/20/2013	7	7	100%	2
Member (NED)	Rosendo T. Capco	07/21/2014	7	7	100%	2
	Toni Angeli V. Coo	07/21/2014	7	5	71.4%	2
Member (Ex-officio)	Luis F. Sison	01/11/2011	7	0	0%	4
	Elpidio E. Jamora, Jr.	11/20/2013	7	1	14.2%	2

PROFILE OF THE AUDIT COMMITTEE MEMBERS

ROSANNA E. VELASCO
Director since September 30, 2013 and Chairman of Audit Committee since November 20, 2013, member of Finance Committee since November 20, 2013 until July 21,2014

Ms. Velasco served as the Academics and Programs Director of the center for Autism and Related Disorders Phils. – Professionals for Autism Foundation, Inc. from May 2005 – May 2007 and November 2012 until today, respectively. Ms. Velasco is the owner of RME Publishing since September 12, 2012, and is serving as Director of Inteleconsult Corp. starting June 2011. She was engaged as Senior Consultant in the Corporate Achievers Institute fro May 2010 until November 2012. She completed the degree of Bachelor of Science in Commerce, Major in Accounting, Minor in Management of Financial Institutions in 1979 and is a candidate for the degree of Masters in Education – Special Education at the De La Salle University.

TOMAS C. ALVAREZ
Director since January 2011 to present, Chairman of Audit Committee since January 2011 until November 2013 and remains as member of the Audit Committee until present

Mr. Alvarez has been the Chief Financial Officer of Seafront Resources Corp. from 1992-94. He served in various capacities in the SGV & Co. starting in 1958 as a member of an audit team. He then served as the Branch Manager of SGV Iloilo starting 1964, was assigned to SGV Bangkok from 1970-1980 & retired in 1989 as head of the SGV Philippine Branches. He served as a Consultant to the Columbian Motors Group of Companies from 1995-2009. He earned his Bachelor of Science degree, major in Accounting from the University of San Jose–Recoletos in 1957 & passed the CPA Board in 1958.

NORA S. VINLUAN
Director, January 2011 to present

Ms. Vinluan is a Trustee of the Multi-Saving and Loan Association, the Vice-Chairman of the Schuylkill Assets Strategists, the Executive Vice-President of the Asset Custody & Resolution Managers, Inc. She was Consultant to the Philippine Bank of Communications (2003-2005), Eastern Telecommunications Philippines, Inc. (1999-2002), & Hydro-Resources Contractors, Inc. (1985-1986) & was the Treasurer & Vice President for Finance of the Construction & Development Corp. of the Philippines (now PNCC) from 1980-1986. She obtained her degree in Bachelor of Science in Business Administration, *Cum Laude,* from the University of the Philippines in 1961 & her Master of Arts (Economics) from Syracuse University in 1965.

PROFILE OF THE FINANCE COMMITTEE MEMBERS

CRISTINO L. PANLILIO
Director since September 30, 2013 and Chairman of Finance Committee since November 20, 2013
member of Audit Committee since November 20, 2013 until July 21,2014

Mr. Panlilio served as Undersecretary of the Department of Trade and Industry until January 30, 2013, handling the Board of Investments, Bureau of Export Trade Promotion, Center for International Trade Expositions and Missions, Foreigh Trade Service Corps., Garments & Textile Industry Development Office, Philippine International Trading Corporation and the Philippine Trade Training Center. He earned his AB Economics & Master in Business Adminsitration degrees from the Ateneo de Manila University in 1973 and 1981, respectively. He also completed in 1984 the Advance Management Program from the Wharton School of Finance.

ROSENDO T. CAPCO
Director, January 2011 to present

Mr. Capco has served as President of the Integrated Bar of the Philippines (IBP), Rizal Chapter, & as Chairman of the IBP-Rizal Legal Aid Program for Poor Litigants in 1999-2000. He also served as Chairman of the Metro Manila Local Amnesty Board in 1999-2001. He was elected twice as Mayor of the Municipality of Pateros – for terms 2001-2004 & 2004-2007. He is presently a Managing Partner of the Capco, Campanilla & Santos Law Firm. He earned his B.S. Business Administration degree in 1972 & his Bachelor of Laws degree in 1977 from the University of the East. He passed the Philippine Bar in the 1978.

TONI ANGELI V. COO
Ex-Officio Director, January 20, 2014 to present
Ms. Coo was an Associate of Lim and Leynes Law Offices from 2007 to 2010 and of Roque and Butuyan Law Offices from 2011 to 2012. She served as a Legal Counsel for Privatization and Management Office from January 2012 to July 2013 and as its Deputy Privatization Officer (DPO) for PMO's Marketing from August 2013 to present and DPO for Legal Division from August to November 2013. She became PMO's Officer in Charge of Office of the Chief Privatization Office from November 2013 to April 2015, then as Chief Privatization Officer starting May 2015 until today. She earned her Bachelor of Laws degree from the University of the Philippines in 2006 and her Bachelor of Arts major in Social Sciences from Ateneo de Manila University in 2002. She passed the Philippine Bar in 2007.

PROFILE OF THE AUDIT & FINANCE COMMITTEE EX-OFFICIO MEMBERS

LUIS F. SISON
President/Director, January 2011 to present
Mr. Sison was the Chairman of the Philippine Retirement Authority from August 1992 up to June 10, 1998. He served as Presidential Assistant for Legal & Judicial Affairs, with the rank of Undersecretary, in the Office of the President from July 15, 1992 until June 30, 1998. He served as Chairman & President of PNCC from March 2001 until June 2002 & as its President from June 2002 until October 2002, and again, from January 11, 2011 until today. He earned his B.S. Political Science degree in 1963 & his Bachelor of Laws degree from the Ateneo de Manila University in 1967. He passed the Philippine Bar in the same year.

ELPIDIO C. JAMORA, JR.
Chairman of the Board of Directors since September 30, 2013 to present
MR. Jamora is the President of Epsilon Maritime Services, Inc., CamnorteEzone Realty, Inc., Impress Land, Inc. and Bandera Realty, Inc. He serves as Director of Himawari International Promotion, Inc., Indo Phil Acrylic Mfg. Corp., Indo Pil Cotton Mills, Inc., Mahaveer Philippine Foundation, Inc. and Exquisite Focus, Inc. He is a Managing partner and Founding Member of Carag, Jamora, Somera & Villareal Law Offices. He earned his Bachelor of Arts, major in Political Science degree, from the Lyceum of the Philippines in 1977. He earned his Bachelor of Laws degree from the University of the Philippines in 1982.

Audit Committee's responsibility relative to the external auditors

The Audit Committee shall endorse to the Board the financial statements audited by COA.

(c) Nomination Committee

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
N/A	**N/A**					

(d) Remuneration/Compensation Committee

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman	Tomas C. FalguiIl	01/20/2014	0	0		1yr
Member (NED)	Elisea G. Gozun	01/20/2014	0	0		1yr
	Rosendo T. Capco	01/20/2014	0	0		1yr
Ex-officio	Toni Angeli V. Coo	01/20/2014	0	0		1yr

(e) Others
Provide the same information on all other committees constituted by the Board of Directors:

Legal Committee

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman	Antonio C. Pido	01/11/2011	5	5	100%	4 yrs
Member (NED)	Rosendo T. Capco	01/11/2011	5	5	100%	4yrs
Member (Ex-Officio)	Luis F. Sison	01/11/2011	5	4	80%	4yrs
	Elpidio C. Jamora, Jr.	09/30/2013	5	5	100%	2 yrs

Special Committee

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman	Tomas C. Alvarez	05/18/2015	2	2	100%	0 yr
Member	Luis F. Sison	05/18/2015	2	2	100%	0 yr
	Elpidio C. Jamora, Jr.	05/18/2015	2	2	100%	0 yr

Investigation Committee

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman	Nora O. Vinluan	11/10/2014	1	1	100%	1 yr
Member (NED)	Rosendo T. Capco	11/10/2014	1	1	100%	1 yr
	Antonio C. Pido	11/10/2014	1	1	100%	1 yr
	Tomas C. Falgui II	11/10/2014	1	1	100%	1 yr

PAN (Performance Agreement Negotiation) Committee

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman	Nora O. Vinluan		4	3	75%	0 yr
Member (NED)	Rosanna E. Velasco		4	4	100%	0 yr
	Elisea G. Gozun		4	2	50%	0 yr
Member (Ex-Officio)	Elpidio C. Jamora, Jr.		4	3	75%	0 yr

3) Changes in Committee Members

Indicate any changes in committee membership that occurred during the year and the reason for the changes:

Name of Committee	Name	Reason
Executive	**N/A**	**N/A**
Audit	**N/A**	**N/A**
Finance	**N/A**	**N/A**
Nomination	**N/A**	**N/A**
Remuneration	**N/A**	**N/A**
Others (specify)		

4) Work Done and Issues Addressed

Describe the work done by each committee and the significant issues addressed during the year.

REFERTO ANNEX "B"

5) Committee Program

Provide a list of programs that each committee planstoundertake to address relevant issues in the improvement or enforcement of effective governance for the coming year.

REFERTO ANNEX "C"

E. RISK MANAGEMENT SYSTEM

1) **The incumbent Board does not have a Risk Management Committee. However, the Audit Committee's function already includes the assessment and management of enterprise risks. As provided for in Section 16.3 of Code of Corporate Governance for the GOCC sector, it does not preclude the Governing Board of the GOCC from combining the functions of the committees into such combinations that will best serve the interest of the GOCC.**

2) Risk Policy

(a) Company

Give a general description of the company's risk management policy, setting out and assessing the risk/s covered by the system (ranked according to priority), along with the objective behind the policy for each kind of risk:

The main risk arising from the Company's financial instruments is liquidity risk. The Board of Directors and management review and approve the policies for managing this risk.

Risk Exposure	Risk Management Policy & Objectives
Liquidity Risk	**The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of cash and short-term deposits. The Company also monitors its risk to shortage of funds through monthly evaluation of the projected and actual cash flow information.**

(b) Group

Give a general description of the Group's risk management policy, setting out and assessing the risk/s covered by the system (ranked according to priority), along with the objective behind the policy for each kind of risk:

Risk Exposure	Risk Management Policy	Objective
This is not applicable since the Company has no identified Group.		

(c) Minority Shareholders

Indicate the principal risk of the exercise of controlling shareholders' voting power.

Risk to Minority Shareholders
There is nothing to report.

3) Control System Set Up

a. Company

Risk Exposure	Risk Assessment (Monitoring and Measurement Process)	Risk Management and Control (Structures, Procedures, Actions Taken)
Liquidity Risk	**Monitors its risk to shortage of funds through monthly evaluation of the projected and actual cash flow information**	**Coordinates with appropriate Board Committee should any matter relating to this be referred ti them by Management for policy formulation and implementation by Management.**

b. Group

Risk Exposure	Risk Assessment (Monitoring and Measurement Process)	Risk Management and Control (Structures, Procedures, Actions Taken)
There is nothing to report.		

c. Committee

Identify the committee or any other body of corporate governance in charge of laying down and supervising these control mechanism, and give details of its functions:

Committee/Unit	Control Mechanism	Details of its Functions
Audit and Finance Committee	**Assists the Board in the development and oversight of the company's risk management program**	**Generally oversees the risk management process to be an integral part of planning and operations of the Company to meet corporate goals and objectives**
	Assists the Board in fulfilling its oversight responsibilities for financial reporting process, system of internal control, audit process	**Responsible for recommending the report of external auditors to the Board; monitor the system of internal controls**

F. INTERNAL AUDIT AND CONTROL

1) Internal Control System

(a) **While policies are set by the Board, Management is primarily responsible for the implementation and maintenance of the internal control system of the Company. The Board through its Audit Committee oversees the actions of Management and monitors the effectiveness of the Internal Control System put in place. Recommendations are provided by Management and/or the Board, and in some cases by the External Auditor – Commission on Audit (COA) to address certain issues and concerns of the Company.**

(b) **The Board established an internal audit system that can reasonably assure the Board, Management and stockholders that the company's key organizational and operational controls are faithfully complied with, effective and adequate.**

(c) **Period covered by the review –year 2015;**

(d) **The Board reviews the internal controls on a yearly basis.**

2) Internal Audit

(a) Role, Scope and Internal Audit Function

Role	Scope	Indicate whether In-house or Outsource Internal Audit Function	Name of Chief Internal Auditor/Auditing Firm	Reporting process
Provides reliable and timely analysis, appraisals, recommendations and pertinent comments on the conformance / compliance of financial and business operations to established laws, norms, controls, rules and regulations to determine their integrity, effectivity and efficiency	• Compliance with established prevailing government policies, plans, procedures, rules and regulations • Corporate assets and other resources • Reliability and integrity of the financial and operating information	No Internal Auditor has been appointed to date		Submits report to the Audit Committee for their review and recommends resolution

(b) Do the appointment and/or removal of the Internal Auditor or the accounting /auditing firm or corporation to which the internal audit function is outsourced require the approval of the audit committee?
YES

(c) **The Board has established and identified the reporting line of the Internal Auditor to enable him to properly fulfill his duties and responsibilities. He shall functionally report directly to the Audit Committee. The Audit Committee shall ensure that, in the performance of the work of the Internal Auditor, he shall be free from interference by outside parties.**

(d) Resignation, Re-assignment and Reasons

Name of Audit Staff	Reason
N/A	**N/A**

(e) Progress against Plans, Issues, Findings and Examination Trends

State the internal audit's progress against plans, significant issues, significant findings and examination trends.

Progress Against Plans	**Whenever applicable, the company adopts audit recommendations on issues and findings by the Commission on Audit, since no Internal Auditor has been appointed to date.**
Issues[5]	
Findings[6]	
Examination Trends	

[5]"Issues" are compliance matters that arise from adopting different interpretations.
[6]"Findings" are those with concrete basis under the company's policies and rules.

(f) Audit Control Policies and Procedures

Disclose all internal audit controls, policies and procedures that have been established by the company and the result of an assessment as to whether the established controls, policies and procedures have been implemented under the column "Implementation."

<table>
<tr><th>Policies & Procedures</th><th>Implementation</th></tr>
<tr><td>Manages activities to ascertain the extent of compliance with established prevailing government policies, plans, procedures, rules and regulations</td><td rowspan="5">Whenever applicable, the company adopts audit recommendations on issues and findings by the Commission on Audit, since no Internal Auditor has been appointed to date.</td></tr>
<tr><td>Ascertains the extent to which assets and other resources of the company are properly accounted for and safeguarded from loss or abuse</td></tr>
<tr><td>Reviews the degree of reliability and integrity of the financial and operating information developed within the company</td></tr>
<tr><td>Appraising the economy and efficiency with which company resources are employed and develops / recommend effective controls at reasonable costs</td></tr>
<tr><td>Reviewing the operations and programs to ascertain whether results consistent with established management objectives and whether the operations or programs are being carried out as planned</td></tr>
</table>

(g) Mechanisms and Safeguards

State the mechanism established by the company to safeguard the independence of the auditors, financial analysts, investment banks and rating agencies (example, restrictions on trading in the company's shares and imposition of internal approval procedures for these transactions, limitation on the non-audit services that an external auditor may provide to the company):

<table>
<tr><th>Auditors
(Internal and External)</th><th>Financial Analysts</th><th>Investment Banks</th><th>Rating Agencies</th></tr>
<tr><td colspan="4">As a GOCC, the financial statements of PNCC is statutorily mandated to be audited by COA. PNCC does not engage the service of Financial Analysts and Investment Banks. Trading of the Company's shares in the Philipine Stock Exchange has been suspended since May 2008.</td></tr>
</table>

(h) Chairman Elpidio C. Jamora, Jr. and President Luis F. Sison are the officers who will have to attest to the company's full compliance with the SEC Code of Corporate Governance.

G. ROLE OF STAKEHOLDERS

1) **Company's policy and activities relative to the following:**

	Policy	Activities
Customers' welfare	The PHILIPPINE NATIONAL CONSTRUCTION CORPORATION is committed to provide full client satisfaction through quality, safe and timely completion of infrastructure projects, delivery of products and services, and to operate its tollway system by providing safe and convenient travel for its users.	Continuously adopt an effective and efficient quality management system.
	Section 37 of Code of Corporate Governance for GOCCs – GCG Memorandum Circular 2012-07 provides: Integrity and honesty in dealings with customers is necessary for a successful and sustained business relationship. Every GOCC should operate a highly effective and efficient organization, focused on meeting customer objectives with the aim of providing services which give fair value and consistent quality, reliability and safety in return for the price paid for the same. GOCCs should operate policies of continuous improvement, of both processes and the skills of the staff, to take best advantage of advances in all aspect of society in order to ensure that it continues to add value to its customers' businesses.	Strong lines of communication with customers through email, comments/suggestions link in the company's website
Supplier/contractor selection practice	The selection/accreditation of supplier/contractors/sub-contractors is necessary to ensure the development of a pool of competent supplier/ contractors/ sub-contractors for all types of work that may be undertaken / subcontracted by the company.	Periodic revalidation of previously accredited contractors/subcontractors to ensure the maintenance of the contractors/subcontractors' pool.
	Section 38 of Code of Corporate Governance for GOCCs – GCG Memorandum Circular 2012-07 provides: As with other relationships with the Stakeholders, GOCCs should aim to develop relationships and improve networking with business partners and suppliers, the best combination of state-of-the-art technology and world class service, strong customer relations and deep industry knowledge and experience, together with the capacity to implement and deliver value-added solutions on time and within budget.	

	Policy	Activities
Environmentally friendly value-chain	The company's efforts are focused on its assistance with other government agencies and local government unit programs	The company participates in other government agencies and local government units related projects undertaken from time to time through donations, sponsorship.
Community interaction		
Anti-corruption programmes and procedures?	The Company does not condone any dishonest, unethical or unprofessional behavior and actions displayed by an employee, regardless of his/her level of authority. It is the responsibility of each employee to report legitimate concerns so that issues can be properly investigated or resolved and corrective measures can be instituted. These concerns may involve commission of fraud, teft or corruption, unauthorized use of Company funds and properties.	Concerns may be raised in writing to the (Human Resource) Asset Management and Administration Division while concerns involving the APMD (HRAD) head should be raised to the President and CEO while complaints concerning the President and CEO shall be raised to the Chairman of the Board of Directors. Management shall maintain the confidentiality of the all the concerns or complaints raised and the anonymity of the person makng the complaint to the fullest extent.
Safeguarding creditors' rights	The company manages its cash and investment position to meet its obligations arising from its operations and other financial liabilities.	The company's excess cash is invested in high yield savings account and special savings account. All valid claims are settled judiciously as aprt of the company's commitment to its clients.

2) **The company has no separate corporate responsibility (CR) report/section or sustainability report/section since the suspension of operations of PNCC Foundation, Inc., the corporate responsibility arm of the company.**

3) Performance-enhancing mechanisms for employee participation.

(b) Company's policy for its employees' safety, health, and welfare

PNCC commits to safeguard the safety and health of its employees, contractors and the general public and to preserve the environment in undertaking its operations and activities.

(c) Data relating to health, safety and welfare of its employees

ACTIVITIES		INCLUSIVE DATES
1.	Formation of Fire/Earthquake Emergency Brigade	January 10, 2015
2.	Formation of Corporate Safety, Health and Environment Committee	January 20, 2015
3.	1st CSHEC Meeting	January 27, 2015
4.	Issuance of Anti-Smoking and Alcohol Free Work Free Policies	February 12, 2015
5	2nd CSHEC Meeting	February 25, 2015
6.	Creation of Committee on Decorum and Investigation	March 3, 2015
7.	Issuance of Fire Prevention and Fire Safety Guidelines	March 9, 2015
8.	Orientation for Fire/Emergency Brigade	March 19, 2015
9.	Electrical Inspection of the entire premises by General Services Dept.	March 23, 2015
10.	3rd CSHEC Meeting	March 24, 2015
11.	Heavy Equipment Inspection	March 31, 2015
12.	4th CSHEC Meeting	April 28, 2015
13.	Submission of Report of Safety Organization to MUNTAPARLAS-DOLE	May 4, 2015
14.	Submission of Annual Work Accident/Illness Exposure Data Report to MUNTAPARLAS-DOLE	May 4, 2015
15.	PHIVOCS Warning on Mega-Quake	May 18, 2015
16.	5th CSHEC Meeting	May 27, 2015
17.	6th CSHEC Meeting	June 30, 2015
18.	7th CSHEC Meeting	July 23, 2015
19.	Metro Drill Shake	July 30, 2015
20.	Basic Occupation Safety and Health Seminar	July 20 – 24, 2015
21.	Secured Fire Inspection Certificate from Bureau of Fire Propection	July 31, 2015
22.	Request for Floods, Typhoons and Other Emergency Requisites	August 25, 2015
23.	8th CSHEC Meeting	August 25, 2015
24.	Issuance of Vehicular and Traffic Safety Reminders	September 9, 2015
25.	9th CSHEC Meeting	September 30, 2015
26.	Submission of Vehicular and Traffic Safety Reminders to DOLE	September 30, 2015
27.	Accreditation by Safety Officer as Occupational Safety and Health Practitioner from DOLE	October 2, 2015
28.	Creation of Safety Officer of the Week	October 19, 2015
29.	10th CSHEC Meeting	October 15, 2015
30.	Issuance of Safety and Security Reminders to SOMCO based employees	December 1, 2015
31.	Issuance of Electrical Safety Reminders to SOMCO based employees	December 3, 2015
32.	Issuance of Safety in the Shop SOMCO based employees	December 7, 2015
33.	11th CSHEC Meeting	December 8, 2015
34.	Issuance of Safety Reminders and other safety policies to PHILPHOS based employees	December 15, 2015
35.	Seminar on SHE and Code of Employee Discipline to PHILPHOS based employees	December 15-16, 2015

(d) **The company has no provision in the Corporate Operating Budget for the year 2015 for training**. Attendance in training has been on a case by case basis, and as required by relevant regulatory bodies.

(e) **The company's reward/compensation policy that accounts for the performance of the company beyond short-term financial measures has been put on hold.**

4) What are the company's procedures for handling complaints by employees concerning illegal (including corruption) and unethical behaviour? Explain how employees are protected from retaliation.

H. DISCLOSURE AND TRANSPARENCY

1) Ownership Structure

(b) Holding 5% shareholding or more

Shareholder	Number of Shares	Percent	Beneficial Owner
Republic of the Philippines thru PMO*	**126,256,145**	**55.33%**	**Record owner is also beneficial owner**
Government Service Insurance System	**47,490,383**	**20.79%**	**Record owner is also beneficial owner**
Universal Holdings Corp.	**24,780,746**	**10.85%**	**Record owner is also beneficial owner**

Name of Senior Management	Number of Direct shares	Number of Indirect shares / Through (name of record owner)	% of Capital Stock
N/A	**N/A**	**N/A**	

2) Does the Annual Report disclose the following:

Key risks	**YES**
Corporate objectives	**YES**
Financial performance indicators	**YES**
Non-financial performance indicators	**YES**
Dividend policy	**YES**
Details of whistle-blowing policy	**YES**
Biographical details (at least age, qualifications, date of first appointment, relevant experience, and any other directorships of listed companies) of directors/commissioners	**YES**
Training and/or continuing education programme attended by each director/commissioner	**YES**
Number of board of directors/commissioners meetings held during the year	**YES**
Attendance details of each director/commissioner in respect of meetings held	**YES**
Details of remuneration of the CEO and each member of the board of directors/commissioners	**YES**

3) External Auditor's fee

Name of auditor	Audit Fee	Non-audit Fee
Commission on Audit	**₱ 2,168,438.00 annually**	**N/A**

4) Medium of Communication

The company utilizes the following modes of communication for dissemination information : memoranda, email, telephone (mobile & landline), corporate website, print ad.

5) Date of release of audited financial report:

6) Company Website

Does the company have a website disclosing up-to-date information about the following?

Business operations	YES
Financial statements/reports (current and prior years)	YES
Materials provided in briefings to analysts and media	YES
Shareholding structure	YES
Group corporate structure	YES
Downloadable annual report	YES
Notice of AGM and/or EGM	YES
Company's constitution (company's by-laws, memorandum and articles of association)	YES

7) **Disclosure of RPT entered into by the Company in the past three (3) years**

RPT	Relationship	Nature	Value
DISC Contractors, Bulders, & Gen. Services, Inc.	**Subsidiary**	**Janitorial Services**	**₱1.562M (for 2015) ₱2.225M (for 2014) ₱2.364M (for 2013)**
		Contract for Driver/mechanic	**₱1.562M (for 2015) ₱3.108M (for 2014) ₱1.055M (for 2013)**
CITRA Central Expressway Corp.	**Joint Venture**	**Subscription Agreement**	
CITRA Intercity Tollways, Inc.	**Joint Venture**	**Subscription Agreement**	
P.T. CITRA LAMTORO GUNG PERSADA & Stage 3 Connector Tollways Holdings Corporation (S3HC)	**Joint Venture**	**Deed of Adherence**	
P.T. CITRA LAMTORO GUNG PERSADA & SMC Infraventures Inc. (SMCII)	**Joint Venture**	**Deed of Adherence**	

When RPTs are involved, what processes are in place to address them in the manner that will safeguard the interest of the company and in particular of its minority shareholders and other stakeholders?

All related party transactions are fully disclosed to the Board of Directors. Contracts and agreements are done in the regular course of business and conducted on an arm's length basis, negotiated based on prevailing commercial terms and approved by the Board of Directors. None of the Company's shareholders are granted special privileges or concessions.

I. RIGHTS OF STOCKHOLDERS

1) Right to participate effectively in and vote in Annual/Special Stockholders' Meetings

(a) Quorum

Quorum Required	A majority of the outstanding capital stock, represented in person, or by proxy, shall constitute a quorum at any meeting of shareholders

(b) System Used to Approve Corporate Acts

Explain the system used to approve corporate acts.

System Used	By voting during stockholders meeting
Description	Majority rule

(c) Stockholders' Rights

List any Stockholders'Rights concerning Annual/SpecialStockholders' Meeting that differ from those laid down in the Corporation Code.

Stockholders' Rights under The Corporation Code	**Stockholders' Rights not in The Corporation Code**
NONE	NONE

Dividends

The company has not declared any dividend for the year 2014.

Declaration Date	Record Date	Payment Date
N/A	**N/A**	**N/A**

(d) Stockholders' Participation

1. The company did not hold a stockholders' meeting in 2015.

Measures Adopted	**Communication Procedure**
Sending out of SEC Form 20 – IS	**Via courier**

2. State the company policy of asking shareholders to actively participate in corporate decisions regarding:
   a. Amendments to the company's constitution **N/A**
   b. Authorization of additional shares **N/A**
   c. Transfer of all or substantially all assets, which in effect results in the sale of the company **N/A**

3. Does the company observe a minimum of 21 business days for giving out of notices to the AGM where items to be resolved by shareholders are taken up? **Yes**

   a. Date of sending out notices: **N/A**

   b. Date of the Annual/Special Stockholders' Meeting:_N**o meeting was held in 2015, as explained earlier.**

3. State, if any, questions and answers during the Annual/Special Stockholders' Meeting.

4. Result of Annual/Special Stockholders' Meeting's Resolutions

Resolution	Approving	Dissenting	Abstaining
N/A	**N/A**	**N/A**	**N/A**

5. Date of publishing of the result of the votes taken during the most recent AGM for all resolutions: **N/A**

(e) Modifications

State, if any, the modifications made in the Annual/SpecialStockholders' Meeting regulations during the most recent year and the reason for such modification:

Modifications	Reason for Modification
N/A	**N/A**

(f) Stockholders' Attendance

(i) Details of Attendance in the Annual/Special Stockholders' Meeting Held:

Type of Meeting	Names of Board members / Officers present	Date of Meeting	Voting Procedure (by poll, show of hands, etc.)	% of SH Attending in Person	% of SH in Proxy	Total % of SH attendance
Annual	**N/A**	**N/A**	**N/A**	**N/A**	**N/A**	**N/A**
Special	**N/A**	**N/A**	**N/A**	**N/A**	**N/A**	**N/A**

(ii) Does the company appoint an independent party (inspectors) to count and/or validate the votes at the ASM/SSMs? **N/A**

(iii) Do the company's common shares carry one vote for one share? If not, disclose and give reasons for any divergence to this standard. Where the company has more than one class of shares, describe the voting rights attached to each class of shares.**N/A**

(g) Proxy Voting Policies

State the policies followed by the company regarding proxy voting in the Annual/Special Stockholders' Meeting.

	Company's Policies
Execution and acceptance of proxies Notary Submission of Proxy Several Proxies Validity of Proxy Proxies executed abroad Invalidated Proxy Validation of Proxy Violation of Proxy	**At all meetings of the stockholders, a stockholder may vote by proxy executed in writing by the stockholder or by his duly authorized attorney-in-fact, only on forms prescribed by the Board of Directors and sealed with the Corporate seal that, at his request, shall be furnished to him by the Secretary of the Corporation, who shall keep a record of all stockholders to whom proxy forms have been issued. Such proxies should be acknowledged before the Secretary of the Corporation or a notary public, and shall be filed with the Secretary at least three (3) business days before the meeting.** **Shares standing in the name of another corporation may be voted by such officer, agent or proxy as the By-Laws of such provision, as the Board of Directors of such Corporation may, by resolution determine. A certificate of the Secretary of such corporation attesting to the vote authority of the officer, agent or proxy to vote the stock standing in its name shall be conclusive on the right to vote said shares.** **Shares held by an administrator, executor, guardian or judicial trustee may be voted by him, either in person or by proxy, without a transfer of such shares in his name, upon presentation to the Secretary of the certified true copy of the letters of administration, testamentary guardianship or trusteeship duly issued to him. Share standing in the name of the voting trust or trustee may be voted by him, either in person or by proxy, but no such trustee shall be entitled to vote shares held by him without a transfer of such shares in his name.**

(h) Sending of Notices

State the company's policies and procedureonthe sending of notices of Annual/SpecialStockholders'Meeting.

Policies / Procedure
Notice of the annual or any special meeting of the stockholders shall be sent by registered mail, and shall be considered complete upon deposit in the Post Office at least five (5) days before such meeting postage prepaid, addressed to each stockholder at his last known place of residence appearing on the books of the Corporation, in a sealed envelope containing written or printed notice stating the date, hour and place of such meeting; and is a special meeting also the purpose or purposes for which it is called. Failure of or defect in the notice shall not invalidate any annual meeting of the stockholders or any of the proceedings had thereat, if the business transacted at such meeting is within the powers of the corporation and all the stockholders of the Corporation are present or represented at the meeting; and any defect in the notice or failure to state the purpose or purposes for which a special meeting is called shall not invalidate the same except when so provided by law, and all statements of purposes shall not be deemed exclusive, but any matter may be taken up in such meetings, unless otherwise required by law.

(i) Definitive Information Statements and Management Report

Number of Stockholders entitled to receive Definitive Information Statements and Management Report and Other Materials	4,813 (As of December 31, 2015)
Date of Actual Distribution of Definitive Information Statement and Management Report and Other Materials held by market participants/certain beneficial owners	N/A
Date of Actual Distribution of Definitive Information Statement and Management Report and Other Materials held by stockholders	N/A
State whether CD format or hard copies were distributed	N/A
If yes, indicate whether requesting stockholders were provided hard copies	N/A

(j) Does the Notice of Annual/Special Stockholders' Meeting include the following:

Each resolution to be taken up deals with only one item.	**N/A**
Profiles of directors (at least age, qualification, date of first appointment, experience, and directorships in other listed companies) nominated for election/re-election.	**N/A**
The auditors to be appointed or re-appointed.	**N/A**
An explanation of the dividend policy, if any dividend is to be declared.	**N/A**
The amount payable for final dividends.	**N/A**
Documents required for proxy vote.	**N/A**

Should any of the foregoing information be not disclosed, please indicate the reason thereto.

2) Treatment of Minority Stockholders

(a) **Company's policies with respect to the treatment of minority stockholders**

Policies	Implementation
Voting Right – Shareholders shall have the right to elect, remove and replace directors and vote on certain corporate acts in accordance with the Corporation Code.	Cumulative voting shall be used in the election of directors
Pre-emptive Right – All stockholders shall have pre-emptive rights in accordance with law, unless the same is denied in the Articles of Incorporation or an amendment thereto. They shall have the right to subscribe to the capital stock of the corporation. The Articles of Incorporation shall lay down the specific rights and powers of stockholders with respect to the particular shares they hold, all of which shall be protected by law so long as they shall not be in conflict with the Corporation Code.	

Policies	Implementation
Power of Inspection – all stockholders shall be allowed to inspect corporate books and records including minutes of the Board meetings and stock registries in accordance with the Corporation Code and shall be furnished with annual reports, including financial statements, without cost or restrictions.	
Right to information – The stockholders shall be provided, upon request, with specific reports which disclose personal and professional information about the directors and officers and certain other matters such as their holdings of the corporation's share, dealings with the corporation, relationship among directors and key officers and the aggregate compensation of directors and officers. The minority stockholder shall have access to any and all information relating to matters for which the management is accountable for. If not included, then the minority stockholders shall be allowed to propose such matters in the agenda of a stockholders' meeting, being within the definition of "legitimate purposes" and in accordance with law, jurisprudence and best practice.	
Right to Dividends – stockholders shall have the right to receive dividends subject to the discretion of the Board	• The corporation shall be compelled to declare dividends when its retained earnings shall be in excess of 100% of its paid-up capital stock, except: a) when justified by definite corporate expansion projects or programs approved by the Board or b) when the corporation is prohibited under any loan agreement with any financial institution or creditor, whether local or foreign, from declaring dividends without its consent, and such consent has not been secured: or c) when it can be clearly shown that such retention is necessary under special circumstances
Appraisal Right– Any stockholder of the Registrant shall have the right to dissent and demand payment of the fair value of his shares only in the following instances, as provided by the Corporation Code: (1) In case any amendment to the articles of incorporation has the effect of changing or restricting the rights of any stockholder or class of shares or of authorizing preferences in any respect superior to those outstanding shares of any class, or of extending or shortening the term of corporate existence; (2) In case of sale, lease, exchange, transfer, mortgage, pledge or other disposition of all or substantially all of the corporate property and assets;	The appraisal right when available, may be exercised by any stockholder who shall have voted against the proposed corporate action, by making a written demand on the corporation within thirty (30) days after the date on which the vote was taken, for payment of the fair value of his shares; Provided, That failure to make the demand within such period shall be deemed a waiver of the appraisal right. A stockholder must have voted against the proposed corporate action in order to avail himself of the appraisal right. If the proposed corporate action is implemented or effected, the corporation shall pay to such stockholder upon surrender of his certificate(s) of stock representing his shares, the fair value thereof as of the day prior to the date on which the vote was taken, excluding any appreciation or depreciation in anticipation of

Policies	Implementation
	such corporate action.
(2) In case of merger or consolidation; and (3) In case of investments in another corporation, business or purpose.	If within a period of sixty (60) days from the date the corporate action was approved by the stockholders, the withdrawing stockholder and the corporation cannot agree on the fair value of the shares, it shall be determined and appraised by three (3) disinterested persons, one of whom shall be named by the stockholder, another by the corporation and the third by the two thus chosen. The findings of the majority of appraisers shall be final, and their award shall be paid by the corporation within thirty (30) days after such award is made: Provided, that no payment shall be made to any dissenting stockholder unless the corporation has unrestricted retained earnings in its books to cover such payment; and Provided, Further, That upon payment by the corporation of the agreed or awarded price, the stockholder shall forthwith transfer his shares to the corporation.

(b) Do minority stockholders have a right to nominate candidates for board of directors? **YES**

J. INVESTORS RELATIONS PROGRAM

1) **The company establish a standard procedure for internal communication at various levels and functions within the organization 1) to receive, document, respond and control the relevant communication issues from and for external interested parties and 2) ensure prompt and appropriate delivery of information and attendant action. The Office of the President reviews major company announcements and disclosure and submitted for approval of the Board.**

2) Describe the company's investor relations program including its communications strategy to promote effective communication with its stockholders, other stakeholders and the public in general. Disclose the contact details (e.g. telephone, fax and email) of the officer responsible for investor relations.

	Details
(1) Objectives	• To establish a standard procedure for internal communication at various levels and functions within the organization • To provide procedure in receiving, documenting, responding and controlling of relevant communication issues from and for external interested parties • Ensure prompt and appropriate delivery of information and attendant action
(2) Principles	
(3) Modes of Communications	Email, letter, print ad, telephone
(4) Investors Relations Officer	Luis F. Sison, President & CEO Email Address : president@pncc.ph Office Address : PNCC Complex, KM 15 East Service Rd., Bicutan, Paranaque City Telephone No.: 8460209 / 8463045

3) What are the company's rules and procedures governing the acquisition of corporate control in the capital markets, and extraordinary transactions such as mergers, and sales of substantial portions of corporate assets? N**/A**

Name of the independent party the board of directors of the company appointed to evaluate the fairness of the transaction price. **N/A**

K. **CORPORATE SOCIAL RESPONSIBILITY INITIATIVES**

Since the suspension of operations of PNCC Foundation, Inc., the corporate responsibility arm of the company and responsible for addressing the CSR of the corporation, community involvement and environmental-related programs have been put on hold. However, PNCC has maintained corporate social responsibility initiatives, although not in the level previously undertaken. The company has sponsored some government projects for the past three (3) years:

Initiative	Beneficiary	Year
Educational Welfare Program	Armed Forces of the Philippines Retired Veterans Association, Inc.	2013
Publication of White Paper	Philippine Association of Government Corporate Lawyers	2013
14th Christmas with angels	Office of Congressman Gustavo Tambunting	2014
Supplemental Feeding Program – Children of PWDs	Handicare	2015
Office of Congressman Gustavo Tambunting	Office of Congressman Gustavo Tambunting	2015
Leadership & Education Program	Caritas Manila	2015

L. BOARD, DIRECTOR, COMMITTEE AND CEO APPRAISAL

Process followed and criteria used in assessing the annual performance of the board and its committees, individual director, and the CEO/President

	Process	Criteria
Board of Directors	Adherence to Corporate Governance guidelines and best practices	Guidelines set by Phil. Stocks Exchange Guidelines set by Governance Commission for Government Owned and Controlled Corporation
Board Committees		
Individual Directors		
CEO/President		

INTERNAL BREACHES AND SANCTIONS

Internal policies on sanctions imposed for any violation or breach of the corporate governance manual involving directors, officers, management and employees

Violations	Sanctions
Violation of any of the provision of the Revised Manual on Corporate Governance	• First violation, subject person shall be reprimanded • Suspension from office shall be imposed in case of a second violation. The duration of the suspension shall depend on the gravity of the violation • For a third violation, the maximum penalty of removal from office shall be imposed. The commission of a third violation by any member of the Board of the Corporation or its subsidiaries and affiliates shall be sufficient cause for removal from directorship, subject to the provisions of the Corporation Code.

Pursuant to the requirement of the Securities and Exchange Commission, this Annual Corporate Governance Report is signed on behalf of the registrant by the undersigned, thereunto duly authorized, in the City of Parañaque City on January 27, 2015.

SIGNATURES

ELPIDIO C. JAMORA, JR.	**LUIS F. SISON**
(Signature over Printed Name)	(Signature over Printed Name)
Chairman of the Board	**President / Chief Executive Officer**
***	***
(Signature over Printed Name)	(Signature over Printed Name)
Independent Director	**Independent Director**
JANICE DAY E. ALEJANDRINO	
(Signature over Printed Name)	
Compliance Officer	

***** No stockholders' meeting was held in 2015 thus no Independent Director had been elected.**

JAN 27 2016

SUBSCRIBED AND SWORN to before me this ___ day of January 2016 , affiant(s) exhibiting to me their government issued IDs, as follows:

NAME	GOVT ID NO	DATE OF ISSUE	PLACE OF ISSUE
ELPIDIO C. JAMORA, JR.	Passport EB42546859	12-12-2011	PASAY CITY
LUIS F. SISON	SC ID No. 3926	05-29-2009	MUNTINLUPA CITY
JANICE DAY E. ALEJANDRINO	SSS # 03-3911310-5		QUEZON CITY

NOTARY PUBLIC

ATTY. BENJAMIN F. ALFONSO
NOTARY PUBLIC
UNTIL DECEMBER 31, 2016
PTR NO. 2147797 1/4/2016 - QUEZON CITY
IBP NO. 1015954 1/4/2016 - QUEZON CITY
ROLL NO. 13296
COMMISSION NO. NP-144 (2015-2016) QUEZON CITY
TIN NO. 177-967-619
MCLE EXEMPTED

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Page No. 30
Book No. 804
Series of 2016

ANNEX “A” - **Number of Members, Functions and Responsibilities**

Committee	No. of Members			Committee Charter	Functions	Key Responsibilities	Power
	Executive Director (ED)	Non-executive Director (NED)	Independent Director (ID)				
Executive	N/A	N/A	N/A	N/A	N/A		
Audit		3		RMCG	• Assist the Board in the performance of its oversight responsibility for the financial reporting process, system of internal control, audit process, and monitoring of compliance with applicable laws, rules and regulations • Provide oversight over Management’s activities in managing credit, market, liquidity, operational, legal and other risks of the corporation; shall include regular receipt from Management of information on risk exposures and risk management activities • Perform oversight functions over corporation’s internal and external auditors; ensures that the internal and external auditors act independently from each other, and that both auditors are given unrestricted access to all records, properties and personnel to enable them to perform their respective audit functions • Review the annual internal audit plan to ensure its conformity with the objectives of the corporation • Discuss with the external auditor the nature, scope and expenses of the audit and ensure proper coordination if more than one audit firm is involved in the activity to secure proper coverage and minimize duplication of efforts • Organize an internal audit department and consider the appointment of an independent internal auditor and the terms and condition of its engagement and removal • Monitor and evaluate the adequacy and effectiveness of the corporation’s internal control system, including financial reporting control and information technology security • Review the reports submitted by the internal and external auditors • Review the quarterly, half-year and annual financial statements before their submission to the Board • Coordinate, monitor and facilitate compliance with laws, rules and		Recommendatory for the approval of the Board

					regulations		
Committee	**No. of Members**			**Committee Charter**	**Functions**	**Key Responsibilities**	**Power**
	Executive Director (ED)	**Non-executive Director (NED)**	**Independent Director (ID)**				
Audit		3		RMCG	• Evaluate and determine the non-audit work, if any, of the external auditor, and review periodically the non-audit fees paid to the external auditors in relation to their significance to the total annual income of the external auditor against the corporation's overall consultancy expenses. • Establish and identify the reporting line of the internal auditor to enable him to properly fulfill his duties and responsibilities		
Nomination		3		RMCG	• Review and evaluate the qualifications of all persons nominated to the Board and other appointments that require Board approval • Assess the effectiveness of the Board's processes and procedures in the election or replacement of directors		
Remuneration		3		RMCG	• Establish a formal and transparent procedure for developing a policy on remuneration of directors and officers to ensure that their compensation is consistent with the corporation's culture, strategy and the business environment in which it operates • Designate the amount of remuneration which shall be in sufficient level to attract and retain directors and officers who are needed to run the company successfully, subject to approval of the Board • Develop a form on Full Business Interest Disclosure as part of pre-employment requirements for all incoming officers, which, among others, shall compel all officers to declare under the penalty of perjury all their existing business interests or shareholdings that may directly or indirectly conflict in their performance of the duties once hired • Disallow any director to decide his or her own remuneration • Provide in the Corporation's annual reports the information and proxy statement disclosure of all fixed and variable compensation that may be paid, directly or indirectly to its directors and top four (4) management officers during the preceding fiscal year Review of existing Human Resources Development or Personnel Handbook to strengthen provisions on conflict of interest, salaries and benefits policies, promotion and career advancement		

Committee	No. of Members			Committee Charter	Functions	Key Responsibilities	Power
	Executive Director (ED)	Non-executive Director (NED)	Independent Director (ID)				
Legal Committee		2		RMCG	• Review legal issues that affect the company • Review with Management and/or company's Legal counsel any legal matters (including status of pending litigation) that could have a material impact on the company's financials operation • Review compliance with applicable laws and regulations and any material reports or inquiries from regulatory or government agencies		

***RMCG – Revised Manual on Corporate Governance**

ANNEX "B" - **Work Done and Issues Addressed**

Name of Committee	Work Done	Issues Addressed
Audit / Finance Compensation Legal Special Investigation PAN	• Approved the Performance Agreement for 2015-2016 between PNCC and the GCG pursuant to the GCG MC No. 2013-02.	• Compliance with GCG MC No. 201302
	• Accepted the 26% compromise profit from the contract engineering design in the amount of Php11,476,231.00 from the original price of Php30,239,106.00, relative to the SLEX-Daang Hari Connector Road Project	• Compliance with DPWH Department Order No. 57, series of 2002
	• Non-renewal of the lease contract with employees	• Avoid any action that might be misinterpreted as involving conflict of interest
	• Approved the Deed of Adherence executed among P.T. CITRA LAMTORO GUNG PERSADA (CITRA), Philippine National Construction Corporation (PNCC), and Stage 3 Connector Tollways Holdings Corporation (S3HC)	• Implement the establishment of Citra Central Expressway Corporation (CCEC) which will undertake the Metro Manila Skyway stage 3 Project
	• Appointed the members of the Audit Committee to sit as Members of the Board of Directors of PNCC subsidiaries for the purpose of dissolving it	• Fill the vacant seats to muster a quorum
	• Undertaken steps to close CDCP Farms Inc., Tierra Factors Corp., Traffic Control Products Corp., and Alabang-Sto. Tomas Development Inc.	• Implement the directive of the President of the Republic of the Philippines to abolish/privatize the Corporation's subsidiaries
	• Approved the PNCC Table of Organization and Manpower Complement for 2015	• To streamline PNCC operations through rightsizing of manpower complement
	• Set the minimum rental rate for the FCA property at ₱140.00 per square meter inclusive of VAT	• Maximize rental income of FCA property
	• Approved the Corporate Operating Budget for 2015	• To align budget with 2015 Table of Organization
	• Constituted a special committee to form and draft a proposal for the payment of the corporation's obligations to the government through the conveyance of certain properties	• Determine the best term most beneficial arrangement for the company's payment of obligations
	• Accepted FENIX (CEZA) International, Inc.'s offer to lease an open-space portion of the Financial Center Area (FCA)	• Maximize rental income of FCA property

Name of Committee	Work Done	Issues Addressed
	• Accepted Gift4U's offer to renew the leases on portion of the Financial Center Area (FCA)	• Maximize rental income of FCA property
	• Authorized the conduct of public bidding of the Corporations' Tagoloan property	• Maximize rental income of FCA property
	• Approved and authorized the issuance and release of the Corporations' Audited Financial Statements for FY 2014	• To satisfy reportorial requirements of regulatory agencies
	• Approved the renewal of the Directors and Officers Liability Insurance	• Protection of directors and officers against the cost of litigation and liability in the course of performing the official acts of its governing Board and Management
	• Approved JAM Liner, Inc.'s continuation of its lease of a 1,000 square meter portion of the Financial Center Area	• Maximize rental income of FCA property
	• Approved and accepted the lease of 470 square meter property formerly occupied by Ahead Operations and Nutritional Enterprises, Inc. (AONE)	• Maximize rental income of FCA property
	• Accepted and approved JAM Liner, Inc.'s application to lease additional space of 1,000 square meters in the Financial Center Area in Pasay City	• Maximize rental income of FCA property
	• Accepted and approved Bong Kee Marine Centre Co.'s application to lease the portion of the Financial Center Area in Pasay City formerly occupied by Seafood Fiesta	• Maximize rental income of FCA property
	• Approved the offer of JAC Liner, Inc. to renew its lease contract covering 2,000 square meters of PNCC's property located in the Financial Center Area (FCA) in Pasay City	• Maximize rental income of FCA property
	• Approved the lease contract with 128 EL Enterprises Limited Company covering 200 square meters of PNCC's vacant lot located along Diokno Boulevard in Pasay City	• Maximize rental income of FCA property
	• Authorized the claiming and withdrawal of the cash bond in the amount of ₱100,000.00 from the National Labor Relations Commission in *Karen Angela Vianni V. Cristi, et al. v. PNCC (NLRC NCR Case 01-00453-13)*.	• Restore unused corporate funds to PNCC

Name of Committee	Work Done	Issues Addressed
	• Resolved to sell the clean titled properties for the purpose of applying the proceeds to PNCC's outstanding loans to the Toll Regulatory Board (TRB)	• To reduce PNCC's outstanding obligations to NG
	• Authorized the drug testing of the drivers supplied by PNCC to SOMCO	• To comply with requirements of customer consistent with R.A. 9165

ANNEX “C” – **Committee Programs**

Name of Committee	Planned Programs	Issues to be Addressed
Executive	N/A	N/A
Audit / Finance	• Review of Corporate Operations Budget and Financial Statements • Prepare Audit Plan for 2016	• Compliance with SEC, PSE and BIR
Nomination	• Review of qualifications of Independent Directors	• Compliance with PSE & SEC
Compensation		
Legal	• Review of legal issues on matters for Board deliberation before presentation to the Board	