

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

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

1. For quarterly period ended September 30, 2023
2. SEC Identification Number 30939 BIR Tax Identification No. 000-058-330-000
3. Exact name of registrant as specified in its charter  
PHILIPPINE NATIONAL CONSTRUCTION CORPORATION
4. Metro Manila, Philippine 6. (SEC Use Only)  
Province, Country or other jurisdiction 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

<u>Title of Each Class</u>	<u>Number of Shares</u>
Common	75,000,000
Special Common	10,000,000
Preferred	<u>10,000,000</u>
	<u>95,000,000</u>

Note:

The Philippine Construction Corporation (PNCC) has 141,519,380 shares (99,444,759 common shares and 42,074,621 preferred shares) issued to different Government Financial Institution in 1983. For purposes of registration of said shares, PNCC with FERIA Law offices as consultant filed its Amended Registration Statement on 15 August 2001. On December 19, 2001, SEC, under Resolution No. 429, Series of 2001 ruled that the equity securities of PNCC are exempt from registration requirements in accordance with Section 9.1 of the Securities Regulation Code.

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

Yes ☒

No ☐

If yes, state the name of such Stock Exchange and the class/es of securities listed therein:

PHILIPPINE STOCK EXCHANGE (PSE)

12. Indicate by check mark whether the registrant:

(a) has filed all reports required to be filed by section 17 of the Code and SRC Rule 17 thereunder or Section 11 of the RSA Rule 11(a)-1 thereunder, and Section 26 and 141 of the Corporation Code of the Philippines, during the preceding twelve (12) months (or for such shorter period the registrant was required to file such reports);

Yes ☐

No ☒

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

Yes ☒

No ☐

### **PART I – FINANCIAL INFORMATION**

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

Financial Statements and, if applicable, Pro Forma Financial Statements meeting the requirements of RSA Rule 68, Form and Content of Financial Statements shall be furnished as specified therein. (Refer to attached)

#### **Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations. (Refer to attached)**

### **PART II – OTHER INFORMATION**

The issuer may, at its option, report under this item any information not previously report in a report on SEC Form 17-C. If disclosure of such information is made under this Part II, it need not be repeated in a report on Form 17-C which would otherwise be required to be filed with respect to such information or in a subsequent report on Form 17-Q.

## SIGNATURES

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

Issuer PHILIPPINE NATIONAL CONSTRUCTION CORPORATION

Signature and Title  President & CEO

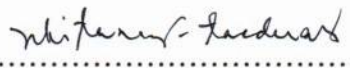
Duly Authorized Representative MIGUEL E. UMALI

Date 14 November 2023

Signature and Title  Treasurer

Principal Financial Officer CRISTY M. MEDIAVILLO

Date 14 November 2023

Signature and Title  Controller

Principal Accounting Officer/Controller VERONICA B. TACDERAS

Date 14 November 2023



**PHILIPPINE NATIONAL CONSTRUCTION CORPORATION**  
**STATEMENTS OF FINANCIAL POSITION**  
**September 30, 2023 and September 30, 2022**  
(In Philippine Peso)

	<b>September 30 2023 (UnAudited)</b>	<b>September 30 2022 (UnAudited)</b>
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash	55,681,627	21,557,434
Other investments	2,315,927,469	1,750,358,296
Receivables, net	367,878,781	457,750,314
Inventories	2,543,295	2,591,096
Other current assets	43,783,401	32,139,733
	<b>2,785,814,572</b>	<b>2,264,396,874</b>
<b>Non-Current Assets</b>		
Financial Assets	771,970	746,970
Investments in Subsidiaries	61,200,000	61,200,000
Investments in Joint Venture	1,485,816,700	1,485,816,700
Other Investments	2,275,883	2,275,883
Receivables	98,491,690	98,483,190
Investment property	37,148,652,772	37,149,136,500
Property and equipment, net	2,192,260,609	2,192,082,775
Deferred tax assets	24,542,414	33,851,729
Other non-current assets, net	88,265,445	87,748,574
	<b>41,102,277,483</b>	<b>41,111,342,322</b>
<b>TOTAL ASSETS</b>	<b>43,888,092,055</b>	<b>43,375,739,195</b>
<b>LIABILITIES</b>		
<b>Current Liabilities</b>		
Financial liabilities	36,327,878	29,171,912
Other financial liabilities (Due to NG and GOCCs)	10,772,987,216	10,514,985,016
Inter-agency payables	41,444,621	10,259,903
Trust liabilities	120,345,200	122,581,478
Deferred credits/unearned income	61,264,897	129,628,936
	<b>11,032,369,810</b>	<b>10,806,627,245</b>
<b>Non-Current Liabilities</b>		
Deferred tax liabilities	9,814,416,871	9,815,081,902
Trust liabilities	3,789,629	3,789,629
	<b>9,818,206,500</b>	<b>9,818,871,530</b>
<b>TOTAL LIABILITIES</b>	<b>20,850,576,310</b>	<b>20,625,498,776</b>
<b>EQUITY</b>	<b>23,037,515,745</b>	<b>22,750,240,420</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>43,888,092,055</b>	<b>43,375,739,195</b>

**PHILIPPINE NATIONAL CONSTRUCTION CORPORATION**  
**STATEMENTS OF COMPREHENSIVE INCOME**  
**For the Quarter Ended September 2023 and September 2022**  
(In Philippine Peso)

	September	September
	2023	2022
<b>Income</b>		
Service and business income	554,161,623.10	357,568,071.59
Gains	8,444.43	3,475.32
Other non-operating income	2,781,336.66	1,224,118.68
	<b>556,951,404.19</b>	<b>358,795,665.59</b>
<b>Expenses</b>		
Personnel services	36,649,536.16	36,772,127.84
Maintenance and other operating expenses	27,197,356.13	25,668,787.06
Financial expenses		
Penalty charges on unpaid concession fee	192,971,600.00	192,971,600.00
Bank charges	6,550.00	8,980.00
Direct costs	57,091,946.55	49,881,281.22
Non-Cash Expenses	1,993,886.44	2,790,954.33
	<b>315,910,875.28</b>	<b>308,093,730.45</b>
<b>Income (Loss) Before Tax</b>	<b>241,040,528.91</b>	<b>50,701,935.14</b>
<b>Income Tax expense</b>	<b>36,348,644.26</b>	<b>5,675,969.30</b>
<b>Income tax benefit</b>		
<b>Net Income (Loss)</b>	<b>204,691,884.65</b>	<b>45,025,965.84</b>
<b>Other Comprehensive income (loss)</b>		
<b>Total Comprehensive Income (Loss)</b>	<b>204,691,884.65</b>	<b>45,025,965.84</b>

**PHILIPPINE NATIONAL CONSTRUCTION CORPORATION**  
**STATEMENTS OF CHANGES IN EQUITY**  
**For the Quarter Ended September 30, 2023**  
(In Philippine Peso)

	Equity Adjustment -					Accumulated		
			Loans Transferred to	Subscriptions	Revaluation	Other		
	Note	Share Capital	Share Premium	National Govt	Receivable	Treasury Stock	Surplus	Retained Earnings
		(Notes 4, 16, 24)	(Note 4, 16)	(Note 25)	(Notes 4, 16, 25)	(Notes 4, 16, 24)	(Note 4, 12)	(Note 4, 16)
								Income (loss)
Balance at December 31, 2022		2,283,758,120.00	46,137,443.00	5,551,726,307.00	(56,158,831.00)	(16,699,918.00)	1,636,059,652.00	13,409,096,027.00
Add (Deduct):								
Correction of prior year's income	35							(21,045,940.00)
As at January 1, 2023, as restated		2,283,758,120.00	46,137,443.00	5,551,726,307.00	(56,158,831.00)	(16,699,918.00)	1,636,059,652.00	13,388,050,087.00
Changes in equity for 2023								
Add (Deduct):								
Comprehensive loss for the year, as restated		0	0	0	0	0	0	204,691,884.65
Balance at September 30, 2023		2,283,758,120.00	46,137,443.00	5,551,726,307.00	(56,158,831.00)	(16,699,918.00)	1,636,059,652.00	13,592,741,971.65
							(49,000.00)	23,037,515,744.65



**PHILIPPINE NATIONAL CONSTRUCTION CORPORATION**  
**CONDENSED STATEMENT OF CASH FLOWS**  
**FOR THE MONTH ENDED SEPTEMBER 30, 2023**

	<u>This Month</u>	<u>Year To Date</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
<b>Cash Inflows</b>		
Proceeds from Sale of Goods and Services	-	-
Collection of Income/Revenue	49,237,150.96	405,178,366.37
Receipt of Assistance/Subsidy	-	-
Collection of Receivables	12,731.70	122,409,550.35
Receipt of Inter-Agency Fund Transfers	-	-
Receipt of Intra-Agency Fund Transfers	-	-
Trust Receipts	-	-
Other Receipts	29,949.80	1,167,351.58
<b>Total Cash Inflows</b>	<b>49,279,832.46</b>	<b>528,755,268.30</b>
Adjustments	-	35,754.65
<b>Adjusted Cash Inflows</b>	<b>49,279,832.46</b>	<b>528,791,022.95</b>
<b>Cash Outflows</b>		
Payment of Expenses	11,663,207.86	84,671,312.74
Purchase of Inventories	248,441.70	1,541,592.79
Grant of Cash Advances	244,800.00	1,139,700.00
Prepayments	-	-
Refund of Deposits	-	-
Payments of Accounts Payable	-	771,586.04
Remittance of Personnel Benefit Contributions and Mandatory Deductions	1,571,054.67	19,225,659.08
Grant of Financial Assistance/Subsidy/Contribution	-	-
Release of Inter-Agency Fund Transfers	275,916.91	51,769,651.62
Release of Intra-Agency Fund Transfers	-	-
Other Disbursements	4,200.00	509,990.73
<b>Total Cash Outflows</b>	<b>14,007,621.14</b>	<b>159,629,493.00</b>
Adjustments	-	5,000.00
<b>Adjusted Cash Outflows</b>	<b>14,007,621.14</b>	<b>159,634,493.00</b>
<b>Net Cash Provided by/(Used in) Operating Activities</b>	<b>35,272,211.32</b>	<b>369,156,529.95</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
<b>Cash Inflows</b>		
Proceeds from Sale/ Disposal of Investment Property	-	-
Proceeds from Sale/Disposal of Property, Plant and Equipment	-	9,460.00
Sale of Investments	-	-
Receipt of Interest Earned	4,700.40	12,018.38
Receipt of Cash Dividends	14,348,617.40	35,896,896.70
Proceeds from Matured Investments/Redemption of Long-term Investments/Return on Investments	-	321,566,833.18
Collection of Long-Term Loans	-	-
Proceeds from Sale of Other Assets	-	-
<b>Total Cash Inflows</b>	<b>14,353,317.80</b>	<b>357,485,208.26</b>
Adjustments	-	-
<b>Adjusted Cash Inflows</b>	<b>14,353,317.80</b>	<b>357,485,208.26</b>

**PHILIPPINE NATIONAL CONSTRUCTION CORPORATION**  
**CONDENSED STATEMENT OF CASH FLOWS**  
**FOR THE MONTH ENDED SEPTEMBER 30, 2023**

	<u>This Month</u>	<u>Year To Date</u>
<b>Cash Outflows</b>		
Purchase/Construction of Investment Property	-	-
Purchase/Construction of Property, Plant and Equipment	-	-
Purchase of Investments	50,000,000.00	688,000,000.00
Purchase of Bearer Biological Assets	-	-
Purchase of Consumable Biological Assets	-	-
Purchase of Intangible Assets	-	-
Grant of Loans	-	-
<b>Total Cash Outflows</b>	<u>50,000,000.00</u>	<u>688,000,000.00</u>
Adjustments	-	-
<b>Adjusted Cash Outflows</b>	<u>50,000,000.00</u>	<u>688,000,000.00</u>
<b>Net Cash Provided By/(Used In) Investing Activities</b>	<u>(35,646,682.20)</u>	<u>(330,514,791.74)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
<b>Cash Inflows</b>		
Proceeds from Incurrence of Financial Liabilities	-	-
Proceeds from Issuance of Bonds and Acceptances Payable	-	-
Proceeds from Domestic and Foreign Loans	-	-
Contribution from National Government	-	-
Proceeds from Issuance of Capital Stock and other Equity Securities	-	-
<b>Total Cash Inflows</b>	<u>-</u>	<u>-</u>
Adjustments	-	-
<b>Adjusted Cash Inflows</b>	<u>-</u>	<u>-</u>
<b>Cash Outflows</b>		
Payment of Long-Term Liabilities	-	-
Redemption of Bonds Issued and Unsecured Subordinated Debt	-	-
Payment for Reacquisition of Capital Stock and other Equity Securities	-	-
Payment of Interest on Loans and Other Financial Charges	-	-
Payment of Cash Dividends	-	-
<b>Total Cash Outflows</b>	<u>-</u>	<u>-</u>
Adjustments	-	-
<b>Adjusted Cash Outflows</b>	<u>-</u>	<u>-</u>
<b>Net Cash Provided By/(Used In) Financing Activities</b>	<u>-</u>	<u>-</u>
<b>INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<u>(374,470.88)</u>	<u>38,641,738.21</u>
<b>Effects of Exchange Rate Changes on Cash and Cash Equivalents</b>	-	-
<b>CASH AND CASH EQUIVALENTS, SEPTEMBER 1 / JANUARY 1</b>	<u>56,056,097.82</u>	<u>17,039,888.73</u>
<b>CASH AND CASH EQUIVALENTS, SEPTEMBER 30</b>	<u>55,681,626.94</u>	<u>55,681,626.94</u>



## FINANCIAL INFORMATION

### Management's Discussion and Analysis

#### 3<sup>rd</sup> Quarter 2023 vs. 3<sup>rd</sup> Quarter 2022

##### Results of Operations

**Revenue.** Revenue for the quarter ended September 30, 2023 stood at ₱400.393 million, higher by 53.75% or ₱139.972 million compared to ₱260.421 million for the quarter ended September 30, 2022. The increase was attributable to the increase in JV Revenue Shares and Rental Income vis-à-vis decrease in Service Income.

**Cost of Services.** Cost of services account increased by 14.46% or ₱7.211 million from ₱49.881 million for the quarter ended September 30, 2022 to ₱57.092 million for the quarter ended September 30, 2023 due to increase in manpower supply from 227 to 249.

**General and Administrative Overhead.** Overhead account increased by 2.56% or ₱1.568 million from ₱61.255 million for the quarter ended September 30, 2022 to ₱62.823 million for the quarter ended September 30, 2023 due to the additional three (3) Security Guards posted at Sta. Rita property.

**Income from Operation.** Income from operation for the quarter ended September 30, 2023 increased by 69.49% or ₱138.404 million from ₱199.166 million for the quarter ended September 30, 2022 to ₱337.570 million for the quarter ended September 30, 2023. Said favorable variance was the resulting effect of the reasons discussed above.

**Other Income (Charges).** This account posted a balance of ₱96.442 million for the quarter ended September 30, 2023 compared to ₱44.507 million for the quarter ended September 30, 2022. The 116.69% or ₱51.935 million increase was due to the increases in Interest Income, Dividend Income and Miscellaneous Income vis-à-vis decrease in Depreciation expense.

**Comprehensive Income (Loss).** Net Comprehensive Income for the quarter ended September 30, 2023 amounted to ₱204.692 million compared to the net income of ₱45.026 million for the quarter ended September 30, 2022. The variance was due reasons stated above.

##### Financial Position

**Current Assets.** Current assets increased by 23.03% or ₱521.418 million from ₱2.264 billion as of September 30, 2022 to ₱2.786 billion as of September 30, 2023 mainly due to the cash flows provided by the Company's operating and investing activities.

**Current Liabilities.** Current liabilities increased by 2.09% or ₱225.743 million from ₱10.807 billion as of September 30, 2022 to ₱11.032 billion as of September 30, 2023 mainly due to the accrual of the 2% penalty charges on unpaid concession fee payable to the Toll Regulatory Board (TRB) and inter-agency payables.

**Stockholder's Equity.** Stockholder's Equity as of September 30, 2022 totalled ₱22.750 billion vis-à-vis the stockholders' equity as of September 30, 2023 in the amount of ₱23.038 billion. The increase in the account is attributable to the comprehensive income in 2023.

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



Performance Indicators	As of		Explanation
	09/30/2023 (Unaudited)	09/30/2022 (Unaudited)	
<b>Current/Liquidity Ratios</b>			
<b>Current Ratio</b> (Current Assets Divided by Current Liabilities)	0.25	0.21	<p>This ratio evaluates the ability of the company to pay its current debt promptly.</p> <p>Current ratio of 0.25 as of September 30, 2023 slightly increased from 0.21 as of September 30, 2022 due to cash inflows provided by operating activities.</p>
<b>Solvency Ratios</b>			
<b>Debt to Assets</b> (Total Liabilities Divided by Total Assets)	47.51%	47.55%	<p>Shows what percentage of the business is not owned by the stockholders. Determines how much of the company is financed by debts.</p> <p>The ratio increased from 47.55% as of September 30, 2022 to 47.51% as of September 30, 2023 brought mainly by the accrual of the 2% penalty charges on unpaid concession fees.</p>
<b>Debt to Equity</b> (Total Liabilities Divided by Total Equity)	90.51%	90.66%	<p>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.</p> <p>The ratio increased from 90.66% as of September 30, 2022 to 90.51% as of September 30, 2023 was brought by the accrual of the 2% penalty charges on unpaid concession fee to the Toll Regulatory Board (TRB) and a corresponding comprehensive income in 3<sup>rd</sup> Quarter 2023.</p>
<b>Asset to Equity Ratio</b> (Total Assets Divided by Total Equity)	190.51%	190.66%	<p>Measures the total debt the company takes to acquire assets. Measures the company's capability to pay debts.</p> <p>The increase in ratio from 190.66% as of September 30, 2022 to 190.51% as of September 30, 2023 was due to the comprehensive income in 3<sup>rd</sup> Quarter 2023.</p>
<b>Interest Rate Coverage Ratio</b> (Income Before Interest/Penalty/Penalty and Taxes Divided by Interest/Penalty)	2.25	1.26	<p>Determines how easily a company can pay interest on outstanding debt.</p> <p>The ratio increased from 1.26 as of September 30, 2022 to 2.25 as of September 30, 2023 due to recognition of higher income in September 30, 2023 as compared to same period in 2022.</p>
<b>Profitability Ratios</b>			
<b>Return on Assets</b> (Net Income (Loss) Divided by Total Assets)	0.55%	0.12%	<p>Measures the Company's earnings in relation to all the resources it had at its disposal.</p> <p>The ratio of 0.55% as of September 30, 2023 vis-à-vis the ratio of 0.12% as of September 30, 2022 was the outcome of the income recognition of ₱204.692 million for September 30, 2023 as compared with the recognized comprehensive income of ₱45.026 million for the quarter ended September 30, 2022.</p>
<b>Return on Equity</b> (Net Income (Loss) Divided by Total Equity)	1.05%	0.22%	<p>Measures the rate of return on the ownership interest of the company's stockholders. Determines the productivity of the owners' capital.</p> <p>The increase in the ratio from 0.22% to 1.05% is attributable to</p>



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the increase in stockholder's equity as a result of higher comprehensive income in September 30, 2023 vis-à-vis September 30, 2022.

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- (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 lawsuits/litigations 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). Discussion is contained under Note 37 of the 2022 Audited Financial Statements, including courses of actions already undertaken by the Company to address the issue.
  - i.d Pending assessments on deficiency taxes. Discussion is contained under Note 36 of the 2022 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 and corporate restructuring in 2001 and has been pursued gradually until this year. Also, the Company will continue to pursue and invigorate its revenue share from Joint Venture Companies, earnings from leased FCA property, and the contracted participation in the Joint Venture's C6 Projects, Pasig River Expressway (PAREX) Project, Quezon-Bicol Expressway (QUBEX)/ South Luzon Toll Road 5 (TR5) Project and Greater Capital Region Integrated Expressway Network (GCRIEN) project. Partnership with PT Citra Lamtoro for the implementation of the Metro Manila Expressway of C6 and Metro Manila Skyway Stage 3 and the completion and 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.

- (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, pending assessments on tax deficiencies and contingent liabilities with respect to claims and lawsuits from Asiavest Merchant Bankers and Superlines Transportation Co. Inc.

- (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 incurrance 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(now NLEX Corporation) gross revenue; 10% of 3.5% share on the CMMTC (now SMC Skyway Corporation) gross revenue; 10% of 3.00% share on the SLTC (now SMC SLEX, Inc.) gross revenue; and 100% of 2.5% share on the CCEC(now SMC Skyway Stage 3 Corporation) gross revenue. It also receives 10% dividend in the equity share from CMMTC(now SMC Skyway Corporation).

- (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 Statement of Financial Position as of September 30, 2023 compared to September 30, 2022 (increased/decrease of 5% or more)**

*Cash increased by ₱34.124 million or 158.29% from ₱21.557 million as of September 30, 2022 to ₱55.682 million as of September 30, 2023 due to the cash flows used in Company's operating activities and investing activities.*

*Short term investment increased by ₱565.569 million or 32.31% from ₱1.750 billion as of September 30, 2022 to ₱2.316 billion as of September 30, 2023 due to the cash inflows from operating activities.*



*Accounts Receivable decreased by ₱89.872 million or 19.63% from ₱457.750 million as of September 30, 2022 to ₱367.879 million as of September 30, 2023 mainly due to the collection of accounts receivable – trade and rental at Financial Center Area (FCA).*

*Prepayments - increased by ₱11.644 million or 36.23% from ₱32.140 million as of September 30, 2022 to ₱43.783 million as of September 30, 2023 due the increase in Prepaid Insurance and Prepaid Income Tax.*

*Deferred tax assets decreased by ₱9.309 million or 27.50% from ₱33.852 million as of September 30, 2022 to ₱24.542 million as of September 30, 2023 mainly due to the decrease in the carry forward benefit of unapplied tax credits.*

*Financial Liabilities – Accounts Payable increased by ₱7.156 million or 24.53% from ₱29.172 million as of September 30, 2022 to ₱36.328 million as of September 30, 2023 due to unpaid accounts to suppliers of goods and services that are normally settled within twelve (12) months from the reporting period.*

*Inter-Agency payable increased by ₱31.185 million or 303.95% from ₱10.260 million as of September 30, 2022 to ₱41.445 million as of September 30, 2023 due to increases in income tax payable, SSS, Philhealth and HDMF liabilities.*

*Deferred credits/Uneraned Revenue/Income decreased by ₱68.364 million or 52.74% from ₱129.629 million as of September 30, 2022 to ₱61.265 million as of September 30, 2023 mainly due to the application of advance rental on the lease of FCA property vis-à-vis the decrease in the recognized value added tax on the sale of services.*

**Material changes to the Company's Statement of Income for the quarter ended September 30, 2023 compared to the quarter ended September 30, 2022 (increase/decrease of 5% or more)**

*Service and Business Income increased by ₱196.594 million or 54.98% from ₱357.568 million for the quarter ended September 30, 2022 to ₱554.162 million for the quarter ended September 30, 2023 due to increase in JV Shares, rental income from FCA properties, Interest Income from Money Placements and Dividend Income.*

*Other Non-operating Income increased by ₱1.557 million or 127.21% from ₱1.224 million for the quarter ended September 30, 2022 to ₱2.781 million for the quarter ended September 30, 2023 due to decrease in Miscellaneous Income like sale of bid documents.*

*Maintenance and Other Operating Expenses decreased by 5.95% or ₱1.529 million from ₱25.669 million for the quarter ended September 30, 2022 to ₱27.197 million for the quarter ended September 30, 2023 due to the increase in Training, Utility Expenses, General Services and Other Maintenance and Operating expenses.*

*Cost of Services increased by 14.46% or ₱7.211 million from ₱49.881 million for the quarter ended September 30, 2022 to ₱57.092 million for the quarter ended September 30, 2023 due to the increase in the supply of manpower to Skyway O&M Corporation.*

*Non-cash Expenses decreased by 28.56% or ₱0.797 million from ₱2.791 million for the quarter ended September 30, 2022 to ₱1.994 million for the quarter ended September 30, 2023 due to the decrease in depreciation expense.*

*Comprehensive Income* increased by 354.61% or ₱159.666 million from ₱45.026 million for the quarter ended September 30, 2022 to ₱204.692 million for the quarter ended September 30, 2023 due to the favorable increase in Revenue.