

# COVER SHEET

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S.E.C. Registration Number

[illegible]

(Company's Full Name)

P	N	C	C		C	O	M	P	L	E	X		K	M		1	5		E	A	S	T		S	E	R	V	I	C
E		R	O	A	D		B	I	C	U	T	A	N		P	A	R	A	N	A	Q	U	E		C	I	T	Y	

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

KEVIN JORDAN D. MENDOZA  
Contact Person

8846-0209  
Company Telephone Number

1	2	3	1
Month		Day	
Fiscal Year			

SEC Form 17Q

03      4th  
 Month      Tuesday  
 Annual Meeting

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Secondary License Type, If Applicable

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Dept. Requiring this Doc.

Amended Articles Number / Section

Total No. of Stockholders

Domestic

Foreign

To be accomplished by SEC Personnel Concerned

File Number									

Document ID

LCU

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Cashier

## STAMPS

**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 June 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. 726, 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

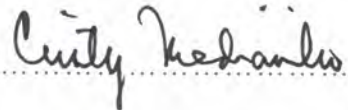
Pursuant to the requirements of the Securities Regulation Code, the issuer has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Issuer PHILIPPINE NATIONAL CONSTRUCTION CORPORATION

Signature and Title .....  ..... President & CEO

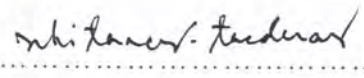
Duly Authorized Representative MIGUEL E. UMALI

Date 15 August 2023

Signature and Title .....  ..... Treasurer

Principal Financial Officer CRISTY M. MEDIAVILLO

Date 15 August 2023

Signature and Title .....  ..... Controller

Principal Accounting Officer/Controller VERONICA B. TACDERAS

Date 15 August 2023

**Philippine National Construction Corporation**  
**Quarter Statement of Financial Position**  
**As of June 30, 2023 and December 31, 2022**  
**(in Philippine Peso)**

	As of June 30, 2023	As of December 31, 2022 (Audited)
<b>Assets</b>		
<b>Current Assets</b>		
<b>Cash and Cash Equivalents</b>	<b>P 16,881,489.26</b>	<b>P 17,039,888.73</b>
<b>Cash on Hand</b>	<b>335,000.00</b>	<b>525,000.00</b>
Petty Cash	335,000.00	525,000.00
<b>Cash in Bank-Local Currency</b>	<b>16,546,489.26</b>	<b>16,514,888.73</b>
Cash in Bank-Local Currency, Current Account	13,601,618.41	13,594,065.56
Cash in Bank-Local Currency, Savings Account	2,944,870.85	2,920,823.17
<b>Receivables</b>	<b>396,112,273.82</b>	<b>449,880,614.05</b>
<b>Loans and Receivable Accounts</b>	<b>197,987,872.35</b>	<b>274,345,688.20</b>
Accounts Receivable	300,241,005.20	307,966,276.24
Allowance for Impairment-Accounts Receivable	(172,137,108.00)	(172,137,108.00)
Interests Receivable	12,149,019.71	8,442,907.13
Allowance for Impairment-Interests Receivable	(163,499.30)	(163,499.30)
Contributions and Premiums Receivable	8,160.00	18,455.00
Receivables from Joint Ventures	57,890,294.74	130,218,657.13
<b>Lease Receivable</b>	<b>33,422,681.89</b>	<b>10,804,825.89</b>
Operating Lease Receivable	33,422,681.89	10,804,825.89
<b>Inter-Agency Receivables</b>	<b>150,831,586.23</b>	<b>150,901,795.84</b>
Due from National Government Agencies	150,000,000.00	150,000,000.00
Due from Subsidiaries	831,586.23	901,795.84
<b>Other Receivables</b>	<b>13,870,133.35</b>	<b>13,828,304.12</b>
Due from Officers and Employees	477,092.58	482,274.86
Other Receivables	35,806,270.77	35,745,259.00
Allowance for Impairment-Other Receivables	(22,413,230.00)	(22,375,281.00)
Allowance for Impairment-Due from Officers and Employees	-	(37,948.74)
<b>Other Investments</b>	<b>2,153,264,943.78</b>	<b>1,895,446,413.50</b>
<b>Investments in Time Deposits</b>	<b>2,153,264,943.78</b>	<b>1,895,446,413.50</b>
Investments in Time Deposits-Local Currency	2,153,264,943.78	1,895,446,413.50
<b>Inventories</b>	<b>2,547,063.39</b>	<b>2,305,269.50</b>
<b>Inventory Held for Consumption</b>	<b>2,547,063.39</b>	<b>2,305,269.50</b>
Office Supplies Inventory	557,641.89	482,820.32
Medical, Dental and Laboratory Supplies Inventory	501,738.42	499,642.54
Fuel, Oil and Lubricants Inventory	698,858.21	554,724.11
Other Supplies and Materials Inventory	4,788,787.09	4,768,044.75
Allowance for Impairment-Other Supplies and Materials Inventory	(3,999,962.22)	(3,999,962.22)
<b>Other Current Assets</b>	<b>40,206,835.26</b>	<b>35,898,048.27</b>
<b>Prepayments</b>	<b>40,206,835.26</b>	<b>35,898,048.27</b>
Prepaid Insurance	150,141.83	450,205.47
Creditable Input Tax	74,571.46	74,571.46
Withholding Tax at Source	39,946,215.72	33,705,693.77
Other Prepayments	35,906.25	35,906.25
Prepaid Registration	-	1,631,671.32
<b>Total Current Assets</b>	<b>2,609,012,605.51</b>	<b>2,400,570,234.05</b>
<b>Non-current Assets</b>		
<b>Financial Assets</b>	<b>771,970.00</b>	<b>771,970.00</b>
<b>Financial Assets at Fair Value Through Other Comprehensive Income</b>	<b>771,970.00</b>	<b>771,970.00</b>
Financial Assets at Fair Value Through Other Comprehensive Income	771,970.00	771,970.00
<b>Receivables</b>	<b>98,491,690.23</b>	<b>98,469,394.23</b>
<b>Loans and Receivable Accounts</b>	<b>46,727,617.35</b>	<b>46,727,617.35</b>
Accounts Receivable	50,879,182.48	50,879,182.48
Allowance for Impairment-Accounts Receivable	(4,151,565.13)	(4,151,565.13)
<b>Other Receivables</b>	<b>51,764,072.88</b>	<b>51,741,776.88</b>
Other Receivables	52,433,458.75	-
Allowance for Impairment-Other Receivables	(669,385.87)	-
Due from Officers and Employees	-	52,411,162.75
Allowance for Impairment-Due from Officers and Employees	-	(169,385.87)
<b>Investments in Subsidiaries</b>	<b>61,200,000.00</b>	<b>61,200,000.00</b>
Investments in Subsidiaries	225,193,889.06	225,193,889.06
Allowance for Impairment-Investments in Subsidiaries	(163,993,889.06)	(163,993,889.06)
<b>Investments in Joint Venture</b>	<b>1,485,816,700.00</b>	<b>1,485,816,700.00</b>
Investments in Joint Ventures	1,485,816,700.00	1,485,816,700.00
<b>Other Investments</b>	<b>2,275,882.95</b>	<b>2,275,882.95</b>
<b>Other Investments</b>	<b>2,275,882.95</b>	<b>2,275,882.95</b>
Investments in Stocks	13,368,079.47	13,368,079.47
Allowance for Impairment-Investments in Stocks	(13,186,921.52)	(13,186,921.52)
Other Investments	2,381,325.00	2,381,325.00
Allowance for Impairment-Other Investments	(286,600.00)	(286,600.00)
<b>Investment Property</b>	<b>37,148,652,772.08</b>	<b>37,148,652,772.08</b>
<b>Land and Buildings</b>	<b>37,148,652,772.08</b>	<b>37,148,652,772.08</b>
Investment Property, Land	37,001,297,000.00	37,001,297,000.00
Investment Property, Buildings	151,050,916.01	151,050,916.01
Accumulated Depreciation-Investment Property, Buildings	(3,695,143.93)	(3,695,143.93)
<b>Property, Plant and Equipment</b>	<b>2,192,832,509.41</b>	<b>2,194,163,819.45</b>
<b>Land</b>	<b>2,164,802,028.40</b>	<b>2,164,802,028.40</b>
Land	2,164,802,028.40	2,164,802,028.40
<b>Land Improvements</b>	<b>8,726,000.00</b>	<b>8,726,000.00</b>
Other Land Improvements	32,348,465.34	32,348,465.34
Accumulated Depreciation-Other Land Improvements	(23,622,465.34)	(23,622,465.34)
<b>Infrastructure Assets</b>	<b>-</b>	<b>-</b>
Road Networks	2,182,996,127.47	2,182,996,127.47
Accumulated Depreciation-Road Networks	(2,182,996,127.47)	(2,182,996,127.47)
<b>Buildings and Other Structures</b>	<b>14,780,384.28</b>	<b>15,649,813.26</b>
Buildings	122,092,815.66	122,092,815.66
Accumulated Depreciation-Buildings	(107,312,431.38)	(106,443,002.40)
<b>Machinery and Equipment</b>	<b>883,500.83</b>	<b>983,505.81</b>
Office Equipment	6,935,605.77	7,001,405.77
Accumulated Depreciation-Office Equipment	(6,962,564.54)	(7,005,506.42)
Information and Communication Technology Equipment	15,914,225.43	15,914,225.43
Accumulated Depreciation-Information and Communication Technology Equipment	(15,805,911.47)	(15,753,470.03)
Communications Equipment	2,685,032.22	2,685,032.22
Accumulated Depreciation-Communications Equipment	(2,684,907.23)	(2,684,907.23)
Construction and Heavy Equipment	28,131,387.33	28,131,388.33
Accumulated Depreciation-Construction and Heavy Equipment	(27,330,286.13)	(27,322,920.05)
Medical Equipment	33,847.97	33,847.97
Accumulated Depreciation-Medical Equipment	(33,834.98)	(33,834.98)
Sports Equipment	181,801.83	181,801.83
Accumulated Depreciation-Sports Equipment	(181,697.83)	(181,697.83)
Other Machinery and Equipment	2,060,650.47	2,060,650.47
Accumulated Depreciation-Other Machinery and Equipment	(2,059,846.01)	(2,042,509.67)
<b>Transportation Equipment</b>	<b>3,555,718.60</b>	<b>3,865,272.16</b>
Motor Vehicles	33,707,972.86	33,707,972.86
Accumulated Depreciation-Motor Vehicles	(30,152,254.26)	(29,842,700.70)
<b>Furniture, Fixtures and Books</b>	<b>84,874.30</b>	<b>137,196.82</b>
Furniture and Fixtures	11,242,575.71	11,242,575.71
Accumulated Depreciation-Furniture and Fixtures	(11,226,184.87)	(11,174,297.59)
Books	1,965,756.40	1,965,756.40
Accumulated Depreciation-Books	(1,897,272.94)	(1,896,837.70)
<b>Leased Assets Improvements</b>	<b>3.00</b>	<b>3.00</b>
Leased Assets Improvements, Land	4,373,670.13	-
Accumulated Depreciation-Leased Assets Improvements, Land	(4,373,667.13)	-
Leased Assets Improvements, Buildings and Other Structures	-	4,373,670.13
Accumulated Depreciation-Leased Assets Improvements, Buildings and Other Structures	-	(4,373,667.13)
<b>Deferred Tax Assets</b>	<b>24,542,414.37</b>	<b>24,542,414.37</b>
<b>Deferred Tax Assets</b>	<b>24,542,414.37</b>	<b>24,542,414.37</b>
Deferred Tax Assets	24,542,414.37	24,542,414.37
<b>Other Non-current Assets</b>	<b>87,759,117.45</b>	<b>87,754,117.68</b>
<b>Deposits</b>	<b>72,286,988.55</b>	<b>72,286,988.55</b>
Guaranty Deposits	71,072,000.00	71,072,000.00
Other Deposits	1,214,988.55	1,214,988.55
<b>Restricted Fund</b>	<b>16,233,945.17</b>	<b>16,228,945.17</b>
Restricted Fund	16,233,945.17	16,228,945.17
<b>Other Non-current Assets</b>	<b>(761,816.27)</b>	<b>(761,816.04)</b>
Deferred Charges/Losses	6,802,732.68	6,802,732.68
Other Non-current Assets	247,727.79	247,728.02
Accumulated Impairment Losses-Other Assets	(7,812,276.74)	(7,812,276.74)
<b>Total Non-current Assets</b>	<b>41,102,343,056.49</b>	<b>41,103,647,070.76</b>
<b>Total Assets</b>	<b>P 43,711,355,662.00</b>	<b>P 43,504,217,304.81</b>
<b>Liabilities</b>		
<b>Current Liabilities</b>		
<b>Financial Liabilities</b>	<b>P 10,741,389,611.93</b>	<b>P 10,606,101,949.01</b>
<b>Payables</b>	<b>33,433,095.92</b>	<b>26,086,333.00</b>
Accounts Payable	33,433,095.92	26,086,333.00
<b>Other Financial Liabilities</b>	<b>10,707,956,516.01</b>	<b>10,580,015,616.01</b>
Other Financial Liabilities	10,707,956,516.01	10,580,015,616.01

<b>Inter-Agency Payables</b>	<b>24,265,636.26</b>	<b>12,198,395.20</b>
<b>Inter-Agency Payables</b>	<b>24,265,636.26</b>	<b>12,198,395.20</b>
Due to BIR	122,022.14	261,324.87
Due to Pag-IBIG	259,695.65	264,024.51
Due to PhilHealth	227,642.49	232,205.29
Due to SSS	1,115,339.59	1,067,481.73
Income Tax Payable	22,540,936.39	10,373,358.80
<b>Trust Liabilities</b>	<b>123,602,523.08</b>	<b>123,602,523.08</b>
<b>Trust Liabilities</b>	<b>123,602,523.08</b>	<b>123,602,523.08</b>
Customers' Deposits Payable	123,602,523.08	123,602,523.08
<b>Deferred Credits/Unearned Revenue/Income</b>	<b>58,715,632.12</b>	<b>90,238,138.23</b>
<b>Deferred Credits</b>	<b>43,715,632.12</b>	<b>37,738,138.23</b>
Output Tax	21,004,290.84	9,389,412.56
Other Deferred Credits	22,711,341.28	28,348,725.67
<b>Unearned Revenue/Income</b>	<b>15,000,000.00</b>	<b>52,500,000.00</b>
Unearned Revenue/Income-Investment Property	15,000,000.00	52,500,000.00
<b>Total Current Liabilities</b>	<b>10,947,973,403.39</b>	<b>10,832,141,005.52</b>
<b>Non-current Liabilities</b>		
<b>Trust Liabilities</b>	<b>3,789,628.75</b>	<b>3,789,628.75</b>
<b>Trust Liabilities</b>	<b>3,789,628.75</b>	<b>3,789,628.75</b>
Guaranty/Security Deposits Payable	3,789,628.75	3,789,628.75
<b>Deferred Tax Liabilities</b>	<b>9,814,416,870.99</b>	<b>9,814,416,870.99</b>
<b>Deferred Tax Liabilities</b>	<b>9,814,416,870.99</b>	<b>9,814,416,870.99</b>
Deferred Tax Liabilities	9,814,416,870.99	9,814,416,870.99
<b>Total Non-current Liabilities</b>	<b>9,818,206,499.74</b>	<b>9,818,206,499.74</b>
<b>Total Liabilities</b>	<b>20,766,179,903.13</b>	<b>20,650,347,505.26</b>
<b>Equity</b>		
<b>Revaluation Surplus</b>	<b>1,636,059,655.86</b>	<b>1,636,059,655.86</b>
<b>Revaluation Surplus</b>	<b>1,636,059,655.86</b>	<b>1,636,059,655.86</b>
Revaluation Surplus	1,636,059,655.86	1,636,059,655.86
<b>Retained Earnings/(Deficit)</b>	<b>13,500,401,980.52</b>	<b>13,409,022,021.20</b>
<b>Retained Earnings/(Deficit)</b>	<b>13,500,401,980.52</b>	<b>13,409,022,021.20</b>
Retained Earnings/(Deficit)	13,500,401,980.52	13,409,022,021.20
<b>Stockholders' Equity</b>	<b>7,808,763,122.49</b>	<b>7,808,763,122.49</b>
<b>Stockholders' Equity</b>	<b>7,808,763,122.49</b>	<b>7,808,763,122.49</b>
Share Capital	46,137,443.18	2,339,916,950.64
Share Premium	(56,158,830.50)	46,137,443.18
Subscribed Share Capital	(56,158,830.50)	(56,158,830.50)
Subscriptions Receivable	2,339,916,950.64	(56,158,830.64)
Treasury Shares	(16,699,917.50)	(16,699,917.50)
Other Equity Instruments	5,551,726,307.31	5,551,726,307.31
<b>Other Comprehensive Income</b>	<b>(49,000.00)</b>	<b>25,000.00</b>
<b>Unrealized Gain/(Loss)</b>	<b>(49,000.00)</b>	<b>25,000.00</b>
<b>Unrealized Gain/(Loss)</b>	<b>(49,000.00)</b>	<b>25,000.00</b>
Unrealized Gain/(Loss) from Changes in the Fair Value of Financial Instruments	(49,000.00)	25,000.00
<b>Total Equity</b>	<b>22,945,175,758.87</b>	<b>22,853,869,799.55</b>
<b>Total Liabilities and Equity</b>	<b>P 43,711,355,662.00</b>	<b>P 43,504,217,304.81</b>
	<b>0.00</b>	<b>-</b>

**Philippine National Construction Corporation**  
**Quarter Statement of Comprehensive Income**  
**For the period ended June 30, 2023 and 2022**  
**(in Philippine Peso)**

	For the period ended June 30,	
	2023	2022
<b>Revenue/Income</b>		
<b>Service and Business Income</b>	<b>P 346,176,715.47</b>	<b>P 231,434,200.73</b>
<b>Service Income</b>	<b>43,306,423.31</b>	<b>38,325,554.30</b>
Other Service Income	43,306,423.31	38,325,554.30
<b>Business Income</b>	<b>302,870,292.16</b>	<b>193,108,646.43</b>
Rent/Lease Income	80,357,142.84	17,728,933.10
Dividend Income	21,548,279.30	20,993,510.60
Interest Income	35,100,568.55	9,188,240.82
Share in the Profit/Revenue of Joint Venture	165,864,301.47	145,197,961.91
<b>Gains</b>	<b>8,444.43</b>	<b>-</b>
<b>Gains</b>	<b>8,444.43</b>	<b>-</b>
Gain on Sale of Unserviceable Property	8,444.43	-
<b>Other Non-Operating Income</b>	<b>316,071.50</b>	<b>816,964.49</b>
<b>Miscellaneous Income</b>	<b>316,071.50</b>	<b>816,964.49</b>
Miscellaneous Income	316,071.50	816,964.49
<b>Total Income</b>	<b>346,501,231.40</b>	<b>232,251,165.22</b>
<b>Expenses</b>		
<b>Personnel Services</b>	<b>24,062,240.04</b>	<b>24,559,823.63</b>
<b>Salaries and Wages</b>	<b>13,956,827.76</b>	<b>14,724,922.50</b>
Salaries and Wages-Regular	13,956,827.76	14,724,922.50
<b>Other Compensation</b>	<b>6,732,341.84</b>	<b>6,623,466.94</b>
Clothing/Uniform Allowance	312,000.00	348,000.00
Overtime and Night Pay	475,502.25	538,973.05
Year End Bonus	1,144,308.12	1,201,074.99
Cash Gift	143,750.04	147,916.65
Mid-Year Bonus	2,288,981.37	2,360,273.00
Directors and Committee Members' Fees	2,342,800.06	2,008,833.25
Other Bonuses and Allowances	25,000.00	18,396.00
<b>Personnel Benefit Contributions</b>	<b>1,791,961.70</b>	<b>1,649,142.61</b>
Pag-IBIG Contributions	34,500.00	36,300.00
PhilHealth Contributions	227,313.20	173,378.04
Employees Compensation Insurance Premiums	823,372.50	699,837.50
Provident/Welfare Fund Contributions	706,776.00	739,627.07
<b>Other Personnel Benefits</b>	<b>1,581,108.74</b>	<b>1,562,291.58</b>
Terminal Leave Benefits	1,234,630.09	1,279,283.86
Other Personnel Benefits	346,478.65	283,007.72
<b>Maintenance and Other Operating Expenses</b>	<b>19,942,961.71</b>	<b>18,398,721.35</b>
<b>Traveling Expenses</b>	<b>472,038.16</b>	<b>581,348.77</b>
Traveling Expenses-Local	472,038.16	581,348.77
<b>Training and Scholarship Expenses</b>	<b>275,116.54</b>	<b>47,880.00</b>
Training Expenses	275,116.54	47,880.00
<b>Supplies and Materials Expenses</b>	<b>1,195,342.80</b>	<b>1,865,887.33</b>
Office Supplies Expenses	300,382.64	605,175.49
Fuel, Oil and Lubricants Expenses	875,962.45	1,239,323.91
Other Supplies and Materials Expenses	18,997.71	21,387.93
<b>Utility Expenses</b>	<b>1,096,392.44</b>	<b>934,376.55</b>
Water Expenses	124,567.48	103,573.31
Electricity Expenses	971,824.96	830,803.24
<b>Communication Expenses</b>	<b>617,356.69</b>	<b>680,989.04</b>
Postage and Courier Services	7,871.07	9,989.60
Telephone Expenses	397,782.76	481,173.11
Internet Subscription Expenses	204,545.24	176,560.51
Cable, Satellite, Telegraph and Radio Expenses	7,157.62	13,265.82
<b>Professional Services</b>	<b>3,578,789.61</b>	<b>3,727,713.84</b>
Legal Services	647,095.70	770,910.00
Auditing Services	1,870,494.00	1,813,722.00
Consultancy Services	479,000.00	-
Other Professional Services	582,199.91	1,143,081.84
<b>General Services</b>	<b>4,796,487.60</b>	<b>3,162,039.47</b>
Security Services	4,269,987.60	2,979,062.19
Other General Services	526,500.00	182,977.28
<b>Repairs and Maintenance</b>	<b>252,514.50</b>	<b>611,785.95</b>
Repairs and Maintenance-Buildings and Other Structures	24,726.00	183,196.60
Repairs and Maintenance-Transportation Equipment	123,535.54	404,973.28
Repairs and Maintenance-Other Property, Plant and Equipment	104,252.96	23,616.07
<b>Taxes, Insurance Premiums and Other Fees</b>	<b>6,534,001.35</b>	<b>6,121,410.96</b>
Taxes, Duties and Licenses	6,127,598.73	5,262,516.85
Fidelity Bond Premiums	9,900.00	76,662.00
Insurance/Reinsurance Expenses	396,502.62	782,232.11
<b>Other Maintenance and Operating Expenses</b>	<b>1,124,922.02</b>	<b>665,289.44</b>
Advertising, Promotional and Marketing Expenses	16,800.00	68,858.00
Representation Expenses	280,424.67	233,239.03
Membership Dues and Contributions to Organizations	15,456.00	13,800.00
Subscription Expenses	111,607.14	-
Major Events and Conventions Expenses	340,377.83	95,749.32
Other Maintenance and Operating Expenses	360,256.38	214,512.65
Rent/Lease Expenses	-	39,130.44
<b>Financial Expenses</b>	<b>127,941,400.00</b>	<b>127,948,820.00</b>
<b>Financial Expenses</b>	<b>127,941,400.00</b>	<b>127,948,820.00</b>
Bank Charges	500.00	7,920.00
Other Financial Charges	127,940,900.00	127,940,900.00
<b>Direct Costs</b>	<b>37,763,032.66</b>	<b>30,371,193.94</b>
<b>Cost of Services/Contract</b>	<b>37,763,032.66</b>	<b>30,371,193.94</b>
Cost of Services/Contract	37,763,032.66	30,371,193.94
<b>Non-Cash Expenses</b>	<b>1,331,308.04</b>	<b>1,971,946.13</b>
<b>Depreciation</b>	<b>1,331,308.04</b>	<b>1,678,601.87</b>
Depreciation-Buildings and Other Structures	869,428.98	1,330,062.60
Depreciation-Transportation Equipment	309,553.56	133,014.92
Depreciation-Furniture, Fixtures and Books	116,194.52	137,992.77
Depreciation-Other Property, Plant and Equipment	36,130.98	77,531.58
<b>Losses</b>	<b>-</b>	<b>293,344.26</b>
Other Losses	-	293,344.26
<b>Total Expenses</b>	<b>211,040,942.45</b>	<b>203,250,505.05</b>
<b>Profit/(Loss) Before Tax</b>	<b>135,460,288.95</b>	<b>29,000,660.17</b>
<b>Income Tax Expense/(Benefit)</b>	<b>19,702,860.28</b>	<b>4,953,104.84</b>
Income Tax Expenses	19,702,860.28	4,953,104.84
<b>Profit/(Loss) After Tax</b>	<b>115,757,428.67</b>	<b>24,047,555.33</b>
<b>Net Assistance and Subsidy/(Assistance/Subsidy/Contribution)</b>	<b>-</b>	<b>-</b>
<b>Net Income/(Loss)</b>	<b>P 115,757,428.67</b>	<b>P 24,047,555.33</b>

## FINANCIAL INFORMATION

### Management's Discussion and Analysis

#### 2<sup>nd</sup> Quarter 2023 vs. 2<sup>nd</sup> Quarter 2022

##### Results of Operations

**Revenue.** Revenue for the quarter ended June 30, 2023 stood at ₦251.063 million, higher by 47.98% or ₦81.403 million compared to ₦169.660 million for the quarter ended June 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 24.34% or ₦7.392 million from ₦30.371 million for the quarter ended June 30, 2022 to ₦37.763 million for the quarter ended June 30, 2023 due to increase in manpower supply from 227 to 249.

**General and Administrative Overhead.** Overhead account increased by 3.01% or ₦1.265 million from ₦42.039 million for the quarter ended June 30, 2022 to ₦43.304 million for the quarter ended June 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 June 30, 2023 increased by 62.79% or ₦80.138 million from ₦127.621 million for the quarter ended June 30, 2022 to ₦207.759 million for the quarter ended June 30, 2023. Said favorable variance was the resulting effect of the reasons discussed above.

**Other Income (Charges).** This account posted a balance of ₦55.642 million for the quarter ended June 30, 2023 compared to ₦29.320 million for the quarter ended June 30, 2022. The 89.77% increase was due to the increases in Interest Income and Dividend Income vis-à-vis decrease in Depreciation expense.

**Comprehensive Income (Loss).** Net Comprehensive Income for the quarter ended June 30, 2023 amounted to ₦115.757 million compared to the net income of ₦24.048 million for the quarter ended June 30, 2022. The variance was due reasons stated above.

##### Financial Position

**Current Assets.** Current assets increased by 19.85% or ₦432.060 million from ₦2.177 billion as of June 30, 2022 to ₦2.609 billion as of June 30, 2023 mainly due to the cash flows provided by the Company's operating and investing activities.

**Current Liabilities.** Current liabilities increased by 2.80% or ₦298.670 million from ₦10.649 billion as of June 30, 2022 to ₦10.948 billion as of June 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 June 30, 2022 totalled ₦22.730 billion vis-à-vis the stockholders' equity as of June 30, 2023 in the amount of ₦22.945 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
	06/30/2023 (Unaudited)	06/30/2022 (Unaudited)	
<b><u>Current/Liquidity Ratios</u></b>			
<b>Current Ratio</b> (Current Assets Divided by Current Liabilities)	0.24	0.20	<p>This ratio evaluates the ability of the company to pay its current debt promptly.</p> <p>Current ratio of 0.24 as of June 30, 2023 slightly increased from 0.20 as of June 30, 2022 due to cash inflows provided by operating activities.</p>
<b><u>Solvency Ratios</u></b>			
<b>Debt to Assets</b> (Total Liabilities Divided by Total Assets)	47.51%	47.49%	<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 47.49% as of June 30, 2022 to 47.51% as of June 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)	90.50%	90.45%	<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 90.45% as of June 30, 2022 to 90.50% as of June 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 2<sup>nd</sup> Quarter 2023.</p>
<b>Asset to Equity Ratio</b> (Total Assets Divided by Total Equity)	190.50%	190.45%	<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 190.45% as of June 30, 2022 to 190.50% as of June 30, 2023 was due to the comprehensive income in 2<sup>nd</sup> Quarter 2023.</p>
<b>Interest Rate Coverage Ratio</b> (Income Before Interest/Penalty/Interest and Taxes Divided by Interest/Penalty)	1.90	1.19	<p>Determines how easily a company can pay interest on outstanding debt.</p> <p>The ratio increased from 1.19 as of June 30, 2022 to 1.90 as of June 30, 2023 due to recognition of higher income in June 2023 as compared to same period in 2022.</p>
<b><u>Profitability Ratios</u></b>			
<b>Return on Assets</b> (Net Income (Loss) Divided by Total Assets)	0.26%	0.06%	<p>Measures the Company’s earnings in relation to all the resources it had at its disposal.</p> <p>The ratio of 0.26% as of June 30, 2023 vis-à-vis the ratio of 0.06% as of June 30, 2022 was the outcome of the income recognition of ₱115.757 million for June 30, 2023 as compared with the recognized comprehensive income of ₱24.048 million for the quarter ended June 30, 2022.</p>
<b>Return on Equity</b> (Net Income (Loss) Divided by Total Equity)	0.50%	0.11%	<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 0.11% to 0.50% is attributable to the increase in stockholder’s equity as a result of higher comprehensive income in June 30, 2023 vis-à-vis June 30, 2022.</p>

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

*Cash decreased by ₱35.981 million or 68.07% from ₱52.862 million as of June 30, 2022 to ₱16.881 million as of June 30, 2023 due to the cash flows used in Company's operating activities and investing activities.*

*Short term investment increased by ₱506.232 million or 30.74% from ₱1.647 billion as of June 30, 2022 to ₱2.153 billion as of June 30, 2023 due to the cash inflows from operating activities.*

*Accounts Receivable decreased by ₱48.585 million or 10.93% from ₱444.697 million as of June 30, 2022 to ₱396.112 million as of June 30, 2022 mainly due to the collection of accounts receivable – trade and rental at Financial Center Area (FCA).*

*Inventories - increased by ₱0.233 million or 10.09% from ₱2.314 million as of June 30, 2022 to ₱2.547 million as of June 30, 2023 due mainly to the increase in Office Supplies, Fuel and Oil and Materials Inventory.*

*Prepayments - increased by ₱10.161 million or 33.82% from ₱30.046 million as of June 30, 2022 to ₱40.207 million as of June 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 June 30, 2022 to ₱24.542 million as of June 30, 2023 mainly due to the decrease in the carry forward benefit of unapplied tax credits.*

*Financial Liabilities – Accounts Payable increased by ₱6.297 million or 23.20% from ₱27.137 million as of June 30, 2022 to ₱33.433 million as of June 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 ₱15.095 million or 164.61% from ₱9.170 million as of June 30, 2022 to ₱24.266 million as of June 30, 2023 due to increases in income tax payable, SSS, Philhealth and HDMF liabilities.*

*Deferred credits/Uneraned Revenue/Income decreased by ₱70.724 million or 54.64% from ₱129.439 million as of June 30, 2022 to ₱58.716 million as of June 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 June 30, 2023 compared to the quarter ended June 30, 2022 (increase/decrease of 5% or more)**

*Service Income increased by ₱4.981 million or 13.00% from ₱38.326 million for the quarter ended June 30, 2022 to ₱43.306 million for the quarter ended June 30, 2023 mainly due to increase in the supply of manpower to Skyway O&M Corporation.*

*Business Income increased by ₱109.762 million or 56.84% from ₱193.109 million for the quarter ended June 30, 2022 to ₱302.870 million for the quarter ended June 30, 2023 due to increases in Rental, Dividend, Interest Income and share in JVs Revenue.*

*Other Non-operating Income decreased by ₱0.501 million or 61.31% from ₱0.817 million for the quarter ended June 30, 2022 to ₱0.316 million for the quarter ended June 30, 2023 due to decrease in Miscellaneous Income like sale of bid documents.*

*Maintenance and Other Operating Expenses increased by 8.39% or ₱1.544 million from ₱18.399 million for the quarter ended June 30, 2022 to ₱19.943 million for the quarter ended June 30, 2023 due to the increase in Training, Utility Expenses, General Services and Other Maintenance and Operating expenses.*

*Cost of Services increased by 24.34% or ₱7.392 million from ₱30.371 million for the quarter ended June 30, 2022 to ₱37.763 million for the quarter ended June 30, 2022 due to the increase in the supply of manpower to Skyway O&M Corporation.*

*Non-cash Expenses decreased by 32.49% or ₱0.641 million from ₱1.972 million for the quarter ended June 30, 2022 to ₱1.331 million for the quarter ended June 30, 2023 due to the decrease in depreciation expense.*

*Comprehensive Income (Loss)* increased by 381.37% or ₱91.710 million from ₱24.048 million for the quarter ended June 30, 2022 to ₱115.757 million for the quarter ended June 30, 2023 due to the favorable increase in Revenue.