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SECURITIES AND EXCHANGE COMMISSION

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Company Name PHIL. NATL. CONS. CORP.
Industry Classification
Company Type Stock Corporation

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P H I L I P P I N E N A T I O N A L
C O N S T R U C T I O N C O R P O R A T I O N

(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)

FRANCES LYNETTE V. SAYSON
Contact Person

846-2906
Company Telephone Number

1 2 3 1
Month Day
Fiscal Year

17-Q
FORM TYPE

0 3 4th
Month Tuesday
Annual Meeting Day

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

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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 March 31, 2015
2. SEC Identification Number 30939 BIR Tax Identification No. 410-000-058-V
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

| <i><u>Title of Each Class</u></i> | <i><u>Number of Shares</u></i> |
|-----------------------------------|--------------------------------|
| 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 LUIS F. SISON

Date 28 October 2015

Signature and Title  Chief Finance Officer

Signature and Title  Corporate Controller

Date 28 October 2015

Principal Financial/Accounting Officer/Controller MIRIAM M. PASETES / SUSAN R. VALES

Date 28 October 2015

PART 1 - FINANCIAL INFORMATION

(Item 1 -Financial Statements)

(Item 1.1 -Statements of Financial Position)

**PHILIPPINE NATIONAL CONSTRUCTION CORPORATION
STATEMENTS OF FINANCIAL POSITION**

As of March 31, 2015

With Comparative Figures as of December 31, 2014

(In Thousand Pesos)

| | March 31 2015 (Interim) | December 31 2014 (Audited) |
|--|-------------------------------|----------------------------------|
| ASSETS | | |
| Current Assets | | |
| Cash and cash equivalents | P 475,239 | P 398,342 |
| Accounts receivables | 381,214 | 419,140 |
| Receivables from officers and employees | 42,813 | 42,900 |
| Prepayments | 10,255 | 10,067 |
| Total Current Assets | 909,521 | 870,449 |
| Noncurrent Assets | | |
| Investments | 260,684 | 260,984 |
| Investment property | 10,442,198 | 10,442,198 |
| Property and equipment, net | 561,851 | 563,071 |
| Other assets, net | 326,466 | 327,626 |
| Total Noncurrent Assets | 11,591,199 | 11,593,879 |
| TOTAL ASSETS | P 12,500,720 | P 12,464,328 |
| LIABILITIES AND STOCKHOLDERS' EQUITY | | |
| Current Liabilities | | |
| Accounts payable and accrued expenses | P 41,849 | P 44,576 |
| Due to the National Government and its Instrumentalities | 7,942,914 | 7,879,297 |
| Due to Government Owned or Controlled Corporation | 1,203,000 | 1,203,000 |
| Total Current Liabilities | 9,187,763 | 9,126,873 |
| Noncurrent Liabilities | | |
| Deferred tax liabilities | 3,273,142 | 3,273,142 |
| Other payables | 174,862 | 174,862 |
| Total Noncurrent Liabilities | 3,448,004 | 3,448,004 |
| Stockholders' Equity (Capital Deficiency) | (135,047) | (110,549) |
| TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY | P 12,500,720 | P 12,464,328 |

PHILIPPINE NATIONAL CONSTRUCTION CORPORATION
Aging Schedule of Receivables and Advances
As of March 31, 2015
(In Thousand Pesos)

| | Amount | Allowance for Doubtful Account | Net Amount | Current | Past Due | | | | | Over 5 Years |
|--|----------------|--------------------------------------|----------------|---------------|--------------|--------------|--------------|-------------------------------|-----------------------------------|-----------------|
| | | | | | 1-30 Days | 31-60 Days | 61-90 Days | 91 Days but not over 1 Yr. | Over 1 Yr. but not over 5 Yrs. | |
| Current Assets: | | | | | | | | | | |
| Billed Contract Receivable | 52,607 | | 52,607 | | | | | | | 52,607 |
| Contract Retention Receivable | 2,755 | | 2,755 | | | | | | | 2,755 |
| Claims Receivable | 65,052 | | 65,052 | | | | | | | 65,052 |
| Accounts Receivable - Trade | 30,634 | | 30,634 | 10,603 | 5,646 | 5,143 | 826 | 1,054 | | - |
| Accounts Receivable - Subs. and Aff. (net) | 11,043 | | 11,043 | 262 | 222 | 135 | 1,442 | 8,444 | | - |
| Other Accounts Receivable | 70,135 | 1,117 | 69,018 | 33 | | | | 68,981 | | 4 |
| Advances for SSS/EC Benefits | 5 | | 5 | | | | 5 | | | - |
| Advances to Suppliers | 50 | | 50 | 26 | 20 | | | 4 | | - |
| Advances to CESLA | 50 | | 50 | 9 | 2 | 1 | 8 | 13 | | - |
| Advances to Bureau of Treasury | 150,000 | | 150,000 | | | | | | | 150,000 |
| Total Accounts Receivable | 382,331 | 1,117 | 381,214 | 10,933 | 7,922 | 5,279 | 2,281 | 78,496 | | 270,418 |
| Receivables from Officers and Employees | 42,813 | | 42,813 | 290 | 2 | | 11 | 39,350 | | 3,160 |
| Sub-total (Current Assets) | 425,144 | 1,117 | 424,027 | 11,223 | 7,924 | 5,279 | 2,292 | 117,846 | | 273,578 |
| 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 | 488,605 | 1,117 | 487,488 | 11,223 | 7,924 | 5,279 | 2,292 | 152,796 | | 302,089 |

PART 1 - FINANCIAL INFORMATION

(Item 1 -Financial Statements)

(Item 1.2 -Statements of Profit or Loss)

**PHILIPPINE NATIONAL CONSTRUCTION CORPORATION
STATEMENTS OF PROFIT OR LOSS**

For the First Quarter of 2015 and 2014

(In Thousand Pesos)

| | January to March | |
|--|-------------------|-------------------|
| | 2015 | 2014 |
| REVENUES | | |
| Revenue/dividend shares from Joint Venture Companies | P 39,207 | P 26,134 |
| Rental income | 23,972 | 21,330 |
| | <u>63,179</u> | <u>47,464</u> |
| GENERAL AND ADMINISTRATIVE OVERHEAD | <u>16,891</u> | <u>18,195</u> |
| PROFIT FROM OPERATIONS | <u>46,288</u> | <u>29,269</u> |
| OTHER INCOME (CHARGES): | | |
| Penalty charges | (63,617) | (63,617) |
| Interest income | 1,081 | 482 |
| Other income | 130 | 1,790 |
| | <u>(62,406)</u> | <u>(61,345)</u> |
| NET PROFIT (LOSS) | <u>P (16,118)</u> | <u>P (32,076)</u> |

Earnings (loss) per share:

| | | |
|---|-------------|-------------|
| (a) income (loss) | (0.09) | (0.18) |
| (b) number of outstanding common shares | 174,444,749 | 174,444,749 |

PART 1 - FINANCIAL INFORMATION

(Item 1 -Financial Statements)
(Item 1.3 -Statements of Changes in Equity)

PHILIPPINE NATIONAL CONSTRUCTION CORPORATION
STATEMENTS OF CHANGES IN EQUITY

For the First Quarter of 2015 and 2014
(Nearest Peso)

| | Capital Stock P10 Par Value | Capital In Excess of Par Value | Subscriptions Receivable | Treasury Stock | Revaluation Increment In Property | Equity Adjustment- Loans Transf. to Nat'l Gov't | Retained Earnings (Deficit) | Total Equity |
|--|--------------------------------|--------------------------------------|-----------------------------|-------------------|---|--|-----------------------------------|--------------|
| Balances, December 31, 2014 | 2,283,758 | 46,137 | (56,159) | (16,699) | 377,332 | 5,551,726 | (8,296,644) | (110,549) |
| Correction of prior years' income and expenses | | | | | | | (8,380) | (8,380) |
| Net loss | 2,283,758 | 46,137 | (56,159) | (16,699) | 377,332 | 5,551,726 | (8,305,024) | (118,929) |
| Other comprehensive income | | | | | | | (16,118) | (16,118) |
| As at March 31, 2015 | 2,283,758 | 46,137 | (56,159) | (16,699) | 377,332 | 5,551,726 | (8,321,142) | (135,047) |
| Balances, December 31, 2013 | 2,283,758 | 46,137 | (56,159) | (16,699) | 378,011 | 5,551,726 | (8,056,378) | 130,396 |
| Correction of prior years' income and expenses | | | | | | | (10,545) | (10,545) |
| Net loss | 2,283,758 | 46,137 | (56,159) | (16,699) | 378,011 | 5,551,726 | (8,066,923) | 119,851 |
| Other comprehensive income | | | | | | | (32,076) | (32,076) |
| As at March 31, 2014 | 2,283,758 | 46,137 | (56,159) | (16,699) | 378,011 | 5,551,726 | (8,098,999) | 87,775 |

PART 1 - FINANCIAL INFORMATION

(Item 1 -Financial Statements)

(Item 1.4 -Statements of Cash Flows)

**PHILIPPINE NATIONAL CONSTRUCTION CORPORATION
STATEMENTS OF CASH FLOWS**

For the First Quarter of 2015 and 2014

(In Thousand Pesos)

| | January to March | |
|--|------------------|----------------|
| | 2015 | 2014 |
| CASH FLOW FROM OPERATING ACTIVITIES: | | |
| Cash receipts from customers: | | |
| Revenue share | ₱ 50,973 | ₱ 42,100 |
| Rental | 28,125 | 29,671 |
| Others | 184 | 1,152 |
| | <u>79,282</u> | <u>72,923</u> |
| Payments to: | | |
| Suppliers | (12,778) | (16,787) |
| Employees | (7,014) | (10,508) |
| Directors | (522) | (706) |
| Consultants/retainers | (114) | (149) |
| | <u>58,854</u> | <u>44,773</u> |
| Cash provided by operations | | |
| Penalties | (50) | - |
| Taxes and licenses | (1,658) | (1,537) |
| Deficiency taxes | - | (4,819) |
| Net cash flows provided by operating activities | <u>57,146</u> | <u>38,417</u> |
| CASH FLOW FROM INVESTING ACTIVITIES: | | |
| Purchase of property and equipment | (3) | - |
| Proceeds from sale of fixed assets/scrap materials | - | 2,004 |
| Interests | 1,120 | 458 |
| Dividends | 18,334 | 9,460 |
| Others | 300 | - |
| Net cash flows provided by investing activities | <u>19,751</u> | <u>11,922</u> |
| NET DECREASE (DECREASE) IN CASH AND CASH EQUIVALENT | 76,897 | 50,339 |
| CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR | 398,342 | 181,265 |
| CASH AND CASH EQUIVALENTS AT END OF FIRST QUARTER | 475,239 | 231,604 |

Item 1.5 Earnings (loss) Per Share

The Company's earning (loss) per share is presented on the face of the Income Statement (Item 1.2). Said earning (loss) per share is computed by dividing the net income (loss) by the number of outstanding common shares.

Item 1.6 Disclosure that the issuer's interim financial report is in compliance with the generally accepted accounting principles

The interim financial statements of the Philippine National Construction Corporation 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. The amounts are rounded off to the nearest thousand pesos.

Item 1.7 Notes to Financial Statements

1.7.a Accounting Policies and Methods

1.7.a.1 The same accounting policies and methods of computation are followed in the interim financial statements as compared with the most recent annual financial statements.

1.7.a.2 Revenue Recognition

Pursuant to the Supreme Court En Banc Decision, 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% of its share from the Joint Venture Companies' gross toll revenues, in accordance with the interim guidelines issued by the Toll Regulatory Board (TRB).

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

1.7.a.3 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.

1.7.a.4 Prepayments

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

This account also includes 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 write down is provided for all non-moving/obsolete items of the inventory account.

1.7.a.5 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 the shares of stock in tollway joint venture companies which PNCC is holding in trust for the National Government.

Available for sale equity securities (club shares) are recorded/measured/presented at fair market value as provided under PAS 39, Financial Instruments: Recognition and Measurement.

1.7.a.6 Investment Property

Investment property are 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.

1.7.a.7 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:

| <u>Asset Type</u> | <u>Estimated Useful Lives</u> |
|---|-------------------------------|
| Land improvements | 10 years |
| Buildings and improvements | 10 to 33 years |
| Construction equipment | 2 to 10 years |
| Transportation equipment | 3 to 5 years |
| Office equipment-furniture and fixtures | 5 years |
| Others | 2 to 7 years |

Fully depreciated assets are retained in the accounts until they are no longer in use and no further depreciation are 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 the disposal is directly charged or credited in the current operations.

1.7.a.8 Revaluation Increment in Property

The increase in the asset's carrying amount as well 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 credited to Retained Earnings account.

Piecemeal realization of the revaluation increment is effected on a yearly basis.

1.7.a.9 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.