



111162015001964



SECURITIES AND EXCHANGE COMMISSION

SEC Building, EDSA, Greenhills, Mandaluyong City, Metro Manila, Philippines
Tel: (632) 726-0931 to 39 Fax: (632) 725-5293 Email: mis@sec.gov.ph

Barcode Page

The following document has been received:

Receiving Officer/Encoder : Jojit Licudine
Receiving Branch : SEC Head Office
Receipt Date and Time : November 16, 2015 04:46:03 PM
Received From : Head Office

Company Representative

Doc Source

Company Information

SEC Registration No. 0000030939
Company Name PHIL. NATL. CONS. CORP.
Industry Classification
Company Type Stock Corporation

Document Information

Document ID 111162015001964
Document Type 17-Q (FORM 11-Q: QUARTERLY REPORT/FS)
Document Code 17-Q
Period Covered September 30, 2015
No. of Days Late 0
Department CFD
Remarks

COVER SHEET

3 0 9 3 9
S.E.C. Registration Number

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

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 September 30, 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

<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**

Date November 13, 2015

Duly Authorized Representative **LUIS F. SISON**

Signature and Title  **Chief Finance Officer**

Signature and Title  **Corporate Controller**

Date November 13, 2015

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

PART 1 – FINANCIAL INFORMATION

(Item 1 -Financial Statements)

(Item 1.1 -Statements of Financial Position)

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

As of September 30, 2015

With comparative figures as of December 31, 2014

(In Thousand Pesos)

		September 30 2015 (Interim)		December 31 2014 (Audited)
ASSETS				
Current Assets				
Cash and cash equivalents	P	540,076	P	398,342
Accounts Receivables		407,654		419,140
Receivables from officers and employees		44,224		42,900
Prepayments		11,213		10,067
Total Current Assets		1,003,167		870,449
Noncurrent Assets				
Investments		260,834		260,980
Investment Property		10,442,198		10,442,198
Property and equipment, net		559,061		563,071
Other Assets net		326,523		327,626
Total Noncurrent Assets		11,588,616		11,593,879
TOTAL ASSETS	P	12,591,333	P	16,646,328
LIABILITIES AND STOCKHOLDERS EQUITY				
Current Liabilities				
Accounts payable and accrued expenses	P	45,927	P	44,576
Due to the National Government and its Instrumentalities		8,072,269		7,879,297
Due to Government Owned or Controlled Corporation		1,203,000		1,203,000
Total Current Liabilities		9,321,196		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)		(177,867)		(110,549)
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	P	12,591,333	P	12,646,325

PHILIPPINE NATIONAL CONSTRUCTION CORPORATION
 AGING OF RECEIVABLES & ADVANCES
 As of September 30, 2015
 (In Thousand Pesos)

	Amount	Allowance for Doubtful Accounts	Net Amount	Current	Past Due						
					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:											
Billed Contract Receivables	52,607		52,607								52,607
Contract Retention Receivables	2,755		2,755								2,755
Claims Receivable	65,052		65,052								65,052
Accounts Receivable - Trade	55,328		55,328	9,897	7,348	5,862	6,241	6,344	19,536		
Accounts receivable - Subs. and Aff. (net)	12,858		12,858	137	123	176	258	935	11,229		
Other Accounts Receivable	70,122	1,117	69,005					23	68,978		4
Advances for SSS/ECC Benefits	-		-								
Advances to Suppliers	43		43	39							4
Advances to CESLA	6		6	6							
Advances to Bureau of Treasury	150,000		150,000								150,000
Total Accounts Receivable	408,771	1,117	407,654	10,079	7,471	6,138	6,499	7,302	99,747		270,418
Receivables from Officers and Employees	44,223		44,223	115		1,528			39,420		3,160
Sub-total (Current Assets)	452,994	1,117	451,877	10,194	7,471	7,666	6,499	7,302	139,167		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	516,455	1,117	515,338	10,194	7,471	7,666	6,499	7,302	174,117		302,089

PHILIPPINE NATIONAL CONSTRUCTION CORPORATION
STATEMENTS OF PROFIT OR LOSSFor the Third Quarter of 2015 and 2014
(In Thousand Pesos)

	January to September		July to	September
	2015	2014	2015	2014
REVENUES				
Revenue share from Joint Venture Companies P	102,090	92,667	40,634	39,132
Rental Income	72,179	64,151	23,970	21,464
	174,269	156,818	64,604	60,596
GENERAL AND AMINISTRATIVE OVERHEAD	41,754	52,669	10,581	17,864
PROFIT FROM OPERATIONS	132,515	104,149	54,023	42,732
OTHER INCOME (CHARGES):				
Penalty charges	(192,972)	(192,972)	(65,031)	(65,031)
Interest Income	3,937	2,265	1,416	1,292
Other Income(charges)	(4,034)	2,580	(3,523)	621
	(193,061)	(188,127)	(67,138)	(63,118)
NET LOSS	(60,554)	(83,978)	(13,115)	(20,386)
Earning (loss) per share:				
(a) Income (loss)	(0.35)	(0.48)	(0.08)	(0.12)
(b) number of outstanding common shares	174,444,749	174,444,749	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 Third Quarter of 2015 and 2014
(Nearest Peso)

	Capital Stock P10 Par Value	Capital in Excess of Par Value	Subscription Receivable	Treasury Stock	Revaluation Increment in Property	Adjustment- Loans Transf. to Natl 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	2,283,758	46,137	(56,159)	(16,699)	377,332	5,551,726	(8,303,651)	(117,556)
Net loss							(47,349)	(47,349)
Other Comprehensive Income							243	243
As of Sept 30, 2015	2,283,758	46,137	(56,159)	(16,699)	377,332	5,551,726	8,363,962	177,866
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							(9,374)	(9,374)
							(8,065,752)	(121,022)
Net loss							(83,978)	(83,978)
Other comprehensive income							(83,978)	(83,978)
As of Sept 30, 2015							8,149,730	37,043

PHILIPPINE NATIONAL CONSTRUCTION CORPORATION
STATEMENTS OF PROFIT OR LOSSFor the Third Quarter of 2015 and 2014
(In Thousand Pesos)

	2015	January to September 2014
CASH FLOW FROM OPERATING ACTIVITIES:		
Cash receipts from customers:		
Revenue Share	P 75,890	64,647
Rental	80,349	79,989
Others	758	2,261
	<u>156,997</u>	<u>146,897</u>
Payments to:		
Suppliers	(31,474)	(45,377)
Employees	(21,496)	(24,413)
Directors	(2,165)	(1,736)
Consultants/retainers	(312)	(446)
Cash provided by operations	101,550	74,925
Penalties	(150)	(150)
Taxes and licenses	(1,658)	(1,537)
Deficiency taxes	-	(4,819)
Net cash flows provided by operating activities	<u>99,742</u>	<u>68,419</u>
CASH FLOW FROM INVESTING ACTIVITIES:		
Purchase of property and equipment	(35)	(5)
Proceeds from sale of fixed assets/scrap materials	906	2,930
Interests	3,975	1,710
Dividends	36,546	39,282
Others	600	91,736
Net cash flows provided by investing activities	<u>41,992</u>	<u>135,653</u>
NET DECREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	141,734	204,072
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	398,342	181,265
CASH AND CASH EQUIVALENTS AT END OF SECOND QUARTER	540,076	385,337

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.