

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
(f o r m e r l y C O N S T R U C T I O N A N D
D E V E L O P M E N T C O R P O R A T I O N O F T H E
P H I L I P P I N E S)

(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)

RENATO M. MONSANTO
Contact Person

846-2906
Company Telephone Number

1 2 3 1
Month Day
Fiscal Year

17-Q
FORM TYPE

0 3 4th
Month Tuesday
Day
Annual Meeting

Secondary License Type, if Applicable

Dept. Requiring this Doc.

Amended Articles Number / Section

Total No. of Stockholders

Domestic

Foreign

To be accomplished by SEC Personnel Concerned

File Number

LCU

Document ID

Cashier

STAMPS

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q

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



1. For the quarterly period ended March 31, 2017
2. SEC Identification No. 30939
3. BIR Tax Identification No. 330-058-000
4. Exact name of issuer as specified in its charter: Philippine National Construction Corporation
5. Province, country or other jurisdiction of incorporation or organization: Metro Manila, Philippines
6. Industry Classification Code: (SEC Use Only)
7. PNCC Complex, KM. 15, East Service Road, Bicutan, Parañaque City
Address of issuer's principal office 1700
Postal Code
8. (02) 846-3045 / Fax: (02) 846-1395
Issuer's telephone number, including area code
9. Not applicable
Former name, former address and former fiscal year, if changed since last report
10. Securities registered pursuant to Sections 8 and 12 of the Code, or Sections 4 and 8 of the RSA

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

Note:

Philippine National Construction Corporation (PNCC) has 141,519,380 shares (99,444,759 common shares and 42,074,621 preferred shares) issued to different Government Financial Institutions 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, the Securities and Exchange Commission (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 the securities listed on a Stock Exchange?

Yes [x] No []

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

The Common shares of the Company are listed on the 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 Sections 11 of the RSA and RSA Rule 11(a)-1 thereunder, and Sections 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 [x]

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

Yes [x] No []

PART I – FINANCIAL INFORMATION

Item 1. Financial Statements

Interim financial statements are attached as Exhibits 1 to 5 hereof and incorporated herein by reference:

- Exhibit 1 Statements of Financial Position as at March 31, 2017 and December 31, 2016
- Exhibit 2 Statements of Comprehensive Income for the three months ended March 31, 2017 and March 31, 2016
- Exhibit 3 Statements of Changes in Equity for the three months ended March 31, 2017 and March 31, 2016
- Exhibit 4 Statements of Cash Flows for the three months ended March 31, 2017 and March 31, 2016
- Exhibit 5 Notes to Interim Financial Statements

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Please refer to Exhibits 6 & 7.

PART II – OTHER INFORMATION

The Company is not in possession of information which has not been previously reported in a report on SEC Form 17-C and with respect to which a report on SEC Form 17-C is required to be filed.

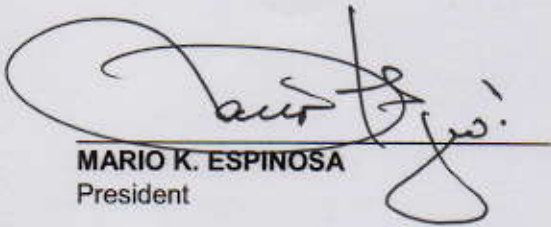
SIGNATURES

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.

PHILIPPINE NATIONAL CONSTRUCTION CORPORATION

Issuer

By:



MARIO K. ESPINOSA
President



MIRIAM M. PASETES
Vice President, Head - Treasury



EZRA L. PANOPIO
Assistant Vice President, Head - Controllership

PHILIPPINE NATIONAL CONSTRUCTION CORPORATION
 Statements of Financial Position
 (In Philippine Peso)

EXHIBIT 1

	As at March 31, 2017 (Unaudited)	As at December 31, 2016 (Audited)
ASSETS		
Current Assets		
Cash and Cash Equivalents	532,885,976	490,718,321
Accounts Receivable	342,965,169	327,180,356
Receivables from Officers and Employees	43,620,074	43,642,903
Prepayments	17,640,356	18,007,204
Total Current Assets	937,111,575	879,548,784
Noncurrent Assets		
Investments	926,950,952	926,950,952
Investment Property	10,669,948,000	10,669,948,000
Property and Equipment, net	778,756,997	780,275,072
Other Assets, net	275,317,650	273,810,053
Total Noncurrent Assets	12,650,973,599	12,650,984,077
	13,588,085,174	13,530,532,861
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities		
Accounts Payable & Accrued Expenses	59,583,572	61,643,060
Due to National Government and its Instrumentalities	7,892,618,816	7,829,001,816
Due to Government-Owned or Controlled Corporations	1,203,000,000	1,203,000,000
Total Current Liabilities	9,155,202,388	9,093,644,876
Noncurrent Liabilities		
Deferred Tax Liabilities	3,408,692,673	3,408,692,673
Other Payables	174,861,629	174,861,629
Total Noncurrent Liabilities	3,583,554,302	3,583,554,302
Total Liabilities	12,738,756,690	12,677,199,178
Stockholders' Equity		
Total Stockholders' Equity	849,328,484	853,333,683
	13,588,085,174	13,530,532,861

PHILIPPINE NATIONAL CONSTRUCTION CORPORATION
 Statements of Comprehensive Income
 (In Philippine Peso)

EXHIBIT 2

	Three Months Ended March 31	
	2017 (Unaudited)	2016 (Unaudited)
REVENUES		
Revenue and dividend share from Joint Venture Companies	46,024,098	44,464,153
Rental Income	29,258,942	27,673,683
Service Income	11,989,002	10,429,635
TOTAL REVENUES	87,272,042	82,567,471
COST OF SERVICES	(9,422,295)	(9,000,561)
GENERAL AND ADMINISTRATIVE OVERHEAD	(18,848,659)	(15,633,619)
INCOME FROM OPERATIONS	59,001,089	57,933,291
OTHER INCOME, net	670,125	206,473
PENALTY CHARGES ON UNPAID CONCESSION FEE	(63,617,000)	(63,617,000)
NET INCOME BEFORE TAX	(3,945,786)	(5,477,236)
PROVISION FOR INCOME TAX	-	-
NET INCOME	(3,945,786)	(5,477,236)
OTHER COMPREHENSIVE INCOME	-	-
COMPREHENSIVE INCOME	(3,945,786)	(5,477,236)

EXHIBIT 3

PHILIPPINE NATIONAL CONSTRUCTION CORPORATION

Statements of Changes in Equity

For the Three Months Ended March 31, 2017 (Unaudited) and March 31, 2016 (Unaudited)

(In Philippine Peso)

Particulars	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, 2016	2,283,758,120	46,137,443	(56,158,831)	(16,699,918)	534,193,247	5,551,726,307	(7,489,622,684)	853,333,684
Correction of Prior Years' Error							(59,413)	(59,413)
Net loss	2,283,758,120	46,137,443	(56,158,831)	(16,699,918)	534,193,247	5,551,726,307	(7,489,682,097)	853,274,271
As at March 31, 2017	2,283,758,120	46,137,443	(56,158,831)	(16,699,918)	534,193,247	5,551,726,307	(7,493,627,883)	849,328,485
Balances, December 31, 2015 (as restated)	2,283,758,120	46,137,443	(56,158,831)	(16,699,918)	537,087,927	5,551,726,307	(8,231,078,605)	114,772,443
Net loss							(5,477,236)	(5,477,236)
As at March 31, 2016	2,283,758,120	46,137,443	(56,158,831)	(16,699,918)	537,087,927	5,551,726,307	(8,236,555,841)	109,295,208

PHILIPPINE NATIONAL CONSTRUCTION CORPORATION
 Statements of Cash Flows
 (In Philippine Peso)

EXHIBIT 4

	Three Months Ended March 31	
	2017	2016
	(Unaudited)	(Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES		
Revenue share	13,036,792	55,551,091
Rental	33,031,247	29,851,154
Service Income	9,458,676	6,204,022
Others	124,791	936,791
	55,651,507	92,543,058
Payments to:		
Suppliers	(17,668,948)	(15,819,385)
Employees	(16,559,730)	(17,103,665)
Directors	(970,792)	(878,771)
Consultants/Retainers	(105,926)	-
Cash Provided by Operations	20,346,110	58,741,236
Taxes and Licenses	(2,201,808)	(2,181,195)
Net Cash Provided by Operating Activities	18,144,302	56,560,042
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Property, Plant & Equipment	(47,161)	(214,972)
Proceeds from Sale of Fixed Assets/Scrap materials	302,527	-
Interests	1,693,186	2,031,647
Dividends	22,074,800	21,522,930
Net Cash Provided by Investing Activities	24,023,352	23,339,605
NET INCREASE IN CASH AND CASH EQUIVALENTS	42,167,655	79,899,646
CASH AND CASH EQUIVALENTS, BEGINNING	490,718,321	693,740,491
CASH AND CASH EQUIVALENTS, ENDING	532,885,976	773,640,137

EXHIBIT 5

PHILIPPINE NATIONAL CONSTRUCTION CORPORATION

1.5. Notes to Interim Financial Statements

1.5.1. Earnings (loss) Per Share

The Company's earnings (loss) per share is presented on the face of the Statement of Comprehensive Income (Exhibit 2). Said earnings (loss) per share is computed by dividing the net income (loss) by the number of outstanding common shares.

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

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

Under Commission on Audit (COA) Circular No. 2015-003 dated April 16, 2015, for the purpose of determining the applicable financial reporting framework for Government Corporations, PNCC is classified as a Government Business Enterprise (GBE). In line with this classification, the Company's financial statements have been prepared in compliance with the Philippine Financial Reporting Standards (PFRS). PFRS are based on International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB). PFRS consist of PFRS, Philippine Accounting Standards (PAS) and Philippine Interpretations issued by the Philippine Financial Reporting Standards Council (FRSC).

1.5.3. Notes to Financial Statements

1.5.3.a. Accounting Policies and Methods

1.5.3.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.

1.5.3.a.2. Revenue Recognition

Revenue and Dividend Share from Joint Venture Companies (JVCs)

Pursuant to the Supreme Court En Banc Decision, as discussed in Note 1 to the 2016 Audited Financial Statements, 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 percent of its share from the JVCs gross toll revenues, in

accordance with the interim rules and guidelines issued by TRB.

Dividend income is recognized when the Company's right to receive the payment is established.

Rental Income

Rental income from operating leases, wherein substantially all the risks and rewards of ownership are retained by the Company as a lessor, is recognized on a straight-line basis over the term of the relevant lease. The rent income is derived from the Company's properties not used in business and being leased out to third parties for a certain period, renewable under such terms and conditions as may be agreed upon by both parties.

Service Income and Cost

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

Other Income

Other income is recognized when earned.

1.5.3.a.3 Allowance for Impairment Losses on Loans and Receivables

The Company maintains an allowance for impairment losses at a level considered adequate to provide for potential uncollectible receivables. The level of this allowance is evaluated by Management on the basis of factors that affect the collectability of the accounts. These factors include, but are not limited to, the customer's and lessee's payment behavior and known market factors. The Company reviews the age and status of receivables, and identifies accounts that are to be provided with allowances on a continuous basis.

The amount and timing of recorded expenses for any period would differ if the Company made different judgments or utilized different estimates. An increase in the allowance for impairment losses on receivables would increase recorded operating expenses and decrease current assets.

1.5.3.a.4 Prepayments

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

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

1.5.3.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 subsidiaries are no longer operating, except for DISC Contractors, Builders and General Services, Inc. (DCBGSI) which has been incurring losses, resulting in accumulated deficit. In addition, in 2015, the Company has initiated the process of closing its subsidiaries that are no longer operating and those that are losing. On October 1, 2015, as part of the reorganization and streamlining of Company operations, PNCC assumed the operations of DCBGSI which now operates as a separate division of the Company.

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

Available for sale equity securities (club shares) are recorded/measured/presented at fair market value as provided for under Philippine Interpretations Committee (PIC) Q&A 6-02.

1.5.3.a.6 Investment Property

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

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