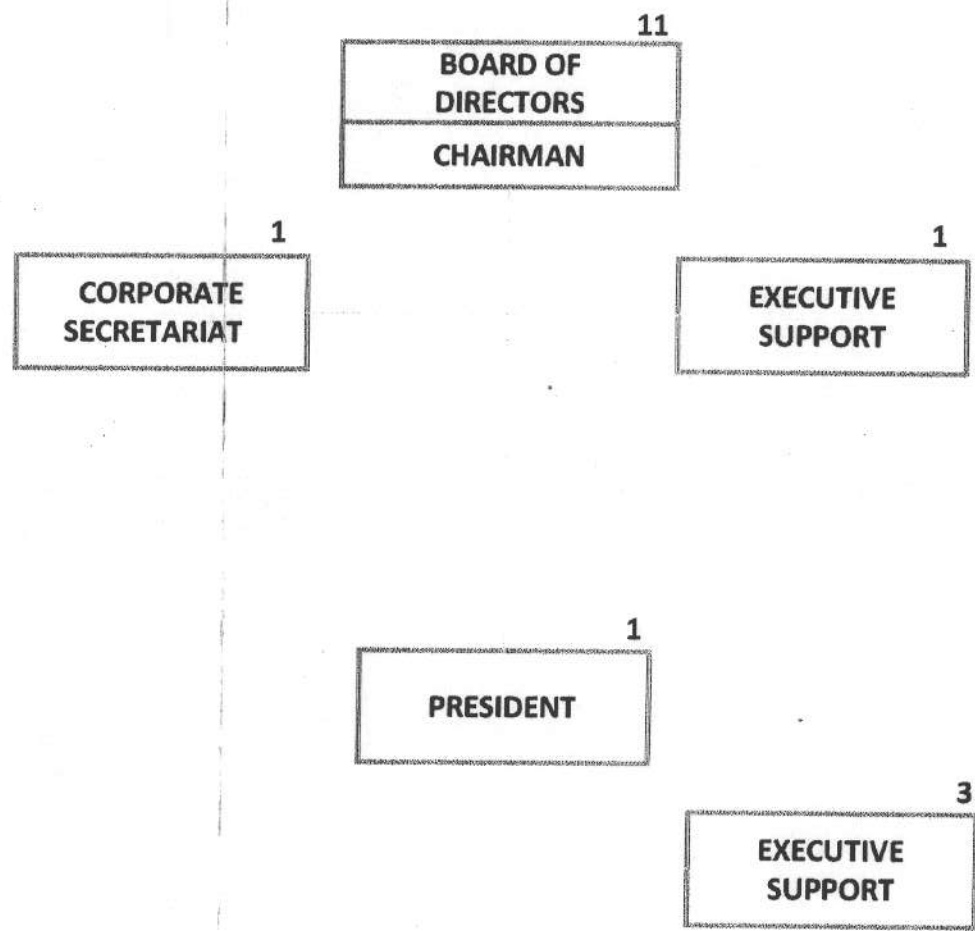
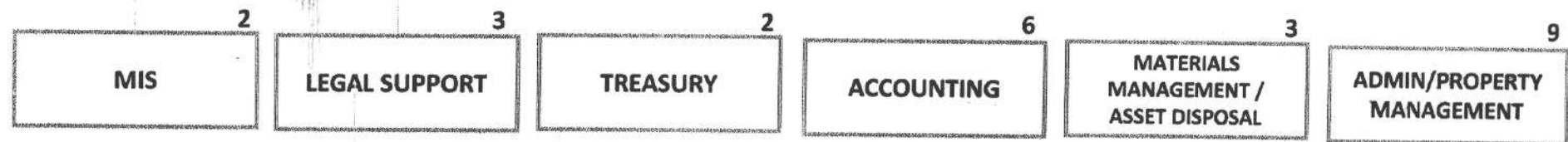


Susan. Pres 10/1/2014 COB as approved. 2 TTT guidance. Wf 9/15/14

PNCC TABLE OF ORGANIZATION AND MANPOWER COMPLEMENT 2014



Board of Directors	11	11
Board: Office of the Chairman	1	2
Management:		
Office of the President	4	4
MIS	2	2
Legal Support	3	3
Treasury	2	2
Accounting	6	6
Materials Mngt. / Asset Disposal	3	3
Admin/Property Mngt.	9	9
Sub-total	29	29
Total	30	31



Management Recommendation : Status Quo

2014 BUDGET ASSUMPTIONS

The 2014 budget of the Company, being a maintenance and service operator, is geared towards catering to the following services: (i) maintaining its existing joint venture contracts with MNTC, Citra, and SMC-Citra and a few minor contracts of its properties, such as lease of short duration; and (ii) disposing/selling scrap/junk materials.

The budget is likewise prepared in accordance with the basic guidelines and assumptions issued on December 18, 2013. Among the significant assumptions are the following:

1. INCOME STATEMENT:

1.1 Revenues:

- 10% revenue/dividend share in Joint Venture Companies (based on the Toll Regulatory Board [TRB] interim guidelines).
- Rental income from the leased area of the FCA property.
- Rental income: (1) DISC (at Bicutan Office) and (2) Ply Aggregates (at Porac, Pampanga).

1.2 Overhead:

- Manpower cost and related benefits:

Manpower complement of 31 personnel (i.e. board and management of 2 and 29, respectively) as of August 13, 2014 will be maintained up to December 31, 2014. This is due to the fact that as of August 13, 2014, the 2014 Corporate Budget has yet to be presented to the Finance Committee/approved by the whole Board. The scheduled separation of 11 personnel will happen in 2015.

The assumption will be more realistic and practical, as the would-be separated personnel will have sufficient time (at least for the remaining four and a half months of 2014) to properly and smoothly turn-over their accountabilities, records/documents, and functions/responsibilities.

- Grant of the allowable benefits, such as: rice subsidy; clothing allowance; productivity enhancement incentive; cash gift; and 13th month pay.
- The following benefits are likewise provided as agreed upon during the December 18, 2013 Management Committee (Mancom) meeting:
 - Employee economic assistance/mid-year bonus;
 - Group hospitalization insurance (Medicaid), coverage/entitlements are as follows:

- Directors/Spouses; and
- Executives, Officers, and Employees/qualified spouses and maximum of two (2) qualified dependent children.
- Group personal accident and life insurance premiums.
- Provision of monthly driver's / transportation allowances, as follows:
 - VP and up - P14,500.00;
 - AVP to SAVP - P12,000.00; and
 - RF to Managers - P 1,500.00.
- Provision of monthly gas subsidy, as follows:
 - VP and up - 270 ltrs. gas/diesel; and
 - AVP to SAVP - 225 ltrs. gas/diesel.
- Board and committee meetings per diems (P10,000.00 and P6,000.00, respectively, as provided for in EO 24).
- Director's reimbursable expenses per month (hereunder amounts as either provided for in relevant resolutions or as agreed upon during the August 18, 2014 Board meeting):
 - Representation - P41,666.67 per month or P500,000.00 per year, for the whole Board;
 - Transportation - P1,000.00 per meeting per director but not to exceed P5,000.00 per month;
 - Communication - P 2,000.00 per month per director but not to exceed P24,000.00.
- COA audit fee: based on residency audit (personal services / miscellaneous and other operating expenses).

1.3 Other Income (Charges):

- Accrual of the 2% penalty charges on unpaid concession fee (awaiting the decision of the DOF on PNCC's request for the suspension of the same).
- Gain on disposal of property and equipment and other inventory/scrap materials covered under Batch Nos. 61 and 62, projected at P756,520.00 (Batch 61 - P163,729.00 and Batch 62 - P592,791.00).

2. CASH FLOWS:

2.1 Collections:

Particulars	Covering Month	Month of Collection
1 Share in JVC's Gross Revenue: 10% of 6% Share in MNTC 10% of 3.5% Share in CMMTC 10% of 1.75% Share in SLTC	December 2013 Jan to Nov 2014 Within 30 days after reference month Within 30 days after reference month	June 2014 December 2014
2 Dividend Income: 10% of Equity Share in MNTC 10% of Equity Share in TMC 10% of Equity Share in CMMTC	December 2013 August 2014 December 2014 April 2014 August 2014 March 2014 September 2014	January 2014 Within the reference month
3 Rental Income	Every 5 th day of the reference month	

2.2 Disbursements:

- Suppliers of goods and services on account of 30 days.
- Net output tax, payable the following month.
- Payroll payable within the reference month.
- Employer share on premium contributions (SSS, Philhealth, and Pag-ibig) due the following month.

2.3 Others:

- Proceeds from the disposal of property and equipment and other inventory/scrap materials covered under Batch No. 61 (P2,003,960.00) and Batch No. 62 (P747,000.00) or totaling P2,750,960.00 (inclusive of 12% VAT). Schedule of disposal is June 2014 and August 2014.

FINANCIAL HIGHLIGHTS

2014 Budget vs. 2013 Actual (P000):

	Actual	Budget	Increase (Decrease)	
	2013	2014	Amount	%
Revenue				
10% Revenue Share	70,221	83,737	13,516	19
10% Dividend Share	15,702	31,378	15,676	100
Rental	61,708	85,782	24,074	39
	<u>147,631</u>	<u>200,897</u>	<u>53,266</u>	<u>36</u>
Gen. and Adm. Overhead:				
Board	7,936	7,259	(677)	(9)
Resident Auditor	2,550	2,947	397	16
Management	56,476	54,657	(1,819)	(3)
	<u>66,962</u>	<u>64,863</u>	<u>(2,099)</u>	<u>(3)</u>
Income from Operation	80,669	136,034	55,365	69
Other Income, net	2,597,140	(544)	(2,597,684)	(100)
Penalty Charges	(258,002)	(258,002)	-	-
Net Income (Loss) Before Tax	2,419,807	(122,512)	(2,542,319)	(105)
Deferred Tax Expense	(778,185)	-	778,185	100
Net Income (Loss)	<u>1,641,622</u>	<u>(122,512)</u>	<u>(1,764,134)</u>	<u>(107)</u>

Result of Operation:

The projected revenue for the year 2014 is P200.897 million, 36% or P53.266 million higher than the actual revenue of P147.631 million for the year 2013, mainly brought about by the increase in traffic growth, declaration of CMMTC dividend, and the renewal of the Contracts of Lease with corresponding increase in monthly rental rate.

The projected overhead account of P64.863 million is 3% or P2.099 million lower than the actual amount of P66.962 million for the year 2013. The overhead account, as broken down below, includes employee costs of P35.038 million or 54.02% of the total:

Account	Amount	Percentage to Total Overhead
Salaries, Wages, and Allowances	24,167	37.26
Bonus and Gratuities	4,334	6.68
Fringe Benefit/Tax Expenses	2,911	4.49
Employees Terminal Pay-VL/SL	2,183	3.37
Employees Welfare	747	1.15
Other Payroll Related Accounts	696	1.07
Employee Costs	35,038	54.02
Transportation and Travelling	3,813	5.88
Professional Fees	3,559	5.49
Light and Water	3,374	5.20
Taxes and Licenses	3,146	4.85
Directors' Fees and Allowances	2,576	3.97
Other Outside Services	2,303	3.55
Janitorial and Messengerial Services	2,153	3.32

Legal and Documentation Expenses	1,983	3.06
Security Services-Salaries of Guards/Agency Fee	1,747	2.69
Insurance Premiums	1,205	1.86
Postage and Other Communications	1,111	1.71
Repairs and Maintenance-Materials and Labor	864	1.33
Entertainment, Amusement & Recreational Exp.	602	0.93
Office Supplies and Stationery	517	0.80
Conferences and Conventions (Meals during mtgs)	267	0.41
Manpower Training and Development	118	0.18
Miscellaneous Expense	277	0.43
Others (less than P100T/account title)	210	0.32
Operating Expenses	29,825	45.98
	64,863	100.00

The projected net income from operation amounts to P136.034 million, 69% or P55.365 million higher than the actual amount of P80.669 million for 2013.

After considering the other income (charges) account, the bulk of which is the penalty charges of P258.002 million, the company's projected net loss is P122.512 million, P1.764 billion lower compared with the 2013 actual net income of P1.642 billion. This is mainly due to the recognition of the gain in change in fair value of investment property in the amount of P2.594 billion in 2013.

2013 Actual vs. Budget:

	Actual 2013	Budget 2013	Favorable (Unfavorable) Amount	%
Revenue				
10% Revenue Share	70,221	80,578	(10,357)	(15)
10% Dividend Share	15,702	15,481	221	1
Rental	61,708	52,042	9,666	16
	147,631	148,101	(470)	(0)
Gen. and Adm. Overhead:				
Board	7,936	12,132	4,196	53
Resident Auditor	2,550	800	(1,750)	(69)
Management	56,476	50,176	(6,300)	(11)
	66,962	63,108	(3,854)	(6)
Income from Operation	80,669	84,993	(4,324)	(5)
Other Income (Charges)	2,597,140	6,413	2,590,727	100
Penalty Charges	(258,002)	(254,587)	(3,415)	(1)
Net Income (Loss) Before Tax	2,419,807	(163,181)	2,582,988	107
Deferred Tax Expense	(778,185)	-	(778,185)	(100)
Net Income (Loss)	1,641,622	(163,181)	1,804,803	110

Financial Performance (P000):

For the period ended December 31, 2013, the company reported a net income of P1.642 billion, P1.805 billion higher than the projected net loss of P163.181 million in 2013. The favorable variance is attributable to the aforesaid recognition of the gain in change in fair value of investment property.

	A	B	C	D	E	F	G	H	L	M	N	O	P	Q
1	PHILIPPINE NATIONAL CONSTRUCTION CORPORATION													
2	INCOME STATEMENT BUDGET													
3	FOR THE YEAR 2014													
4														
5			Actual	Budget	Inc / (Dec.)		ACTUAL			BUDGET				
6			2013	2014	Amount	%	Jan-Jul.	August	September	October	November	December		
7														
8	REVENUE													
9	Revenue Share:													
10	10% of 6% Share on MNTC Gross Revenue		38,585,321	46,827,608	8,242,287	21	26,945,092	3,784,513	3,779,450	4,044,687	4,015,965	4,257,901		
11	10% of 3.5% Share on CMMTC Gross Revenue		24,299,813	28,405,222	4,105,409	17	15,990,031	2,310,416	2,421,500	2,548,850	2,481,052	2,653,373		
12	10% of 1.75% Share on SLTC Gross Revenue		7,335,589	8,504,420	1,168,832	16	4,860,182	677,712	695,164	734,636	736,280	800,446		
13	Dividend													
14	10% Dividend Income in the Equity Share - CMMTC		-	14,067,115	14,067,115	100	6,352,001	-	7,715,115	-	-	-		
15	10% Dividend Income in the Equity Share - TMC		10,551,609	11,886,000	1,334,391	13	6,686,000	5,200,000	-	-	-	-		
16	10% Dividend Income in the Equity Share - MNTC		5,150,400	5,425,000	274,600	5	2,441,250	-	-	-	-	-	2,983,750	
17			85,922,732	115,115,366	29,192,634	34	60,833,306	14,413,891	14,611,229	7,328,173	7,233,297	10,695,470		
18														
19	Rental Income		61,707,881	85,781,889	24,074,008	39	49,849,314	7,154,863	7,156,860	7,156,860	7,156,860	7,307,132		
20														
21	Total Revenue		147,830,613	200,897,255	53,286,642	36	110,682,620	21,568,754	21,768,088	14,485,033	14,390,157	18,002,602		
22														
23	GENERAL AND ADMINISTRATIVE OVERHEAD													
24	Board:													
25	Office of the Chairman		7,936,373	7,259,034	(677,339)	(9)	2,958,069	838,891	893,395	842,803	882,484	843,392		
26	COA:													
27	Office of the Resident Auditor		2,549,849	2,946,612	396,762	16	1,724,263	244,469	244,470	244,470	244,470	244,470		
28	Management													
29	Office of the President		9,343,708	9,422,120	78,412	1	5,198,453	750,655	1,251,047	726,655	746,655	748,655		
30	Management Information System Dept.		1,496,937	1,625,836	128,899	9	967,910	125,110	189,486	105,110	115,110	123,110		
31	Legal		7,334,702	5,745,645	(1,589,057)	(22)	3,217,916	457,833	644,937	480,793	492,833	471,333		
32	Treasury		2,638,883	2,843,096	204,213	8	1,554,118	222,193	377,709	222,192	232,192	234,692		
33	Accounting		5,051,186	5,446,648	395,462	8	2,962,193	425,102	726,949	425,102	455,101	452,201		
34	Materials Management/TFAD		4,569,557	4,643,771	74,215	2	2,611,223	344,375	584,295	344,376	383,626	375,876		
35	Administration & Property Management Division		11,334,508	11,426,452	91,944	1	6,241,109	887,201	1,521,039	887,201	947,201	942,701		
36	Common		14,706,573	13,503,339	(1,203,234)	(8)	9,028,636	875,385	869,403	892,362	889,403	928,150		
37	Subtotal-Management		56,476,033	54,856,907	(1,619,126)	(3)	31,781,558	4,087,854	6,184,865	4,063,791	4,262,121	4,276,718		
38														
39	Total General and Administrative Overhead		66,982,256	64,882,552	(2,099,704)	(3)	36,463,889	5,171,214	7,322,730	5,151,064	5,389,075	5,364,580		
40														
41	INCOME (LOSS) FROM OPERATION		80,868,357	136,034,703	55,366,346	69	74,218,731	16,397,540	14,445,358	9,333,969	9,001,082	12,638,022		
42														
43	OTHER INCOME (CHARGES):													
44	Penalty Charges (TRB)		(258,002,300)	(258,002,300)	-	-	(149,853,400)	(21,912,500)	(21,205,700)	(21,912,500)	(21,205,700)	(21,912,500)		
45	Depreciation		(7,117,089)	(5,920,835)	(1,196,455)	(17)	(3,394,500)	(505,227)	(505,227)	(505,227)	(505,227)	(505,227)		
46	Interest Income		2,437,729	2,815,643	377,914	16	1,393,511	284,024	284,225	284,426	284,628	284,830		
47	Dividend Income		92,384	-	(92,384)	(100)	-	-	-	-	-	-		
48	Miscellaneous Income		78,508	66,308	(10,200)	(13)	66,308	-	-	-	-	-		
49	Gain on Sale of Property & Equipment		4,980,550	557,567	(4,422,983)	(89)	163,729	393,838	-	-	-	-		
50	Gain on Sale of Inventory		1,205,924	198,953	(1,006,971)	(84)	-	198,953	-	-	-	-		
51	Gain on Reversal of Allow. For Inventory Write-down		220,689	1,610,549	1,389,859	630	1,610,549	-	-	-	-	-		
52	Gain in Change in Fair Value of Investment Property		2,593,952,155	-	(2,593,952,155)	(100)	-	-	-	-	-	-		
53	FCA - Parking		1,202,455	-	(1,202,455)	(100)	-	-	-	-	-	-		
54	Realized Gain - Available for sale securities		187,500	128,000	(59,500)	(32)	128,000	-	-	-	-	-		
55	Net Unrealized Gains/Losses on Available for sale securities		(98,333)	-	98,333	(100)	-	-	-	-	-	-		
56	Total Other Income (Charges)		2,339,138,172	(258,545,915)	(2,597,684,087)	(111)	(149,885,803)	(21,540,913)	(21,426,702)	(22,133,301)	(21,426,299)	(22,132,897)		
57														
58	NET INCOME (LOSS)		2,419,806,528	(122,511,213)	(2,542,317,741)	(105)	(75,667,072)	(5,143,373)	(6,981,344)	(12,799,332)	(12,425,217)	(9,494,875)		
59														
60	DEFERRED TAX EXPENSE		(778,185,647)	-	778,185,647	(100)	-	-	-	-	-	-		
61														
62	NET INCOME (LOSS)		1,641,620,882	(122,511,213)	(1,764,132,095)	(107)	(75,667,072)	(5,143,373)	(6,981,344)	(12,799,332)	(12,425,217)	(9,494,875)		

	A	B	C	D	E	F	G	H	Q	R	S	T	U	V
1	PHILIPPINE NATIONAL CONSTRUCTION CORPORATION													
2	REVENUE BUDGET													
3	FOR THE YEAR 2014													
4														
5			Actual	Budget	Inc / (Dec.)		ACTUAL		BUDGET					
6			2013	2014	Amount	%	Jan-Jul	August	September	October	November	December		
7														
8	REVENUE													
9	Revenue Share:													
10	10% of 6% Share on MNTC Gross Revenue		38,585,321	46,827,608	8,242,287	21	26,945,092	3,784,513	3,779,450	4,044,687	4,015,965	4,257,901		
11	10% of 3.5% Share on CMMTC Gross Revenue		24,299,813	28,405,222	4,105,409	17	15,990,031	2,310,416	2,421,500	2,548,850	2,481,052	2,653,373		
12	10% of 1.75% Share on SLTC Gross Revenue		7,335,589	8,504,420	1,168,832	16	4,860,182	677,712	695,164	734,636	736,280	800,446		
13	Dividend													
14	10% Dividend Income in the Equity Share - CMMTC		-	14,067,115	14,067,115	100	6,352,001		7,715,115					
15	10% Dividend Income in the Equity Share - TMC		10,551,609	11,886,000	1,334,391	13	6,686,000	5,200,000						
16	10% Dividend Income in the Equity Share - MNTC		5,150,400	5,425,000	274,600	5	-	2,441,250					2,983,750	
17			85,922,732	115,115,366	29,192,634	34	60,833,306	14,413,891	14,611,229	7,328,173	7,233,297	10,695,470		
18	Rental Income:													
19	Pasay City													
20	GIFT 4 U													
21	GIFT 4 U		4,429,949	4,999,949	570,000	13	2,916,637	416,662	416,662	416,662	416,662	416,662		
22	Jac Liner, Inc.		1,500,000	2,400,000	900,000	60	1,400,000	200,000	200,000	200,000	200,000	200,000		
23	Ley Construction & Development Corporation		21,021,000	36,036,000	15,015,000	71	21,021,000	3,003,000	3,003,000	3,003,000	3,003,000	3,003,000		
24	Lola Taba and Lolo Pato Seaside (Marvin Sedano)		22,505,948	24,193,894	1,687,946	8	14,025,446	2,003,635	2,003,635	2,003,635	2,003,635	2,153,908		
25	Pacific Concrete Products, Inc.		7,335,000	7,875,000	540,000	7	4,500,000	675,000	675,000	675,000	675,000	675,000		
26	E.I. Construction & Development Corporation		2,071,667	2,760,000	688,333	33	1,610,000	230,000	230,000	230,000	230,000	230,000		
27	Jam Liner, Inc		475,000	1,200,000	725,000	153	700,000	100,000	100,000	100,000	100,000	100,000		
28	Golden Pyramid		322,500	3,870,000	3,547,500	1,100	2,257,500	322,500	322,500	322,500	322,500	322,500		
29	Seafood Fiesta Properties Corp		321,429	353,571	32,143	10	206,250	29,464	29,464	29,464	29,464	29,464		
30	Rebecca Flores		267,857	321,429	53,571	20	187,500	26,786	26,786	26,786	26,786	26,786		
31	AHEAD Operations & Nutritional Enterprise, Inc.		178,571	457,429	278,857	156	238,500	43,786	43,786	43,786	43,786	43,786		
32	Unisys Public Sector		72,000	75,600	3,600	5	44,100	6,300	6,300	6,300	6,300	6,300		
33	Horsemen's Lair Bar & Grill		64,800	71,280	6,480	10	41,580	5,940	5,940	5,940	5,940	5,940		
34	Baywalk Food Management, Inc.		60,000	78,000	18,000	30	45,000	6,600	6,600	6,600	6,600	6,600		
35	Security Bank Corporation		48,000	79,200	31,200	65	46,200	6,600	6,600	6,600	6,600	6,600		
36	Southern Crescent Towing Services		105,600	-	(105,600)	(100)								
37	Sub-total		60,779,321	84,771,352	23,992,031	39	49,239,713	7,076,273	7,076,273	7,076,273	7,076,273	7,226,546		
38	Bicutan Office - DISC		703,500	703,500	-	-	410,375	58,625	58,625	58,625	58,625	58,625		
39	Porac, Pampanga - Ply Aggregates		225,060	247,566	22,506	10	139,755	19,965	21,962	21,962	21,962	21,962		
40	Others			59,471	59,471	(100)	59,471							
41			61,707,881	85,781,889	24,014,537	39	49,849,314	7,154,863	7,156,860	7,156,860	7,156,860	7,307,132		
42														
43	Total Revenue		147,630,613	200,897,255	53,266,642	36	110,682,620	21,568,754	21,768,088	14,485,033	14,390,157	18,002,602		

A	B	C	D	E	F	G	H	I	J	K	L
1											
2	PHILIPPINE NATIONAL CONSTRUCTION CORPORATION										
3	CORPORATE OFFICES										
4	GENERAL AND ADMINISTRATIVE OVERHEAD BUDGET										
5	FOR THE YEAR 2014										
7	(Nearest Peso)										
8											
9	OFFICES	ACTUAL 2013	BUDGET 2014	INC. / (DEC.)		ACTUAL JAN.-JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER
10				AMOUNT	%						
11	Manpower Count										
12	Plantilla :										
13	Regular	30	31	1	3	31	31	31	31	31	31
14	Project Employee	-	-	-	-	-	-	-	-	-	-
15	Sub - Total	30	31	1	3	31	31	31	31	31	31
16	Non - Plantilla:										
17	Service Contract	7	9	2	29	9	8	9	9	9	9
18	Janitorial Services	10	9	(1)	(10)	9	10	9	9	9	9
19	Security Services	6	6	-	-	6	6	6	6	6	6
20	Sub - Total	23	24	1	4	24	24	24	24	24	24
21	Total	53	55	2	4	55	55	55	55	55	55
22											
23	Board:										
24	Office of the Chairman	7,936,373	7,259,034	(677,339)	(9)	2,958,069	838,891	893,395	842,803	882,484	843,392
25											
26	COA:										
27	Office of the Resident Auditor	2,549,849	2,946,612	396,762	16	1,724,263	244,469	244,470	244,470	244,470	244,470
28											
29	Management:										
30	Office of the President	9,343,708	9,422,120	78,411	1	5,198,453	750,655	1,251,047	726,655	746,655	748,655
31	Management Information System	1,496,937	1,625,836	128,899	9	967,910	125,110	189,486	105,110	115,110	123,110
32	Legal	7,334,702	5,745,645	(1,589,057)	(22)	3,217,916	457,833	644,937	460,793	492,833	471,333
33	Treasury	2,638,883	2,843,096	204,213	8	1,554,118	222,193	377,709	222,192	232,192	234,692
34	Accounting	5,051,166	5,446,648	395,482	8	2,962,193	425,102	726,949	425,102	455,101	452,201
35	Materials Management/TFAD	4,569,557	4,643,771	74,214	2	2,611,223	344,375	584,295	344,376	383,626	375,876
36	Administration & Property Management	11,334,508	11,426,452	91,944	1	6,241,109	887,201	1,521,039	887,201	947,201	942,701
37	Common	14,706,573	13,503,339	(1,203,234)	(8)	9,028,636	875,385	889,403	892,362	889,403	928,150
38		56,476,033	54,656,906	(1,819,128)	(3)	31,781,557	4,087,854	6,184,865	4,063,791	4,262,121	4,276,718
39											
40	Sub-Total	66,962,256	64,862,551	(2,099,705)	(3)	36,463,889	5,171,214	7,322,730	5,151,064	5,389,075	5,364,580
41											
42	Depreciation	7,117,089	5,920,635	(1,196,455)	(17)	3,394,500	505,227	505,227	505,227	505,227	505,227
43											
44	Total	74,079,345	70,783,186	(3,296,159)	(4)	39,858,388	5,676,441	7,827,957	5,656,291	5,894,302	5,869,807
45											
46											