



Janna Castillo &lt;jnncstl@gmail.com&gt;

**PNCC - ANNUAL REPORT 2020**

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**For your information and guidance.**

**Thank you and keep safe.**

# COVER SHEET

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)

MARIANO JESUS S. AVERIA  
Contact Person

**Contact Person**

846-2906  
Company Telephone Number

Company Telephone Number

1	2
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Month

3	1
---	---

Day

Fiscal Year

17-A

FORM TYPE

0	3
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Month

4th  
Tuesday

4th  
Tuesday  
Day

Annual Meeting

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Secondary License Type, If Applicable

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Dept. Requiring this Doc.

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Amended Articles Number / Section

\_\_\_\_\_

Total No. of Stockholders

\_\_\_\_\_

Domestic

\_\_\_\_\_

Foreign

To be accomplished by SEC Personnel Concerned

[illegible]

File Number

[illegible]

Document ID

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161

LCU

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Cashier

## STAMPS

**SECURITIES AND EXCHANGE COMMISSION  
SEC FORM 17-A**

**ANNUAL REPORT PURSUANT TO SECTION 17  
OF THE REVISED SECURITIES ACT SECTION 141  
OF CORPORATION CODE OF THE PHILIPPINES**

1. For the fiscal year ended December 31, 2020
2. SEC Identification Number 30939
3. BIR Tax Identification No. 000-058-330-0000
4. Exact name of registrant as specified in its charter  
PHILIPPINE NATIONAL CONSTRUCTION CORPORATION
5. Metro Manila, Philippine  
Province, Country or other jurisdiction
6. (SEC Use Only)  
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 without prior registration. The PNCC, however, had already filed an application for registration of the said shares on August 2000 to the Commission and had engaged the services of Feria, Feria, Lao Noche Law Offices for the purpose.

11. Are any or all of these securities listed on the Philippines Stock Exchange?

Yes    ☒ [x]

No     ☐ [ ]

12. Check whether the registrant:

(a) has filed all reports required to be filed by section 11 of the Revised Securities Act (RSA) and RSA Rule 11 (a) thereunder and Sections 26 and 141 of the Corporation Code of the Philippines during the preceding 12 months (or for such shorter period that the registrant was required to file such report(s);

Yes    ☒ [x]

No     ☐ [ ]

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

Yes    ☒ [x]

No     ☐ [ ]


13. Aggregate market value of the stock held by non-affiliates:

PMO (Preferred D)	25,500,000
Republic of the Philippines thru PMO	79,271,024
GSIS	47,490,383
Land Bank of the Philippines	657,836
RM Cuenca & Family	2,786,248
Universal Holding Corporation	24,780,746
Independent Realty Corporation	39,605
Others	<u>19,418,917</u>
Total	199,944,759
Par Value	x 10.00
	<u><b>₱ 1,999,447,590</b></u>

## SIGNATURES

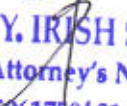
Pursuant to the requirements of Section 17 of the Securities Regulation Code and Section 141 of the Corporation Code, this report is signed on behalf of the issuer by the undersigned, thereunto duly authorized, in the City of Parañaque on September 28, 2021.

By:

  
**MIGUEL E. UMALI**  
President and CEO

SUBSCRIBED AND SWORN to before me this 29 SEP 2021 day of September 2021, in City of TAGUIG CITY, affiant exhibiting to me his Government issued I.D. \_\_\_\_\_

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Book No. 1V  
Page No. 42  
Series of 2021

  
**ATTY. IRISH S. PRECION**  
Roll of Attorney's No. 69281/ 05.31.17  
PTR No. A-5061759/ 01.14.2021 (Taguig City)  
IBP No. 111043/ 01.08.2020  
MCLE Exemption No. VI-002453 valid until 14, April 2022  
Unit 1124 Tower 2 Grace Residences Condominium  
Levi Mariano Ave. Taguig City



# 2020 ANNUAL REPORT

PHILIPPINE NATIONAL  
CONSTRUCTION CORPORATION



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# Business Development



The Philippine National Construction Corporation (PNCC) is known for its vision, expertise and landmark projects and has been a distinguished partner in Philippine progress and economic development.

On November 22, 1966 as a consortium of well known contractor firms, it was originally incorporated under the name of Construction Development Corporation of the Philippines (CDCP) for a term of fifty (50) years. CDCP's entry into the construction field was a big break-away from tradition. For the first time, the concept of private financing for the construction of government infrastructure projects was introduced in the Philippines. Since its establishment, CDCP had constructed billions of pesos worth of engineering and construction projects. This covered a broad range of projects, from the construction of highways, bridges and industrial facilities and even land development.

On August 14, 1968, the 28 km. Manila North Expressway (MNEX), a fully fenced limited access highway consisting of a four-lane divided roadway was opened as a tollway facility, with CDCP managing its operations and maintenance. It was originally a project of the Department of Public Highways (now DPWH), but the completion of the major portion of the project fell on CDCP to pioneer the toll concept of funding infrastructure. It was carried out under the private financing scheme provided for under RA 3741. This first big success in public works construction gave way to CDCP's rise in the road building industry. The construction of the Manila South Expressway (MSEX), the second major roadway project completed by CDCP, was opened on December 16, 1969. It provided a vital artery to Southern Luzon stretching 15 kilometers from Makati to Alabang.

On March 31, 1977, PD 1113 granted CDCP the franchise to operate, construct, and maintain the above toll facilities for a period of 30 years. From May 1, 1977 these roadways already then called the North and South Luzon Tollways, were operated and maintained under the franchise granted to CDCP. The franchise expired on April 30, 2007.

While the terms of the franchise provided under PD 1113 for the North Luzon Expressway and the South Luzon Expressway which is thirty (30) years from May 1, 1977 shall remain the same, the franchise granted for the Metro Manila Expressway and all extensions, linkages, stretches and diversions that may be constructed after the date of approval of this decree shall also have a term of thirty (30) years commencing from the date of completion of the project. On December 22, 1983, PD 1894 was issued further granting PNCC a franchise over the Metro Manila Expressway (MME), and the expanded and delineated NLEX and SLEX. PNCC was granted the *"right, privilege and authority to construct, maintain and operate any and all such extensions, linkages or stretches, together with the toll facilities appurtenant thereto, from any part of the North Luzon Expressway, South Luzon Expressway and/or Metro Manila Expressway and/or to divert the original route and change the original end-points of the North Luzon Expressway and/or South Luzon Expressway as may be approved by the TRB."*

In 1981, in order to strengthen the financial structure of the Corporation, LOI 1136 was issued mandating the National Development Company (NDC) to invest the sum of ₱250 million in CDCP at par value.

In 1983, LOI 1295 was issued directing lender/guarantor government financial institutions to convert PNCC debts into equity in PNCC. However, only ₱1.4 billion of the estimated ₱7 billion debt was converted to equity and the balance of ₱5.5 billion remain unconverted due to Central Bank intervention.

The accomplished conversion in 1983 gave the Government a majority shareholding, and pursuant to this substantial change in ownership, the corporate name was changed from CDCP to Philippine National Construction Corporation (PNCC) in the same year. The increase in the company's capital stock was approved by SEC on December 7, 1983. By virtue of LOI 1136 and PD 1295, 76.96% of the PNCC's voting equity has been held by the then Asset Privatization Trust (APT), now the Privatization and Management Office (PMO). The APT was created on December 8, 1986 by virtue of Proclamation No. 50 that authorized the privatization program of government. The program is guided by the Committee on Privatization (COP) that was also created under Proclamation No. 50, and is now called the Privatization Council (PrC). As a result of the aforesaid APT holdings, only 12.09% of the Corporation's voting equity is considered as under private ownership. However, 24% of GSIS shares is considered private because it is owned by government employees and financed by the premiums they pay.



The Company's debt of ₱5.552 billion which remained unconverted to equity is treated as part of equity in the Company's books, instead of a liability with the interest and penalties unilaterally charged thereon by the PMO/BTr amounting to ₱62.641 billion and ₱60.907 billion as of December 31, 2017 and 2016, respectively, are not considered or taken up in the Company's books. The Company maintains the position that the account/amount shall be booked as equity and not as a liability (inclusive of interests and penalty charges). The assertion that the ₱5.552 billion should be part of equity is supported by a Supreme Court ruling that recognizes the validity of LOI 1295 confirming that the ₱5.552 billion is no longer a debt but equity. The Office of the Government Corporate Counsel, and a private firm engaged by PMO have concurred with this ruling. Pursuant to the mutual agreement between the Company and the PMO, the option/authority to convert the mentioned debt into equity was submitted to the Department of Justice (DOJ) on June 21, 2012 for arbitration. However, DOJ decision dated February 18, 2014 dismissed the Company's petition against the PMO. PNCC filed a Motion for Reconsideration (MR) at the DOJ on March 14, 2014. On January 22, 2015, the DOJ denied the Company's MR.

Thereafter, the Company filed a Supplement to the MR on May 28, 2015 which was also denied by the DOJ in its order dated July 13, 2015.

On June 26, 2015, the Company filed a Notice of Appeal with the Office of the President (OP) of the Philippines and filed the corresponding Appeal Memorandum on July 27, 2015. The Company is awaiting the resolution of the OP on its appeal.

From 1987 to 2001, PNCC still implemented selected construction projects, but this resulted in losses. Since 2002, the Corporation has refrained from actively engaging in the construction business, and focused more on the operation and maintenance of its tollways.

Earlier in 1995, PNCC entered into Joint Venture Agreements (JVAs) that resulted in the division of the Tollways into 3 portions, the North Luzon Expressway (NLEX), the Skyway, and the South Luzon Expressway (SLEX). The objective was to improve the manner by which the tollways were operated and maintained.

The NLEX JVA was entered into originally with First Philippine Infrastructure Development Corporation (FPIDC) together with Leighton Contractor Asia Ltd. and Egis Project Systems, which formed the JV company, Manila North Tollways Corporation (MNTC). The operation of the NLEX was officially turned over to MNTC on February 10, 2005, where PNCC had 20% shareholding. PNCC's inability to respond to succeeding capital calls limited its participation to 2.5% in MNTC. FPIDC was acquired by the Pangilinan (MVP) Group in November 2008. In the O&M company for NLEX, the Tollway Management Corp. however, PNCC is a 20% shareholder.

For the South Luzon Tollways, PNCC entered into a partnership with Indonesia's P.T. Citra Lamtoro Gung Persada to build the elevated toll road or Skyway System from Nichols to Alabang and to upgrade the at-grade portion for the same stretch. Citra Metro Manila Tollways Corporation (CMMTC) is the Joint Venture Company and concessionaire, and has been running these segments since 1999. The PNCC Skyway Corporation (PSC) originally managed the operation and maintenance of the Skyway System and its corresponding at-grade section, but due to operational inefficiencies, PSC suffered financial losses. The Skyway Operation and Maintenance Corporation (SOMCO) took over the operations and maintenance of the Skyway Systems in 2008. PNCC has 11% share in CMMTC (also diluted from 20%) and a 20% share in SOMCO, which up to this day remains unissued to PNCC because of legal disputes within CMMTC.

For the Alabang to Calamba stretch, PNCC entered into a JVA with the Malaysian Corporation, MTD Manila Expressways, Inc. (MTDME) under the corporate name of South Luzon Tollway Corporation (SLTC). Under this JVA, are the following South Luzon Expressway (SLEX) Projects: the rehabilitation and upgrading of the Alabang Viaduct; the expansion and rehabilitation of the Alabang to Calamba segment; and the construction of a 7.8 km. toll road extension from Calamba to Sto. Tomas, Batangas. The O&M company for the said stretch is the Manila Toll Expressway Systems, Inc. (MTESI). PNCC owns 20% of SLTC and 40% of MTESI.

San Miguel Corporation and its partner Citra Group of Indonesia had acquired an 80% indirect equity interest in SLTC and 60% in MTESI. The acquisition was made by its wholly-owned subsidiary San Miguel Holdings Corporation (SMHC) and Atlantic Aurum Inc., the joint venture corporation of SMHC and the Citra Group. SMHC has accepted the invitation of the Citra Group of Indonesia to invest in Atlantic Aurum Inc, the corporate vehicle of the Citra Group which has a controlling equity interest in CMMTC, the concession holder and operator of the Skyway project.

Although the original franchise of PNCC expired on April 30, 2007, the Toll Regulatory Board (TRB) issued a Toll Operations Certificate (TOC) dated April 27, 2007 to PNCC, for the continued Operation and Maintenance of the SLEX. The said authority from the TRB, pursuant to its powers under PD 1112, allowed PNCC to operate and maintain the SLEX and to collect toll fees, in the interim. The effective date of the TOC commenced on May 1, 2007, but in no case to exceed the date of substantial completion of the SLEX Project Toll Roads under the STOA dated February 1, 2006, or unless sooner revoked by the Board. On April 8, 2010, the TRB issued the Certificate of Substantial Completion for Project Toll Roads 1 and 2, and accordingly issued the Toll Operation Permit (TOP) over the said Project Toll Roads to MATES. On May 2, 2010, the operation and maintenance of the SLEX was officially turned over to SLTC and MATES.

A Subscription Agreement was also executed by and among the Alabang-Sto. Tomas Development Inc. (ASDI), the NDC, and the PNCC on November 14, 2008, wherein PNCC subscribed to 12,500 shares from the unissued portion of the 150,000 shares authorized capital stock (with par value of ₱1,000 per share) of ASDI. ASDI is a joint venture company between PNCC and NDC and incorporated to undertake the Daang Hari-SLEX connector road (DHSLRP). In 2009, as the construction activities of the DHSLRP was underway, PNCC infused additional equity to total ₱255 million, thereby increasing its ownership share to 51%.

On December 15, 2009, a Memorandum of Agreement (MOA) for the Advance Works on the Daang Hari-SLEX Link Road Project (DHSLRP) was entered into by and among the ASDI and PNCC. PNCC was designated as the Main Turnkey Contractor responsible for undertaking the Advance Works and to implement of the design and construction of the Road Project, which consists of a toll road facility connecting Daang Hari Road in Cavite to the SLEX adjacent to the Susana Heights Interchange. The project was 25% complete when the DPWH, pursuant to its PPP mandate, took over the project for the purpose of bidding it out. The project was bid out and awarded to Ayala Corporation in the amount of ₱900M and ASDI was reimbursed in the amount of ₱353M representing its cost plus a premium for its efforts.

Meanwhile, pursuant to Executive Order No. 605 which directed all government agencies to install a Government-wide quality management program, and prior to the above turn-over to MATES, PNCC has acquired and maintained an ISO 9001 Certification to cover its expressway operations in the SLEX. The company, with the full support of its Board, adopted and implemented its Quality Management System Manual. On December 15, 2009, Stage 1 (Documentation) Certification Audit was conducted by a Certification Body, the SGS Philippines. Before the end of the first quarter of 2010, SGS Philippines, Inc. granted to PNCC the ISO 9001:2008 Quality Management System Certificate for Tollway Management. The certificate was valid from 18 March 2010 until 17 March 2013.

About the same period 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 4, 2009), the Supreme Court 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. Consequently, this resulted in the latter's ownership of the toll fees and the net income derived, for the period starting May 1, 2007, from the toll assets and facilities, including PNCC's percentage share in the toll fees collected by the joint venture companies currently operating the tollways. This has adversely affected PNCC's entitlement to a share in the gross proceeds of the operation of the SLEX and dividends, if declared.

PNCC through the Office of Government Corporate Counsel (OGCC) filed a Motion for Clarification with the Supreme Court (SC) asking for definition of "Net Income". The SC resolved to grant the Motion of PNCC. In addition, it ordered the Toll Regulatory Board (TRB) with the assistance of Commission on Audit (COA) to formulate the Guidelines to determine what can be retained by PNCC to determine the Net Income to be remitted to NG. Due to inevitable delays and in fairness to PNCC, the TRB on 22 March 2012, issued "Interim Guidelines" that determined amounts to be remitted to the NG and PNCC "by the JV Companies in relation to the operation of the NLEX and SLEX projects respectively." Detailed discussion on revenue and dividend share from joint venture companies were described in Notes 21.3 of Audited Financial Statement (AFS), page 62 of AFS.

On May 3, 2011, the company and its partner for Skyway Toll Projects, CITRA Lamtoro Gung Persada, submitted to TRB an Updated Joint Venture Investment Proposal (UJVIP) for the Metro Manila Skyway (MMS) Stage 3 Project pursuant to one of the provisions of Supplemental Toll Operations Agreement dated November 27, 1995 as amended on July 18, 2007. The 14.8 kilometer Stage 3 Project starts from the existing Buendia interchange and will be extended and eventually connected to the North Luzon Expressway at Balintawak – EDSA Interchange. The Toll Regulatory Board (TRB) reviewed, evaluated and approved the UJVIP.

On January 9, 2012, a Supplement to the Business and Joint Venture Agreement (Supplement BJVA) was executed by the Company and CITRA which governs the implementation of the MMS Stage 3 Project and Stage 4 of the Project also known as Metro Manila Expressway (MME). The parties also executed the Second Supplement to the Business Joint Venture Agreement (Second Supplement to BJVA) which contains the terms and conditions for the implementation of both MMS and MME.

On June 6, 2011, PNCC was placed under the supervision of Governance Commission on GOCCs or the GCG classified under “public utilities sector”, pursuant to R.A. 10149 or the “GOCC Governance Act of 2011”.

On September 6, 2012, the Restated Second Supplement to BJVA was executed which contains the entire agreement of the parties and embodies the final terms and conditions for MMS.

On November 12, 2012, following Section 1 of the Restated Second Supplement to BJVA, Citra Central Expressway Corporation (CCEC), the joint venture company, was incorporated as the vehicle to implement the financing, design, and construction of the MMS.

On September 26, 2013, the Supplemental Toll Operation Agreement (STOA) governing the design, construction, operation and maintenance of the MMS Stage 3 was approved by the Office of the President of the Philippines. Under the STOA, the Company is provided with 20% equity in CCEC, 10% is free carry and can never be diluted while the other 10% is to be paid for. In 2015, when the call was made for a capital increase investment in CCEC, the Company waived its subscription rights for the 10%. PNCC's 10% investment in CCEC amounted to ₱620 million as of December 31, 2016. The Company waived its right in the Operation and Maintenance (O&M) company in exchange for the shares in gross revenues. Pursuant to the STOA, the investor has been granted to perform the construction of this toll road for a term of thirty-six (36) consecutive months counted from the effectiveness of the Notice to Proceed (Section 5.08) while the construction of the Buendia-PUP Segment shall be for a term of twenty-eight (28) months counted from the effectiveness of the Notice to Proceed (Section 7.06).

On October 14, 2013, Executive Order No. 141 was issued transferring the Philippine National Construction Corporation from the Department of Trade and Industry (DTI) to the Office of the President (OP) of the Philippines.

In January 2014, the Restated Supplement to the BJVA for MME was executed. The MME or C6 Project or the Stage 4 of SMMS will stretch from Bicutan to San Jose Del Monte and then will connect to the proposed MRT7 Project which will extend to the NLEX. The toll road will have a length of 34.33 km. Patterned from the MMS Project, the Company is provided with 20% equity in Citra Intercity Tollways Inc. (CITI), the joint venture company incorporated as the vehicle to implement the financing, design, and construction of the MME. 10% of the CITI equity is free carry and can never be diluted. PNCC's 10% investment in CITI amounted to ₱240.816 million as of December 31, 2016.

On August 11, 2014, the Supplemental Toll Operation Agreement (STOA) was approved by the Office of the President of the Philippines. Pursuant to the STOA, the investor has been granted to perform the construction of MME for a term of fifty-two (52) consecutive months counted from the effectiveness of the Notice to Proceed for Phase 1 (Section 5.07).

On October 17, 2016, a stockholders' meeting was held where majority of the stockholders voted for the extension of corporate term of PNCC for another 50 years, which extension was approved by the President of the Philippines Rodrigo Roa Duterte on even date.

The Securities and Exchange Commission has issued the Certificate of Registration for the extension of the company's corporate term for another 50 years on November 21, 2016.

Starting 2017, the Management with the support of the Board has accepted proposal from interested parties to construct and develop new toll roads utilizing PNCC's franchise under P.D. 1894. Negotiation on economics terms of the project toll roads is now on-going.

PNCC and San Miguel Holdings Corporation entered into a partnership to undertake the proposed Qubex (Quezon Bicol Expressway) Project. Qubex Project is also called South Luzon Expressway-SLEX Toll Road 5, it would be a continuation of the SLEX Toll Road 4 from Santo Tomas Batangas to Lucena City. Qubex will be the extension of the South Luzon Expressway to Matnog, Sorsogon from Lucena City. The proposed project will have an indicative length of approximately 430 kilometers.

The proposed SLEX Toll Road 5 will be an alternative option of travel from Quezon and the Bicol Provinces. It hopes to decongest Andaya Highway and Pan-Philippine Highway, cut travel time from Manila to Naga by 2-3 hours, and to Matnog by 6 hours.

The conceptual alignment of the proposed Toll Road 5 is described below:



### **METRO MANILA SKYWAY STAGE 3 (MMSS3) PROJECT**

A joint venture company was formed between San Miguel Holdings Corporation (SMHC) and the Philippine National Construction Corporation (PNCC) to carry out the Metro Manila Skyway Stage 3 (MMSS3) tollroad project.

The construction of the Metro Manila Skyway Stage 3 (MMSS3) project is on-going and the general accomplishment considering the whole stretch of the project as of December 31, 2019 is 80.59 percent. Section 1 (Buendia to Quirino Ave./Plaza Dilao) is now partially opened. The whole alignment including the ramps and interchanges are projected to be completed & operational by end of 2020.

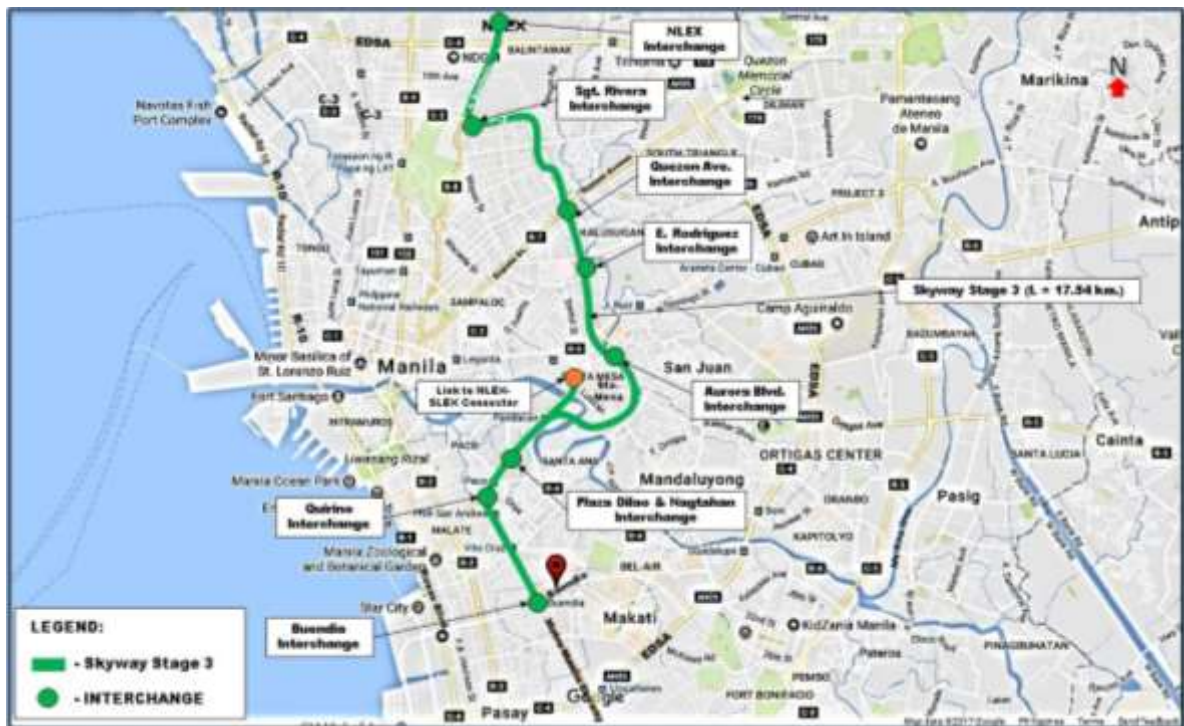
The Metro Manila Skyway Stage 3 (MMSS3) Project is an elevated expressway which starts from Buendia, Makati City to Balintawak, Quezon City and will be extended and eventually connected to the North Luzon Expressway (NLEX).

The project will connect the South Luzon Expressway (SLEX) and the North Luzon Expressway (NLEX) with a length of about 18.68 kilometers. The MMS Stage 3 elevated expressway intends to ease and decongest traffic through its designed access ramps and interchanges strategically located as follows: Buendia Avenue (South Super Highway, Makati City), Pres. Quirino Avenue (Malate, Manila), Plaza Dilao (Paco Manila), Nagtahan/Aurora Boulevard (Manila), E. Rodriguez Avenue (Quezon City), Quezon Avenue (Quezon City), Sgt. Rivera St. (Quezon City) and in the NLEX.

The construction implementation of the MMS Stage 3 was designed and divided into five (5) sections as described below:

Project Sections		Approximate Length (km)
Section 1 & 1a	Buendia/Makati to Quirino Ave./Plaza Dilao	3.76
Section 2a	Plaza Dilao to Tomas Claudio	0.96
Section 2a1	Tomas Claudio to Old Sta. Mesa	1.20
Section 2b	Tomas Claudio to Aurora Blvd.	3.93
Section 3	Aurora Blvd. to Quezon Avenue	2.71
Section 4	Quezon Avenue to EDSA Balintawak	4.46
Section 5	EDSA Balintawak to NLEX/Balintawak	2.11
<b>Total Length</b>		<b>19.13</b>

#### Metro Manila Skyway Stage 3 (MMSS3) Project Alignment:



#### METRO MANILA EXPRESSWAY (MME) STAGE 4 OR C-6 PROJECT

The Southeast Metro Manila Expressway Project is the Phase 1 of the C-6 Expressway, also known as Metro Manila Skyway Stage 4. It is a 32.67 km combination of mostly at-grade and elevated expressway stretching from Skyway FTI, Paranaque City all the way to Batasan Complex.

Project Phase / Section		Approximate Length (km)
<b>Phase 1</b>		
Section 1	Skyway FTI to C5/Diego Silang	2.39
Section 2	C5/Diego Silang to C6/Taguig	3.20
Section 3	C6/Taguig to Ortigas Ave. Extension	11.78
Section 4	Ortigas Ave. Ext. to Marcos Highway	5.34
Section 5	Marcos Highway to Tumana Bridge	6.90
Section 6	Tumana Bridge to Batasan Complex	3.06
<b>Total Length</b>		<b>32.67</b>



### **Phase 1 Project Description:**

The Metro Manila Skyway Stage 4 or C-6 Phase 1 is a 2 x 3 lanes toll road project approximately 32.67 km in length that is intended to run from Skyway/FTI in Taguig City to Batasan Complex in Quezon City. The Project is divided into 6 Sections as follows:

1. Section 1: Skyway/FTI to C-5/Diego Silang

Section 1 connects to the existing Skyway at FTI and ends in C-5 with a total length of 2.39 km and all are elevated.

2. Section 2: C-5/Diego Silang to C-6/Taguig

The Section 2 of the project (C-5/Diego Silang to C-6/Taguig) designed alignment was changed and realigned due to Right of Way (ROW) issue. A conceptual design of the proposed realignment, transferring Section 2 of the SEMME project to pass along the Circumferential Road 5 (C-5/C.P. Garcia Ave.) and Pasig River from the original alignment that traverses residential areas in Brgy. Pinagsama in Taguig City. The realignment will start from the end of Section 1 marked by the C-5 Interchange in the area of Pamayanang Diego Silang, and shall continue along C.P. Garcia Ave. towards the area of Kalayaan Ave., where it turns right coursing along Pasig River and continues until Circumferential Road 6 (C-6) in the area of Napindan in Taguig.

3. Section 3: C-6/Taguig to Ortigas Ave. Extension

Section 3 is mixed elevated and at-grade, which connects C-6/Taguig to Ortigas Avenue Extension in Taytay, passing through the Manggahan Floodway with a total length of 11.783 km including a 3.076 km viaduct.

4. Section 4: Ortigas Ave. Extension to Marcos Highway

Section 4 is at-grade and connects Ortigas Avenue Extension in Taytay to Marcos Highway in Antipolo, with a total length of 5.337 km.

5. Section 5: Marcos Highway to Tumana Bridge

Section 5 is at-grade and connects Marcos Highway in Antipolo to Tumana Bridge, with a total length of 6.90 km.

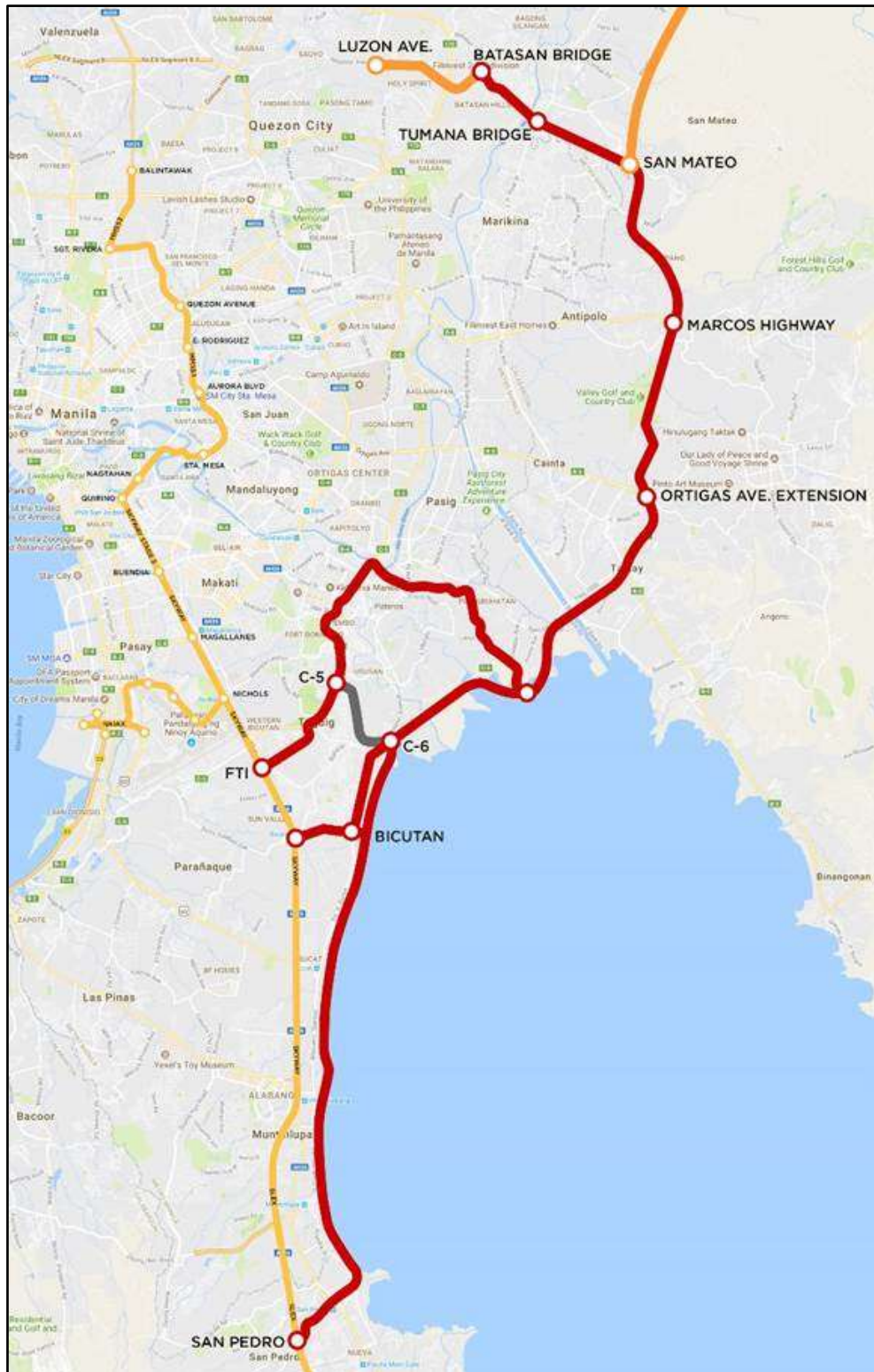
6. Section 6: Tumana Bridge to Batasan Complex

Section 6 is mixed elevated and at-grade which connects Tumana Bridge to the Batasan Complex with a total length of 3.055 km including 1.511 km viaduct.

### **Project Status:**

- Construction on workable areas in Section 1: C-5 area on-going. Completed about 75.69% for Piers 61 to 66.
- On-going activities on the acquisition of Right of Way (ROW). Various ROW concerns hindering construction activities at Section 1.
- Ongoing Detailed Engineering Design (DED) for Section 1A Realignment (2 x 2 lane configuration for Main Viaduct) upon receipt of TRB approval for implementation (14 September 2020 letter)
- Ongoing DED (Detailed Engineering Design) for Section 2 Realignment.

## Metro Manila Skyway Stage 4 (MMSS4) or C-6 Project Alignment:



## **PASIG RIVER EXPRESSWAY (PAREx) PROJECT**

The proposed Pasig River Expressway Project alignment runs from the west of Metro Manila, beginning at the areas of San Nicolas and Intramuros in Manila, where it connects R-10. It traverses the Pasig River until Nagtahan Bridge, where it turns right along Quirino Avenue, and connects with Metro Manila Skyway Stage 3 (MMSS3) through the Plaza Azul. From MMSS3, the alignment continues along the Pasig River through a connection with MMSS3 alignment along San Juan River. The alignment then continues along the Pasig River and intersects with: (i) Epifanio Delos Santos Avenue (EDSA) in the area of Guadalupe in Makati and Boni in Mandaluyong and (ii) Circumferential Road 5 (C-5) in the areas of West Rembo in Makati and Bagong Ilog in Pasig. The alignment terminates at Circumferential Road 6 (C-6), where it connects with the South East Metro Manila Expressway in the area of Taytay in the province of Rizal.

The proposed Pasig River Expressway (PAREx) project is a two-directional elevated viaduct with 3 lanes in each direction. The estimated total length of the project is 19.365 kilometers and the entire alignment is divided into three (3) segments as follows:

	<b>Project Segments</b>	<b>Approximate Length (km)</b>
Segment 1	Radial Road 10 (R10) to Metro Manila Skyway Stage 3 (MMSS3) / Plaza Azul	5.74
Segment 2	Metro Manila Skyway Stage 3 (MMSS3) / San Juan River to Circumferential Road 5 (C-5)	7.325
Segment 3	Circumferential Road 5 (C-5) to Metro Manila Skyway Stage 4 (MMSS4) / C-6	6.30
<b>Total Length</b>		<b>19.365</b>

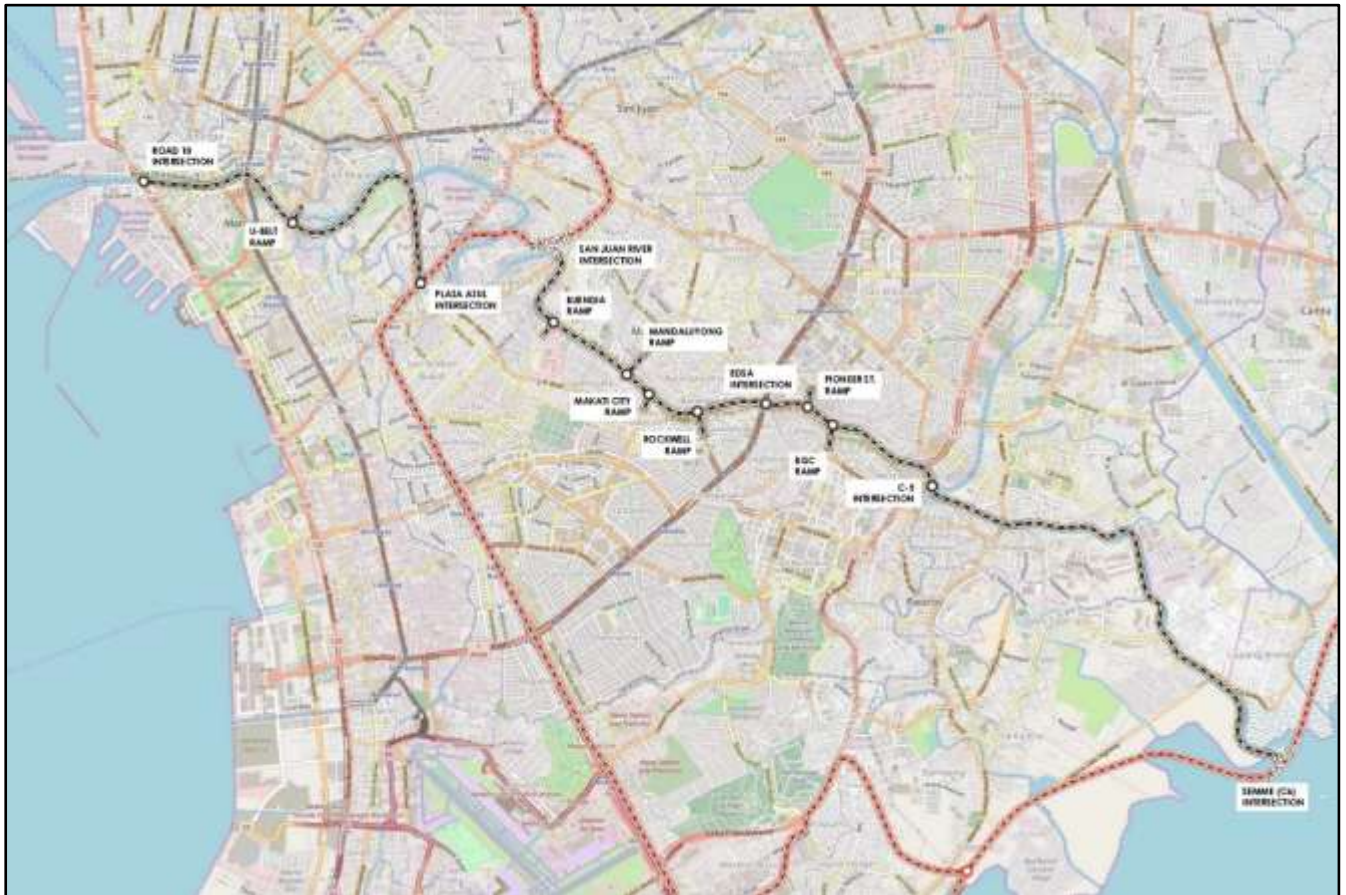
The proposed PAREx project interchanges and access points are strategically placed on the following areas:

1. Four-way Interchange:
  - a. R10 Intersection
  - b. Plaza Azul-Pasig River Expressway Connection
  - c. San Juan River-Pasig River Expressway Connection
  - d. EDSA Intersection
  - e. C-5 Intersection
  - f. Pasig River Alignment – MMSS4/C6 Connection
2. On and Off Ramps:
  - a. University Belt
  - b. Plaza Azul
  - c. Sen. Gil Puyat/Buendia Ave.
  - d. Mandaluyong
  - e. Makati Ave.
  - f. Rockwell (via Estrella)
  - g. Pioneer
  - h. Bonifacio Global City

On November 11, 2019, the assignment of PNCC's usufructuary rights has been approved by the President of the Republic of the Philippines pursuant to the PNCC's franchise under Presidential Decree No. 1894.

On November 26, 2019, San Miguel Holdings Corporation (SMHC) and PNCC entered into a Business Joint Venture Agreement to undertake the proposed PAREx Project.





**Figure 1: Proposed Pasig River Expressway alignment and Location of Access Points (Interchanges and On-Off Ramps)**

#### **QUEZON - BICOL EXPRESSWAY (QUBEx/SOUTH LUZON TOLL ROAD 5) TR5 PROJECT**

The Qubex or TR5 Project starts at the end point of the South Luzon Expressway Toll Road 4 at Brgy. Mayao, Lucena City, Quezon and ends at Matnog, Sorsogon near the Matnog Ferry Terminal. The total length of TR5 is approximately 417 kilometers, and the general route of the alignment is parallel to the existing Philippine National Railway, Maharlika Highway and Padre Burgos National Road or Quirino Highway.

The proposed SLEx Toll Road 5 will be an alternative option of travel from Quezon and the Bicol Provinces. It hopes to decongest Andaya Highway and Pan-Philippine Highway, cut travel time from Manila to Naga by 2-3 hours, and to Matnog by 6 hours.

The conceptual alignment of the proposed Toll Road 5 is described below:



### **INTEGRATED AIRPORT TOLL EXPRESSWAY NETWORK (IATEN) PROJECT**

On 14 October 2019, a proposed project was submitted to PNCC by San Miguel Holdings Corporation (SMHC) to finance, design, construct, operate and maintain the Integrated Airport Toll Expressway Network (IATEN) Project under Presidential Decree (P.D.) No. 1894 (otherwise known as the PNCC Franchise) through a Joint Venture.

The proposed IATEN project is composed of three (3) components as follows:

1. Component 1: Northern Access Link
2. Component 2: Southern Access Link
3. Component 3: Central Access Link

#### **1. Component 1: Northern Access Link**

The proposed project is an airport access toll road to New Manila International Airport (NMIA). It starts from the Metro Manila Skyway Stage 3 in Balintawak and extending towards Valenzuela, Malabon, Navotas, Obando and Bulacan, approximately traversing the alignment of Tullahan and Muzon Rivers. The project will then pass through the perimeter of NMIA providing airport access, which will then exit towards the Provinces of Bulacan, Pampanga and Tarlac.

The alignment of the Project is shown in **Figure 1-1: Location Map Showing Alignment of the proposed Project.**

The Project will be developed in phases as follows:

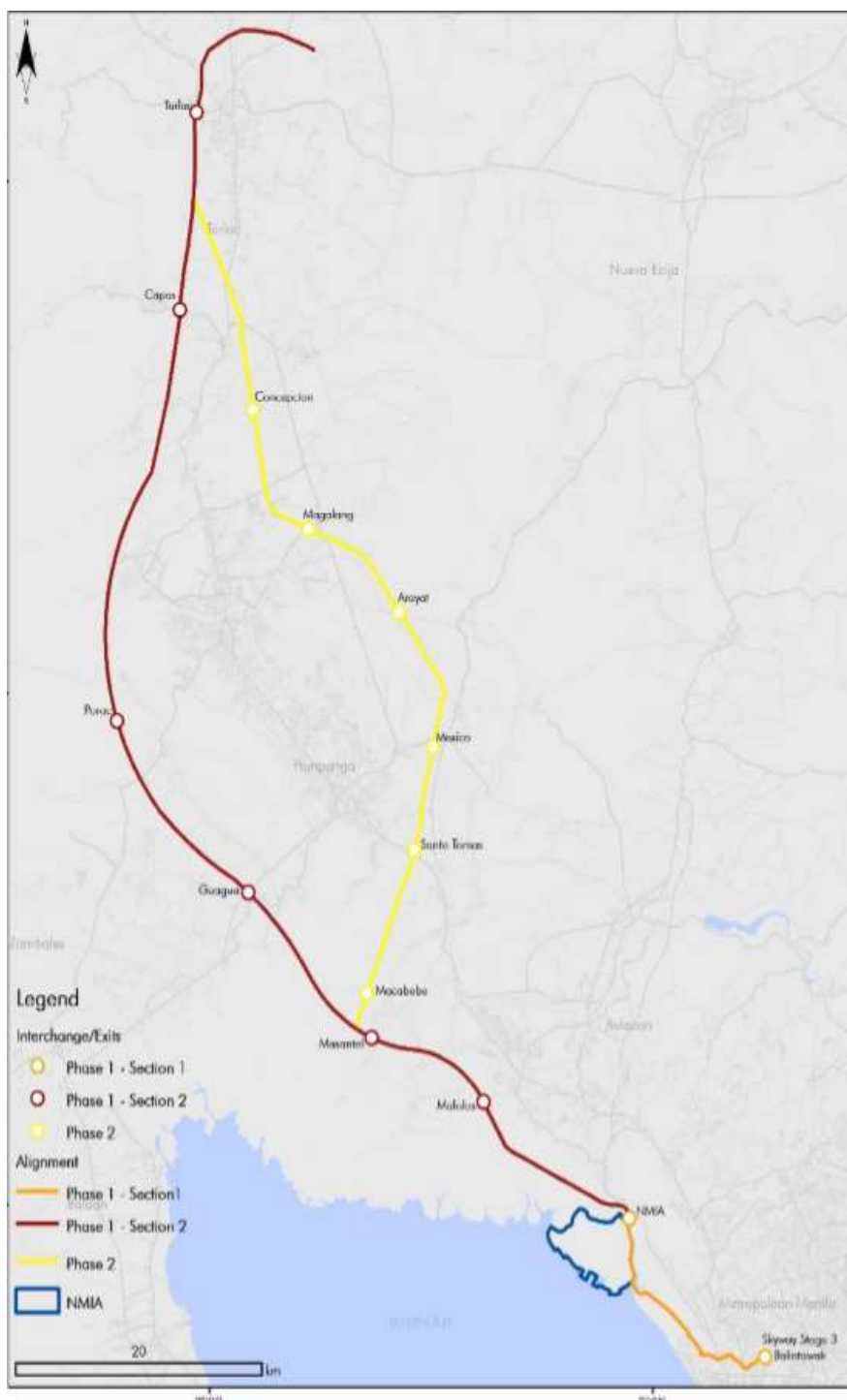
Project Phase / Section		Approximate Length (km)
<b>Phase 1</b>		
Section 1	Metro Manila Skyway Stage 3 Balintawak to NMIA	19
Section 2	NMIA to Tarlac City and TPLEX	117
<b>Phase 2 (Demand Driven Expansion)</b>		
Section 1	Masantol, Pampanga to Arayat	
Section 2	Arayat to Tarlac City	

Phase 1 is a 136 kilometers expressway and shall have the following proposed exits. Refer to the table below for the proposed exits of the project:

Phase	Section	Exit	Segment
Phase 1	Section 1: Metro Manila Skyway Stage 3 Balintawak to NMIA	NMIA	Balintawak - NMIA
		Bulakan	Bulakan to Malolos
		Malolos	Malolos to Masantol
		Masantol	Masantol to Guagua
	Section 2: NMIA to Tarlac City	Guagua	Guagua to Porac
		Porac	Porac to Mabalacat
		Mabalacat	Mabalacat to Capas
		Capas	Capas to Tarlac City
		Tarlac City	Tarlac City to TPLEX
		TPLEX	-
Phase 2 (Demand Driven Phase)	Section 1: Masantol to Arayat	Masantol	Masantol to Santo Tomas
		Santo Tomas	Santo Tomas to Mexico
	Section 2: Arayat to Tarlac	Mexico	Mexico to Arayat
		Arayat	Arayat to Magalang
		Magalang	Magalang to Concepcion
		Concepcion	Concepcion to Tarlac City

The proposed location of interchanges for Phase 1 (Sections 1 & 2) are as follows:

1. Metro Manila Skyway Stage 3 (MMSS3) Balintawak
2. New Manila International Airport (NMIA)
3. Malolos Bulacan
4. Masantol Pampanga
5. Guagua Pampanga
6. Porac Pampanga
7. Capas Tarlac
8. Tarlac City



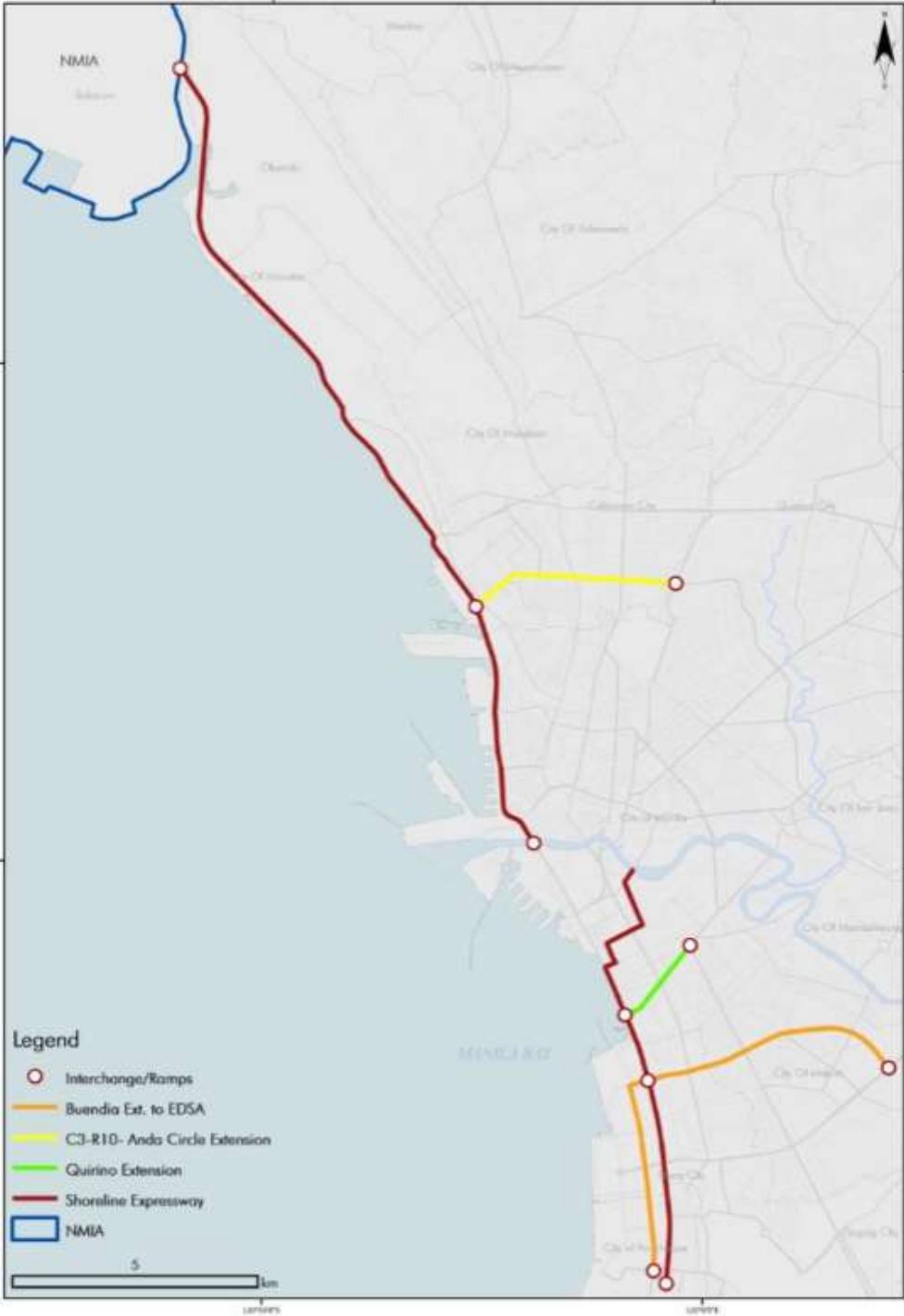
**Figure 1-1: Location Map Showing Alignment Relative to NMIA**

## **2. Component 2: Southern Access Link**

The proposed project is an elevated expressway network with a total estimated length of 46.11 kilometers comprising of the Shoreline expressway and three (3) extensions, namely: Skyway stage 3 (SS3) C3-R10 Extension, Skyway Stage 3 (SS3) Quirino Extension, and Skyway Stage 3 (SS3) Buendia-EDSA Extension. Connecting Ramps shall be located at strategic areas along the alignments.



**Figure 1-2** below shows the Component 2 Southern Access Link Map alignment of the proposed expressway.

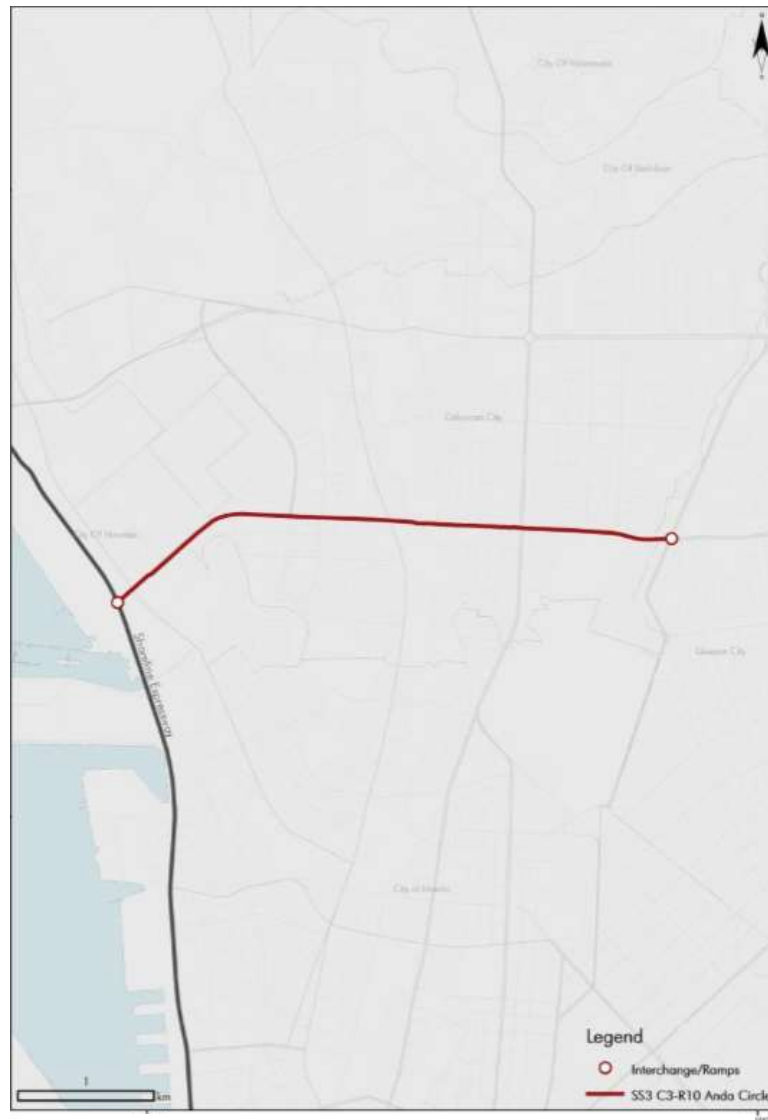


**Figure 1-2: IATEN - Component 2 Southern Access Link Map**

The proposed project (**Component 2**) will be developed in sections as listed below:

Section		Approximate Length (km)
Section 1	Skyway Stage 3 C3-R10 Extension	4.30
Section 2, Segment 1	Shoreline Expressway	30.30
Section 2, Segment 2	Skyway Stage 3 Quirino Extension	2.11
Section 2, Segment 3	Buendia to EDSA Extension	9.40
<b>Total Length</b>		<b>46.11</b>
<b>Section 1: Skyway Stage 3 C3-R10 Extension</b>		

The Skyway Stage 3 (SS3) C3-R10 Extension intends to connect the Metro Manila Skyway Stage 3 (MMSS3) at Sgt. Rivera in Quezon City to the proposed Shoreline Expressway at R10 via a 4.30 km, 4 lane (2x2) elevated structure. On and off ramps shall be provided at 5<sup>th</sup> Avenue – A Bonifacio Avenue (Sgt. Rivera MMSS3 Interchange) and C3-R10 (Shoreline Expressway). (refer to **Figure 1.3: SS3 C3-R10 Extension Alignment Map**)



**Figure 1-3: SS3 C3-R10 Extension Alignment Map**

## **Section 2, Segment 1: Shoreline Expressway**

The Shoreline Expressway, with an approximate length of 30.30 kilometers, is an elevated expressway with 6 lanes (3x3) expressway composed of viaducts. The alignment will generally pass along the east shoreline of Manila Bay beginning at NMIA, extend south to Manila North Harbor, continue over the Pasig River, extend up to Ayala Bridge (where the ramp will begin), and end at CAVITEX along Roxas Boulevard. There shall be four (4) connecting ramps. (refer to **Figure 1.4: Shoreline Expressway Alignment Map**)



**Figure 1-4: Shoreline Expressway Alignment Map**

#### **Section 2, Segment 2: Skyway Stage 3 Quirino Extension**

The Skyway Stage 3 (SS3) Quirino Extension intends to connect the Metro Manila Skyway Stage 3 (MMSS3) at the Quirino Interchange in the intersection of Quirino Ave. and Osmena Highway to the proposed Shoreline Expressway at Roxas Boulevard via a 2.11 km, 4 lane (2x2) elevated structure. On/off ramps shall be provided at the Quirino Avenue-Osmena Highway (Quirino Avenue MMSS3 Interchange) and Quirino Avenue-Roxas Boulevard (Shoreline Expressway). (refer to **Figure 1.5: SS3 Quirino Extension Alignment Map**)



**Figure 1-5: SS3 Quirino Extension Alignment Map**

### **Section 2, Segment 3: Buendia to EDSA Extension**

The Skyway Stage 3 (SS3) Buendia-EDSA Extension intends to connect the Ninoy Aquino International Airport Expressway (NAIAEx) at the intersection of Seaside Drive-Diosdado Macapagal Avenue to the proposed Shoreline Expressway at the intersection of Sen. Gil Puyat Avenue-Roxas Boulevard, The MMSS3 at the intersection of Sen. Gil Puyat Avenue-South Luzon Expressway (Quirino Interchange), and EDSA at the intersection of Buendia Avenue-EDSA.

The proposed extension shall be a 9.40 km elevated structure with a 4-lane (2x2) configuration. On/off ramps shall be provided at the vicinity of NAIAEx/Diosdado Macapagal Avenue, Roxas Boulevard (proposed Shoreline Expressway), MMSS3 (Buendia Interchange), and EDSA-Buendia Avenue. (refer to **Figure 1.6: SS3 Buendia-EDSA Extension Alignment Map**)





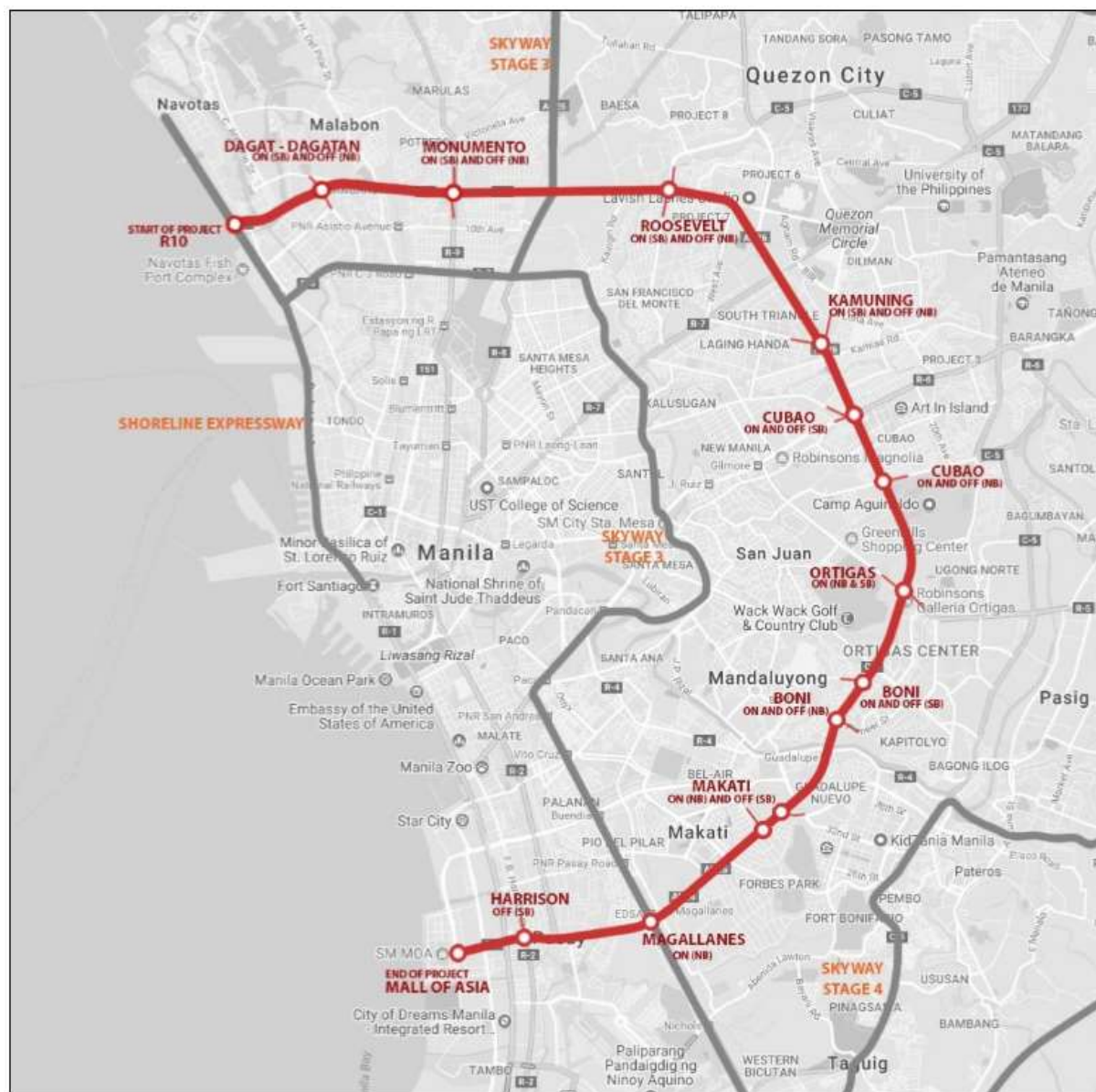
**Figure 1-6: SS3 Buendia to EDSA Extension Alignment Map**

### 3. Component 3: Central Access Link

The proposed project is located along the Epifanio Delos Santos Avenue (EDSA) also known as Circumferential Road No. 4 (C-4) that traverses the center of Metro Manila in a circumferential direction.

The Project will traverse the whole stretch of EDSA beginning from a connection with Radial Road 10 (R10) at the mouth of Tullahan River in Navotas City and will terminate near SM Mall of Asia in Pasay City. The total length of the expressway is approximately 28.1 km.

**Figure 1-7** shows the proposed project alignment with the corresponding proposed locations of on/off ramps.



**Figure 1-2: Project Alignment Map with Locations of Ramps**

The proposed expressway will have a total of twenty-two (22) on and off ramps. Toll plazas will be located at every off ramp. The following are the corresponding locations of these ramp are summarized in the **Table 1-1: Northbound Ramps** and **Table 1-2: Southbound Ramps**.

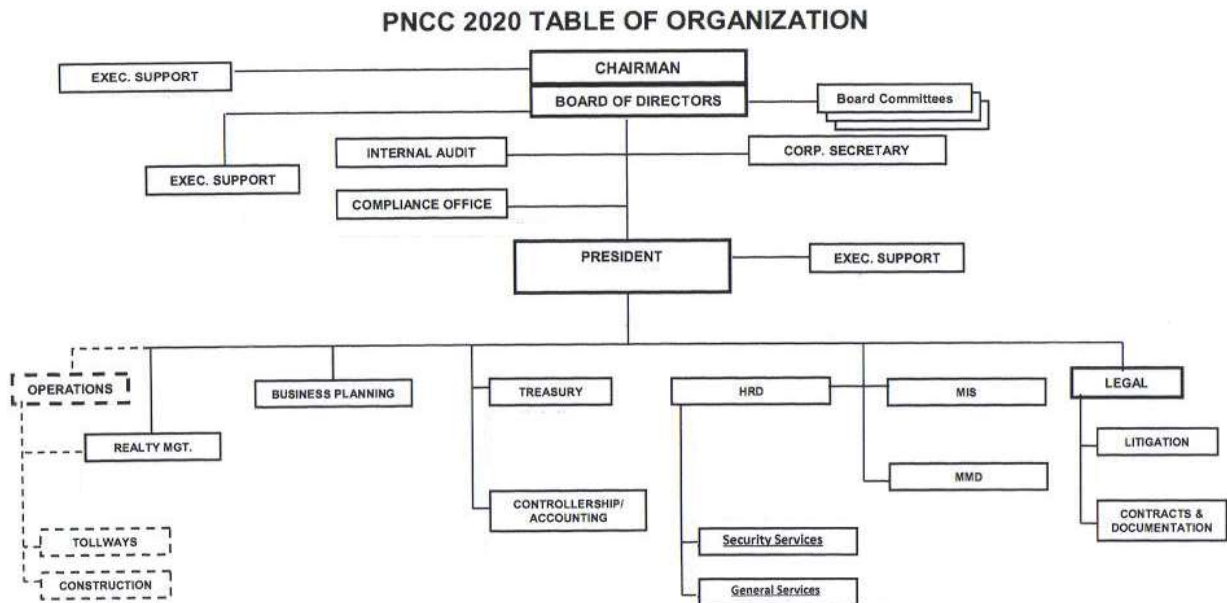
**Table 1 – 1: Northbound Ramps**

Item	Name of Interchange	Location	Distance to Next Interchange (km)	Classification
1	Mall of Asia	00+000	3.41	On/Off Ramp
2	Magallanes	03+412	3.02	On Ramp
3	Makati – Kalayaan Ave.	06+430	2.00	On Ramp
4	Boni – Boni Ave.	08+430	2.64	On/Off Ramp
5	Ortigas Avenue	11+070	2.11	On Ramp
6	Cubao – Col. Bonny Serrano Ave.	13+176	2.71	On/Off Ramp
7	Kamuning	15+890	4.14	Off Ramp
8	Roosevelt	20+030	3.87	Off Ramp
9	Monumento	23+896	2.45	Off Ramp
10	Dagat-Dagatan	26+348	1.77	Off Ramp
11	R10	28+117	0.00	On/Off Ramp

**Table 1 – 2: Southbound Ramps**

Item	Name of Interchange	Location	Distance to Next Interchange (km)	Classification
1	R10	00+000	1.77	On/Off Ramp
2	Dagat-Dagatan	01+769	2.45	On Ramp
3	Monumento	04+221	3.87	On Ramp
4	Roosevelt	08+087	4.14	On Ramp
5	Kamuning	12+227	1.41	On Ramp
6	Cubao – Aurora Blvd.	13+638	3.41	On/Off Ramp
7	Ortigas Ave.	17+047	1.82	On Ramp
8	Boni Ave. – Domingo M. Guevara	18+867	3.28	On/Off Ramp
9	Makati – Buendia Ave.	22+147	4.88	Off Ramp
10	F.B. Harrison	27+024	1.09	Off Ramp
11	Mall of Asia	28+117	0.00	On/Off Ramp

## Organizational Setup for 2020



Total Number of PNCC Employees Per Sector as of December 31, 2020.

Sector	Regular	Probationary	Co-Terminus	Fixed Term	Project Employee	Total
Rank & File	27			164	1	192
Supervisory	14				2	16
Manager	13					13
Executives	6					6
<b>TOTAL</b>	<b>60</b>			<b>164</b>	<b>3</b>	<b>227</b>

## Business Development and Description of Subsidiaries

PNCC has a number of subsidiaries legally in existence but for the past three years were inactive. These are wholly-owned subsidiaries namely the Traffic Control Products Corp. (TCPC), Tierra Factors Corp. (TFC), CDCP Farms, Inc. and PNCC Skyway Corp. Likewise, there are subsidiaries such as Land Management and Development Corp., Managerial Resources Corp., Manila Land Corp., San Ramon Ranch, Inc. and San Roque Ranch, Inc. where PNCC's investments are still carried in the books, but with no management files or records.

The Governance Commission for GOCC's (GCG), in its memorandum for the President of the Republic of the Philippines dated June 24, 2013, recommended the abolition of the five (5) subsidiaries of the Company, namely: 1) Alabang-Sto Tomas Development, Inc. (ASDI); 2) DISC Contractors, Builders and General Services, Inc. (DCBGSI); 3) Traffic Control Products Corporation (TCPC); 4) CDCP Farms Corporation (CDCP-FC), and Tierra Factors Corporation (TFC). Through a Memorandum from the Executive Secretary dated August 7, 2014, the GCG was informed that its recommendation to abolish PNCC subsidiaries had been approved by the President of the Republic of the Philippines, subject to pertinent laws, rules and regulations. Furthermore, GCG recommended the creation of a Technical Working Group (TWG) to coordinate the implementation of said abolition. The TWG shall be composed of the GCG, together with the representatives of the following government agencies, as regular members :1) Department of Trade and Industry; 2) Securities and Exchange Commission, and 3) PNCC. Special members are composed of : 1) ASDI; 2) DCBGSI; 3) TCPC; 4) CDCP-FC, and 5) TFC.

On October 16, 2012, ASDI's corporate life was shortened up to December 31, 2012 pursuant to Board resolution No. BD-04-2014. On August 7, 2014, this Board resolution was revoked. Investment in ASDI was originally 255,000 common shares with a par value of ₱1,000 per share representing equity ownership of the Company at 51 per cent, with the remaining 49 per cent owned by the National Development Company (NDC). On December 9, 2015, ASDI liquidated 127,500 common shares of PNCC as part of its dissolution process paying PNCC ₱127.5 million. On December 15, 2016, the Company received ₱66.3 million as additional partial liquidation of its investment in shares of ASDI. ASDI has a pending collection balance of ₱4.2 million from DPWH.

On September 26, 2013, the abolition/dissolution of TCPC was approved per Board Resolution BD-006-2013. The conveyance of TCPC assets to PNCC has already been completed. Part of these assets has already been disposed through public bidding. The remaining undisposed assets are now being classified according to commodity classification for appraisal and for purposes of higher return upon sale.

On September 30, 2015, DCBGSI was closed pursuant to DCBGSI Shareholders' resolution dated August 7, 2015. On October 1, 2015, PNCC absorbed DCBGSI functions. On January 18, 2016, the Board of Directors of DCBGSI approved the shortening of its corporate life to January 31, 2016.

On September 30, 2015, Special Stockholders Meeting of TFC and CDCP-FC were held to dissolve these subsidiaries. Management is still awaiting the appointment of Directors for both companies in order to call for a Board Meeting to put into effect the closure of the two companies. Several letters has been sent to the GCG regarding this matter.

Except for the Corporation's investment in ASDI, a 100 percent impairment loss is provided for investments in inactive and non-operating subsidiaries and affiliates, as well as investments in the remaining active wholly-owned subsidiary, due to their incurrence of losses resulting in accumulated deficit.



## Business Development of Affiliates

In compliance with the Supreme Court decision, the company has transferred and turned over the shares of stock in tollway joint venture companies through a Deed of Compliance to Transfer Shares of Stock to the National Government under Supreme Court Decision in G.R. Nos. 166910, 169917, 173630, and 183599.

The only joint venture company left to PNCC after the turn over to National Government is Citra Metro Manila Tollways Corporation (CMMTC) the joint venture company for Metro Manila Skyway System (SMMS) and the Operation and Maintenance Corporation for SMMS or Skyway Operation and Maintenance (SOMCO). These said JV was approved pursuant to Presidential Decree No. 1894, which expanded PNCC's original franchise by granting firstly, the further "right, privilege and authority to, construct, maintain and operate any and all such extensions, linkages or stretches, together with the toll facilities appurtenant thereto, from any part of the North Luzon Expressway, South Luzon Expressway as may be approved by the Toll Regulatory Board (TRB)"; and, secondly, the right to construct and operate the Metro Manila Expressway, also named as the "Metro Manila Tollway" (C-6).



Meanwhile, the Company now holds updated partnership with Citra Lamtoro Gung Persada for new toll road projects : the Metro Manila Skyway Stage 3 and Metro Manila Expressway or C6.

The projects will enable the Company to generate sufficient cash flow from dividend and revenue shares from the JV companies for the next 30 years.

### ***Citra Metro Manila Tollways Corporation and Skyway Operation and Maintenance***

Citra Metro Manila Tollways Corporation (CMMTC), a Joint Venture Company or the Investor Company was incorporated on 27 November 1995 to pursue the South Metro Manila Skyway Project (SMMS), i.e., the present at-grade level and Skyway stretching from Nichols to Alabang, southbound, and to Buendia, northbound. CITRA has a 30-year concession period which commenced in December 1998. Originally, PNCC owned 20% of CMMTC with ₱551 million infused as equity. As of 2008, however, following the exercise of pre-emptive rights to which PNCC issued a waiver, PNCC's equity participation was reduced to 11%. PNCC continues to hold two board seats in CMMTC.

In 2006, PNCC was able to secure a share of the gross revenues of the Skyway from CMMTC, similar to the arrangement with the MNTC of NLEX and SLTC of SLEX. This concession was secured in return for PNCC's willingness to dilute its shareholdings in CMMTC, as the latter raised financing for the Skyway II extension project.

Skyway O&M Corporation (SOMCO) is the operations and maintenance corporation for the Skyway section where PNCC has 20% participation. This, however, remains unissued because of legal difficulties with CMMTC. SOMCO was incorporated on December 12, 2007 and took over the O&M role from the PNCC Skyway Corporation on 31 December 2007.



### **Citra Central Expressway Corporation**

Citra Central Expressway Corporation (CCEC), a joint Venture Company between the Company and PT Citra Lamtoro Gung Persada, was incorporated on November 16, 2012 pursuant to Section 1 of the Supplement to Business and Joint Venture Agreement to be the vehicle to implement the financing, design and construction of the Metro Manila Skyway – Stage 3 (MMS).

Pursuant to approved STOA of MMS, CCEC has a 30-year concession period to commence upon completion of the project.

The Company is provided with 20% equity in CCEC, 10% is free carry and can never be diluted while the other 10% is to be paid for.

On May 26, 2014, the Toll Regulatory Board (TRB) approved the change in the ownership of a majority of the shares of the capital stock of CCEC.

Upon execution of the Subscription Agreement on September 5, 2014, Stage 3 Connector Tollways Holdings Corporation (S3HC) became a majority stockholder of CCEC. The shareholder structure in CCEC is as follows: S3HC - 55%, PT Citra Lamtoro Gung Persada - 25% and PNCC – 20%.

In 2015, when the call was made for a capital increase investment in CCEC, the Company waived its subscription rights for the 10%. The initial 10% investment in CCEC amounted to ₱12.5 million.

The Company agreed to forego any equity participation in the Operation and Maintenance (O&M) company provided the latter remains a cost center and not a profit center. The Company is provided with one (1) permanent seat with one non-voting director to the Board of CCEC, regardless of its shareholdings. Membership in all Board Committees and Chairmanship of the Board Audit Committee is given to the Company.

The Company's share in gross revenues for the duration of the operation period is projected at ₱35.06 billion while the share in net profits is projected at ₱21.42 billion.

On the following dates, CCEC issued ten (10) percent "free-carry" equity shares (₱100 par value) as the Company's share in the joint venture company as follows : June 30, 2014 – 125,000 shares; September 15, 2014 – 275,000 shares, and December 1, 2016 – 5,800,000 shares.



### **Citra Intercity Tollways, Inc.**

Citra Intercity Tollways, Inc. (CITI) was incorporated on February 17, 2014, a joint Venture Company between the Company and PT Citra Lamtoro Gung Persada to be the vehicle to implement the financing, design and construction of the Metro Manila Expressway – C6 (MME).

Pursuant to approved STOA of MME, CITI has a 30-year concession period to commence upon completion of the project.

The Company is provided with 20% equity in CITI, 10% is free carry and can never be diluted while the other 10% is to be paid for.

On July 20, 2015, the Toll Regulatory Board (TRB) approved the change in the ownership of a majority of the shares of the capital stock of CITI.

The shareholder structure in CITI is as follows: SMC Infraventures, Inc. - 55%, PT Citra Lamtoro Gung Persada 25% and PNCC – 20%.

The Company agreed to forego any equity participation in the Operation and Maintenance (O&M) company provided the latter remains a cost center and not a profit center. The Company is provided with one (1) permanent seat with one (1) non-voting director to the Board of CITI, regardless of its shareholdings. Membership in all Board Committees and Chairmanship of the Board Audit Committee is given to the Company.

The Company's share in gross revenues for the duration of the operation period is projected at ₱43.86 billion while the share in net profits is projected at ₱27.21 billion.

On the following dates, CITI issued ten (10) per cent "free-carry" equity shares (P100 par value) as the Company's share in the joint venture company as follows : March 9, 2016 – 400,000 shares and December 1, 2016 – 2,008,167 shares.

## Description of Properties

The list of Real Propertyas of December 31, 2020 are presented below:

ITEM NO.	LOCATION	AREA (sq .m.)	REGISTERED OWNER
<b>A.</b>	<b>BOOKED PROPERTIES:</b>		
<b>A.1</b>	<b>PNCC PROPERTIES</b>		
1.	TAGOLOAN PROPERTY Bo. Casinglot, Tagoloan, Misamis Oriental	20,687 13,785 16,380 1,065 5,316 3,387 <b>60,620</b>	CDCP CDCP CDCP CDCP CDCP CDCP
2.	BICUTAN PROPERTY ParanaqueCity	107 54 27,762 5,123 <b>33,046</b>	CDCP  CDCP CDCP
3.	MABALACAT LOT Bo. Maisac, Mabalacat, Pampanga	10,000 15,000 2,905 <b>27,905</b>	CDCP CDCP CDCP
4.	TAGAYTAY PROPERTY Bo. Tolentino, TagaytayCity	49,107 49,100 <b>98,207</b>	CDCP CDCP
5.	ANTIPOLO PROPERTY <ul style="list-style-type: none"> <li>VictoriaValley Subdivision</li> <li>Town &amp; Country Estate Subd.</li> </ul>	840 850 958 741 680 701 10,000 <b>14,770</b>	CDCP CDCP CDCP CDCP CDCP CDCP CDCP
6.	MORONG LOT Morong, Rizal	240 240 240 240 240 240 240 240 240 382 <b>2,542</b>	CDCP CDCP CDCP CDCP CDCP CDCP CDCP CDCP CDCP CDCP
7.	FINANCIAL CENTER AREA (FCA) Pasay City	<b>129,548</b>	R. P.
8.	PORAC LOT Porac, Pampanga	<b>116,591</b>	PNCC



ITEM NO.	LOCATION	AREA (sq .m.)	REGISTERED OWNER
9.	STA. RITA PROPERTY (NLT Office) Sta. Rita, Guiguinto, Bulacan	11,395 8,605	PNCC Remedios Bengzon
		<b>20,000</b>	
10.	BOCAUE REST AREA NLEX, Bocaue, Bulacan	733 2,801 4,404 1,141 847	CDCP CDCP CDCP CDCP CDCP
		<b>9,926</b>	
<b>A.2</b> <b>1.</b>	<b>CDCP FARMS CORP. PROPERTIES</b> <b>TABANG PROPERTY</b> Tabang, Guiguinto, Bulacan	4,945 678	CDCP Farms Corp. CDCP Farms Corp.
		<b>5,623</b>	
<b>B.</b>	<b>UNBOOKED PROPERTIES</b>		
<b>B.I</b>	<b>PNCC LISTED PROPERTIES</b>		
1.	PILILLA PROPERTY Pililla, Rizal	500 500 500 500 500 500 459 702 607 500 500 500 500 500 500 500	M. de Jesus & P. Castalone M. de Jesus & P. Castalone M. de Jesus & P. Castalone M. de Jesus & P. Castalone M. de Jesus & P. Castalone M. de Jesus & P. Castalone M. de Jesus & P. Castalone M. de Jesus & P. Castalone M. de Jesus & P. Castalone M. de Jesus & P. Castalone M. de Jesus & P. Castalone M. de Jesus & P. Castalone M. de Jesus & P. Castalone M. de Jesus & P. Castalone M. de Jesus & P. Castalone M. de Jesus & P. Castalone
		<b>7,768</b>	
2.	GULOD RESORT CONDOMINIUM Nasugbu, Batangas		
		34.65	Land Bank
		34.65	Land Bank
		<b>69.30</b>	

## Legal Proceedings

1. ***Asiavest Merchant Berhad vs. CA and PNCC***  
***G.R. No. 110263, Supreme Court***  
***Date of Institution : July 14, 1988***  
***Amount Involved: MYR5,200,000***

This case involves the enforcement of a foreign judgment rendered against PNCC in Malaysia for guarantees it issued on various construction projects involving Malaysian Ringgit (MYR) 5,108,290.23. The Pasig City RTC and the Court of Appeals rendered decisions in favor of PNCC, dated October 14, 1991 and May 19, 1993, respectively.

In 2001, The Supreme Court (SC) rendered a decision reversing the decision of the Court of Appeals and ordered the payment of the foreign award. In 2002, the Pasig RTC issued a Writ of Execution, and which was partially satisfied but PNCC later asked for its temporary suspension by moving to quash the writ because of: (a) change of the party's status making the execution inequitable; and, (b) the claim has already prescribed under Malaysian laws. In 2015, the RTC finally denied PNCC's Motion to Quash, including the subsequent Motion for Reconsideration. PNCC has since filed a Petition for Certiorari which is pending in the Court of Appeals.

In April 2016, AMB's counsel filed for Ex-Parte Motion for Issuance of Alias Writ of Execution to enforce the 2002 Writ of Execution. PNCC has since opposed it, prompting AMB to file its Urgent Motion to Resolve.

On 18 December 2017, the CA denied the Petition.

In view of the foregoing, the Company, through its legal counsel, OGCC, shall continue to exhaust all legal options provided by law.

2. ***Asiavest Merchant Bankers (M) vs. PNCC***  
***G.R. No. 172301, Supreme Court***  
***CA-GR CV No. 50948, Court of Appeals***  
***Civil Case No. 64367, RTC Pasig Branch 153***  
***Date of Institution: April 12, 1994***

This case arose after Asiavest-CDCP Sdn. Bhd. (Asiavest-CDCP), a corporation organized by both CDGP (now PNCC) and Asiavest Holdings (M) Sdn. Bhd. (Asiavest Holdings), which acted as PNCC's subcontractor in Malaysia, failed to complete the project in Malaysia. Asiavest Merchant Bankers (M) Berhad (AMB), which provided various guarantees and bonds to PNCC in connection with the construction contracts in Malaysia, thus sought reimbursement of the surety bond the former paid to the State of Pahang (Malaysia). The amount involved is Malaysian Ringgit (MYR) 3,915,053.54.

On April 12, 1994, AMB instituted the case before the Pasig City Regional Trial Court (RTC). PNCC through its legal counsel, Office of the Government Corporate Counsel (OGCC), had filed four (4) motions for extension of time to file answer and/or any responsive pleading. However, PNCC was not able to file its Answer to the Complaint because the transactions were executed in Malaysia and the documents were not then immediately available. Thus a judgment by default was rendered by the trial court. Efforts were made towards lifting of the default order and reconsideration of the decision, but the same were denied.

PNCC appealed the case to the Court of Appeals but was dismissed in its Decision dated June 10, 2005. A Motion for Reconsideration was filed but the same was denied.

A Petition for Review on Certiorari was filed before the Supreme Court which eventually decided against PNCC last April 4, 2016. On April 6, 2016, OGCC received a Motion for issuance of Alias Writ of Execution filed by AMB with the RTC.

On April 16, 2016, PNCC filed its opposition thereto arguing that the subject claim should be filed first with COA before a Writ of Execution can be issued by the RTC.

On 21 February 2017, OGCC, received a Motion for the Issuance of Entry of Judgment.

On 6 March 2017, OGCC received the 3 November 2016 Entry of Judgment that the 19 August 2015 Decision become final and executory.

On 03 May 2021, PNCC received a Petition for Money Claims filed with COA by Asiavest Equity SDN BHD (in Members' Voluntary Liquidation) allegedly formerly known as Asiavest Merchant Bankers (M) Berhad. PNCC, through OGCC, filed its Answer to the petition on 30 June 2021.

### **3. *Superlines Transportation Co. Inc. vs. PNCC***

***G.R. 169596***

***Supreme Court 2<sup>nd</sup> Division***

***Date of Institution: February 22, 1991***

This case seeks the recovery of personal property (replevin) with damages, the merits of which the Supreme Court had already resolved in "Superlines Transportation Company, Inc. vs. Philippine National Construction Company," which ordered that the case be remanded to the lower court for further proceedings.

After the matter was remanded to the RTC, trial ensued and the latter issued its assailed Decision, where it recapped the series of events following the Supreme Court 2007 Decision. Later, additional defendant Cesar Lopera filed his answer on March 31, 2008. Early on, the other defendants, i.e. Philippine National Construction Company and Pedro Balubal, were represented by private counsel. Lately thought, the Office of the Government Corporate Counsel entered appearance for and in behalf of PNCC, that plaintiff even questioned, asking that said appearance be disallowed. That particular matter was addressed in this Court's order dated November 7, 2008.

Because of the possibility that the passenger bus object of the replevin suit no longer exists in the light of the sheriff's report dated December 10, 2007, plaintiff moved that the value of the bus be determined instead with the said determination as to value be ordered paid to the plaintiff, invoking section 9, Rule 60, Rules of Court.

While PNCC (through PNCC Legal Department) did formally file its Answer to the amended complaint disavowing liability, it opted to remain silent on the particular plea of the plaintiff that the value of the bus be determined to be ordered paid the plaintiff, instead of the recovery of the bus itself which whereabouts appear to be unknown at the moment.

In time, or on May 15, 2008 in particular, plaintiff presented additional three (3) witnesses who identified their respective judicial affidavits that constituted their direct testimony on the matters they testified on. Xxx

The cross-examination by PNCC of these witnesses was conducted on June 18, 2009. On November 6, 2009 plaintiff made its formal Offer of evidence. Opposition was registered by PNCC on December 10, 2009. All exhibits were admitted by order dated January 13, 2010.

Meanwhile, for reasons of its own, plaintiff moved to drop from the complaint the recently impleaded Cesar Lopera. Defendant Lopera understandably offered no objection but PNCC registered its opposition, looking at defendant Lopera to be an indispensable party.

The RTC's 12 May 2010 held PNCC and co-defendant Balubal liable. PNCC elevated the case to the Court of Appeals, which affirmed the trial court's finding in its 30 May 2014 Decision. The Motion for Reconsideration of PNCC was like wise denied by the CA. Hence, PNCC was constrained to elevate the matter to the Supreme Court arguing that the CA: (a) violated the SC ruling in G.R. 169596; (b) gravely erred in failing to consider that SCTI never went to Lopera to seek his permission to have the vehicle released; (c) failed to consider STCI's bad faith in excluding Loera as party defendant; and (d) erred in holding that PNCC should be held liable for damages.

In its 15 June 2016 Resolution, the SC noted PNCC's 4 April 2016 Reply to STCI's Comment on the Petition for Review. In the same resolution, the SC denied STCI's Motion for Leave to File Rejoinder for being a prohibited pleading.

On 26 July 2016, OGCC received Superlines' 19 July 2016 Motion for Earlier Resolution. The Supreme

Court issued its 9 November 2016 Resolution Noting Superlines' Motion SCTI's Motion for Early Resolution.

## Financial Information

### PART II - OPERATIONAL AND FINANCIAL INFORMATION

#### Item 6. Management's Discussion and Analysis or Plan of Operation

##### Management's Discussion and Analysis for Each of the Last Three Fiscal Years

##### Year End 2020 vs. Year End 2019

##### Results of Operations

**Revenue.** Revenue for the year ended December 31, 2020 stood at ₱0.218 million, lower by 98.91% or ₱19.799 billion compared to ₱20.017 billion for the year ended December 31, 2019. The decrease was mainly attributable to the decrease in service income, dividend and share in revenue from the Joint Venture Companies and due to gain from changes in Fair Value of Investment Property and free-carry shares in CCEC and SLTR5 EI in 2019.

**Cost of Services.** Cost of services account increased by 1.20% or ₱0.523 million from ₱43.490 million for the year ended December 31, 2019 to ₱44.013 million for the year ended December 31, 2020 due to the full receipt of mid-year bonus of key officers and executive assistant in 2020.

**General and Administrative Overhead.** Overhead account decreased by 7.36% or ₱3.264 million from ₱44.345 million for the year ended December 31, 2019 to ₱41.081 million for the year ended December 31, 2020 due to the decrease in Travelling, Representation expenses, Office Supplies and other ISO certification expenses.

**Income from Operation.** Income from operation for the year ended December 31, 2020 decreased by ₱19.781 billion, lower by 99.54% or ₱91.741 million compared to the December 31, 2019 figure of ₱19.873 billion. Said unfavorable variance was the resulting effect of the reasons discussed above.

**Other Income (Charges).** This account posted a balance of ₱1.309 million for the year ended December 31, 2020 compared to the amount of ₱626.579 million for the restated year ended balance of December 31, 2019. The decrease was mainly due to the recognition of income from issuance of free-carry shares in CCEC and SLTR5 in 2019.

**Comprehensive Income (Loss).** Net Comprehensive Loss for the year ended December 31, 2020 amounted to ₱166.206 million compared to the net income of ₱13.883 billion for the year ended December 31, 2019. The variance was due to the significant increase in Changes in Fair Value of Investment Property brought about by appraisal of Investment Property in 2019.

##### Financial Position

**Current Assets.** Current assets increased by 5.89% or ₱102.709 million from ₱1.742 billion as of December 31, 2019 to ₱1.845 billion as of December 31, 2020 mainly due to the cash flows provided by the Company's operating and investing activities.

**Current Liabilities.** Current liabilities increased by 2.73% or ₱272.212 million from ₱9.966 billion as of December 31, 2019 to ₱10.239 billion as of December 31, 2020 mainly due to the accrual of the 2% penalty charges on unpaid concession fee payable to the Toll Regulatory Board (TRB) and unearned income from lease revenue.

**Stockholder's Equity.** Stockholder's Equity as of December 31, 2020 totalled ₱18.044 billion vis-à-vis the stockholders' equity as of December 31, 2019 in the amount of ₱18.216 billion. The decrease

in the account is attributable to the recognized gain in change in fair value of investment property in 2019.

Presented hereunder is the discussion of the Company's key performance indicators:

Performance Indicators	As of		Explanation
	12/31/2020	12/31/2019 (As Restated)	
<b>Current/Liquidity Ratios</b>			
<b>Current Ratio (Current Assets Divided by Current Liabilities)</b>	0.18	0.17	<p>This ratio evaluates the ability of the company to pay its current debt promptly.</p> <p>Current ratio of 0.18 as of December 31, 2020 slightly increased from 0.17 as of December 2019 due to cash inflows provided by operating activities.</p>
<b>Solvency Ratios</b>			
<b>Debt to Assets (Total Liabilities Divided by Total Assets)</b>	53.68%	53.13%	<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 53.13% as of December 31, 2019 to 53.68% as of December 31, 2020 brought mainly by the increase in short-term investment as offset by accrual of the 2% penalty charges on unpaid concession fees.</p>
<b>Debt to Equity (Total Liabilities Divided by Total Equity)</b>	115.91%	113.37%	<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 of 113.37% as of December 31, 2019 vis-à-vis the ratio of 115.91% as of December 31, 2020 resulted mainly from the deposits paid by tenants from the leased FCA property.</p>
<b>Asset to Equity Ratio (Total Assets Divided by Total Equity)</b>	215.91%	213.37%	<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 213.37% as of December 31, 2019 to 215.91% as of December 31, 2020 was due to the comprehensive loss incurred in 2020 .</p>
<b>Interest Rate Coverage Ratio (Income Before Interest/Penalty/Penalty and Taxes Divided by Interest/Penalty)</b>	0.36	54.81	<p>Determines how easily a company can pay interest on outstanding debt.</p> <p>The ratio decrease from 54.81 as of December 31, 2019 to 0.36 as of December 31, 2020 due to recognition of income resulting from the gain in change in fair value of investment property for the year ended 2019.</p>
<b>Profitability Ratios</b>			
<b>Return on Assets (Net Income (Loss) Divided by Total Assets)</b>	-0.43%	35.72%	<p>Measures the Company's earnings in relation to all the resources it had at its disposal.</p> <p>The ratio of 35.72% as of December 31, 2019 vis-à-vis the negative ratio of 0.43% as of December 31, 2020 resulted from the incurrence of loss of ₱166.206 million for the reporting period compared with the recognized comprehensive income of ₱13.883 billion for the year ended 2019 due to the recognition of the gain in change in fair value of investment property in 2019 in the amount of ₱19.107 billion.</p>

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**Return on Equity (Net Income  
(Loss) Divided by Total Equity)**

76.21%

Measures the rate of return on the ownership interest of the company's stockholders. Determines the productivity of the owners' capital.

-0.92%

The decrease in the ratio from 76.21% to a negative ratio 0.92% is attributable to the incurrence of loss for the year ended December 31, 2020.

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- (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 civil cases 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).
  - i.d Pending assessments on deficiency taxes. Discussion is contained under Note 32 of the 2020 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 Skyway Stage 3, C6 Projects, Pasig River Expressway (PAREX) Project, Quezon-Bicol Expressway (QUBEX) and South Luzon Toll Road 5 (TR5) 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. Discussion in detail, is presented under Note 3 of the 2020 Audited Financial Statements.

- (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, and the pending assessments on tax deficiencies.

- (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 gross revenue; 10% of 3.5% share on the CMMTC gross revenue; and 10% of 3.00% share on the SLTC gross revenue. It also receives 10% dividend in the equity share from the said Joint Venture Companies.

- (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 December 2020 compared to December 31, 2019 (increased/decrease of 5% or more)**

*Cash and cash equivalents* decreased by ₱9.704 million or 7.20% from ₱134.697 million as of December 31, 2019 to ₱124.994 million as of December 31, 2020 due to the cash flows provided by the Company's operating and financing activities.

*Short term investment* increased by ₱146.877 million or 12.38% from ₱1,186.189 billion as of December 31, 2019 to ₱1,333.066 billion as of December 31, 2020 due to the cash inflows from operating activities.

*Accounts Receivable – Loans and Receivable Accounts* decreased by ₱77.623 million or 57.04% from ₱136.095 million as of December 31, 2019 to ₱58.471 million as of December 31, 2020 mainly due to the decreased in uncollected revenue from supply of manpower to Skyway O&M Corporation.

*Accounts Receivable – other receivable* increased by ₱44.762 million or 43.72% from ₱102.373 million to ₱147.134 million due mainly to the increased in uncollected revenue shares from Joint Ventures and various tenants at Financial Center Area (FCA).

*Deferred tax assets* decreased by ₱4.922 million or 12.68% from ₱38.811 million as of December 31, 2019 to ₱33.889 million as of December 31, 2020 due to carry forward benefit of unapplied tax credits and excess of MCIT over the regular corporate income tax.

*Accounts payable* increased by ₱4.368 million or 29.38% from ₱14.865 million as of December 31, 2019 to ₱19.233 million as of December 31, 2020 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* decreased by ₱0.733 million or 38.90% from ₱1.885 million as of December 31, 2019 to ₱1.152 million as of December 31, 2020 due to decrease in SSS, Philhealth and HDMF liabilities.

**Material changes to the Company's Statement of Income for the year ended December 31, 2020 compared to the year ended December 31, 2019 (increase/decrease of 5% or more)**

*Service Income* decreased by ₱17.215 million or 25.55% from ₱67.369 million as of December 31, 2019 to ₱50.155 million in December 31, 2020 due to collection of structural repair services- MIAA in 2019 as offset by increase in the supply of manpower to Skyway O&M Corporation from 156 to 167 in 2019 and 2020, respectively.

*Rental income* increased by ₱4.257 million or 14.63% from ₱29.097 million as of December 31, 2019 to ₱33.354 million as of December 31, 2020 mainly due to the lease of Porac property in Pampanga by Tokogawa Global Corporation which started in September 2019.

*Dividend share from joint venture companies* decreased by ₱18.154 million or 44.70% from ₱40.616 million as of December 31, 2019 to ₱22.462 million as of December 31, 2020 due to decrease in CMMTC's declaration and payment of dividend.

*Interest Income* increased by ₱2.927 million or 12.98% from ₱22.552 million as of December 31, 2019 to ₱25.479 million in December 31, 2020 due to increase in short-term placement from ₱1.264 billion to ₱1.333 billion in 2019 and 2020, respectively.

*Share in Revenue of Joint Venture* decreased by ₱38.201 million or 31.04% from 123.052 million as of December 31, 2019 to ₱84.851 million in December 31, 2020 due to decrease in Toll revenue brought about by Pandemic.

*Gain on Sale of Property, Plant and Equipment and from Changes in Fair Value of Investment Property* decreased by ₱19.107 billion or 100.00% due to recognition of the gain in change in fair value of investment property and sale of property and equipment brought about by the appraisal of property in 2019.

*Other Non-operating Income* decreased by 99.79% or ₱625.270 million from ₱626.579 million for the year ended December 31, 2019 to ₱1.309 million for the year ended December 31, 2020 primarily due to the recognition of income from the issuance of free-carry shares in CCEC and SLTR5 EI in 2019.

*General and Administrative Overhead* decreased by 4.44% or ₱17.838 million from ₱401.709 million for the year ended December 31, 2019 to ₱383.871 million for the year ended December 31, 2020 due to the decrease in Direct Cost and Other Maintenance and Operating Expenses.

*Other Comprehensive Income* increased by 124.55% or ₱0.279 million from a loss of ₱0.224 million for the year ended December 31, 2019 to ₱0.055 million for the year ended December 31, 2020 primarily due to the unrealized gain and losses arising from changes in fair value of investment classified as financial assets at fair value in 2019 and 2020, respectively.

*Comprehensive Income (Loss)* decreased by 101.20% or ₱14.049 billion from ₱13.883 billion for the year ended December 31, 2019 to a negative ₱166.206 million for the year ended December 31, 2020 due to the recognition of the gain in change in fair value of investment property 2019.

## **Year End 2019 vs. Year End 2018**

### **Results of Operations**

**Revenue.** Revenue for the year ended December 31, 2019 stood at ₱13.252 billion, higher by 16034.51% or ₱13.336 billion compared to ₱83.168 million net loss for the year ended December 31, 2018. The increase was mainly attributable to the gain from Changes in Fair Value of Investment Property, recognized revenue and dividend share from the Joint Venture Companies and rental income from the leased Financial Center Area (FCA) property.



**Cost of Services.** Cost of services account decreased by 6.19% or ₱2.869 million from ₱46.360 million for the year ended December 31, 2018 to ₱43.490 million for the year ended December 31, 2019 due to the rate differential of former key officers and resignation of executive assistant.

**General and Administrative Overhead.** Overhead account increased by 9.37% or ₱3.230 million from ₱34.460 million for the year ended December 31, 2018 to ₱37.691 million for the year ended December 31, 2019 due to the additional cost of security in PNCC's FCA property and ISO certification related expenses.

**Income from Operation.** Income from operation for the year ended December 31, 2019 decreased by ₱39.562 million, lower by 21.72% or ₱142.606 million compared to the December 31, 2018 figure of ₱182.168 million. Said unfavorable variance was the resulting effect of the reasons discussed above.

**Other Income (Charges).** This account posted a balance of ₱1.579 million for the year ended December 31, 2019 compared to the amount of ₱1.665 million for the year ended December 31, 2018. The decrease was mainly due to the reversal of impairment loss on receivable in 2018.

**Comprehensive Income (Loss).** Net Comprehensive Income for the year ended December 31, 2019 amounted to ₱13.252 billion compared to the net loss of ₱83.168 million for the year ended December 31, 2018. The favorable variance was due to the significant increase in Changes in Fair Value of Investment Property.

## Financial Position

**Current Assets.** Current assets increased by 21.41% or ₱305.943 million from ₱1.735 billion as of December 31, 2019 to ₱1.429 billion as of December 31, 2018 mainly due to the cash flows provided by the Company's operating and investing activities.

**Current Liabilities.** Current liabilities increased by 3.32% or ₱320.469 million from ₱9.646 billion as of December 31, 2018 to ₱9.966 billion as of December 31, 2019 mainly due to the accrual of the 2% penalty charges on unpaid concession fee payable to the Toll Regulatory Board (TRB) and unearned income from lease revenue.

**Stockholder's Equity (Capital Deficiency).** Capital surplus as of December 31, 2019 totalled ₱17.583 billion vis-à-vis the stockholders' equity as of December 31, 2018 in the amount of ₱3.727 billion. The increase in the account is attributable to the recognized gain in change in fair value of investment property in 2019.

Presented hereunder is the discussion of the Company's key performance indicators:

Performance Indicators	As of		Explanation
	12/31/2019	12/31/2018 (As Restated)	
<b><u>Current/Liquidity Ratios</u></b>			
<b><i>Current Ratio</i> (Current Assets Divided by Current Liabilities)</b>	0.17	0.15	<p>This ratio evaluates the ability of the company to pay its current debt promptly.</p> <p>Current ratio of 0.17 as of December 31, 2019 is an improvement from 2018 of 0.02 mainly due to increase in cash inflows from operating activities.</p>
<b><u>Solvency Ratios</u></b>			
<b><i>Debt to Assets</i> (Total Liabilities Divided by Total Assets)</b>	54.01%	79.22%	<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 has improved from 79.22% as of December 31, 2018 to 54.01% as of December 31, 2019. This improvement was caused by the gain on changes in fair value of investment property and the corresponding deferred tax as offset to the yearly 2% penalty charges on unpaid concession fees.</p>

<b>Debt to Equity (Total Liabilities Divided by Total Equity)</b>	117.45%	381.29%	<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 of 381.29% as of December 31, 2018 vis-à-vis the ratio of 117.45% as of December 31, 2019 resulted mainly from the accrual of 2% penalty charges on unpaid concession fee payable to the Toll Regulatory Board (TRB) as offset by the corresponding comprehensive income in 2019.</p>
<b>Asset to Equity Ratio (Total Assets Divided by Total Equity)</b>	217.45%	481.29%	<p>Measures the total debt the company takes to acquire assets. Measures the company's capability to pay debts.</p> <p>The significant improvement of the ratio from 481.29% as of December 31, 2018 to 217.45% as of December 31, 2019 was due to the comprehensive income in 2019.</p>
<b>Interest Rate Coverage Ratio (Income Before Interest/Penalty/Penalty and Taxes Divided by Interest/Penalty)</b>	74.58	0.68	<p>Determines how easily a company can pay interest on outstanding debt.</p> <p>The ratio increase from 0.68 as of December 31, 2018 to 74.58 as of December 31, 2019 due to recognition of income resulting from the gain in change in fair value of investment property for the year ended 2019.</p>
<b>Profitability Ratios</b>			
<b>Return on Assets (Net Income (Loss) Divided by Total Assets)</b>	34.66%	-0.47%	<p>Measures the Company's earnings in relation to all the resources it had at its disposal.</p> <p>The ratio of -0.47% as of December 31, 2018 vis-à-vis the ratio of 34.66% as of December 31, 2019 resulted from the recognition of the gain in change in fair value of investment property in 2019.</p>
<b>Return on Equity (Net Income (Loss) Divided by Total Equity)</b>	75.37%	-2.24%	<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 -2.24% to 75.37% is attributable to the increase in stockholders' equity as a result of higher income due to the recognition of gain on changes in fair value of investment property in 2019.</p>

- (ix) 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 civil cases 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).
- i.d Pending assessments on deficiency taxes. Discussion is contained under Note 32 of the 2019 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 Skyway Stage 3, C6 Projects, Pasig River Expressway (PAREX) Project, Quezon-Bicol Expressway (QUBEX) and South Luzon Toll Road 5 (TR5) 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. Discussion in detail, is presented under Note 3 of the 2019 Audited Financial Statements.

- (x) 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, and the pending assessments on tax deficiencies.

- (xi) There are no material off-balance sheet transactions, arrangements.
- (xii) There are no material commitments for capital expenditures.
- (xiii) 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 gross revenue; 10% of 3.5% share on the CMMTC gross revenue; and 10% of 3.00% share on the SLTC gross revenue. It also receives 10% dividend in the equity share from the said Joint Venture Companies.

- (xiv) There are no significant elements of income or loss that did not arise from the Company's continuing operations.
- (xv) There are no seasonal aspects that had a material effect on the financial condition or results of operations of the Company.
- (xvi) **Material changes to the Company's Statement of Financial Position as of December 2019 compared to December 31, 2018 (increased/decrease of 5% or more)**

*Cash and cash equivalents* decreased by ₱70.461 million or 34.34% from ₱205.158 million as of December 31, 2018 to ₱134.697 million as of December 31, 2019 due to the cash flows provided by the Company's operating and financing activities.

*Short term investment* increased by increased by ₱456.010 million or 62.45% from ₱730.179 million as of December 31, 2018 to ₱1,186.189 billion as of December 31, 2019 due to the cash inflows from operating activities.

*Accounts Receivable – Loans and Receivable Accounts* decreased by ₱75.397 million or 36.06% from ₱209.099 million as of December 31, 2018 to ₱133.702 million as of December 31, 2019 mainly due to the decreased in uncollected revenue from supply of manpower to Skyway O&M Corporation.

*Accounts Receivable – other receivable* decreased by ₱7.962 million or 7.57% from ₱105.197 million to ₱97.236 million due mainly to the decreased in uncollected revenue shares from Joint Ventures and various tenants at Financial Center Area (FCA).

*Prepayments - prepayments* increased by ₱3.709 million or 16.04% from ₱23.120 million as of December 31, 2018 to ₱26.828 million as of December 31, 2019 due to an increase in withholding tax at source and insurances.

*Investment Property* increased by ₱19.107 billion or 129.62% from ₱14.741 billion as of December 31, 2018 to ₱33.847 billion as of December 31, 2019 due to appraisal adjustment of investment property.

*Property and equipment* increased by ₱854.430 million or 129.74% from ₱658.570 million as of December 31, 2018 to ₱1.513 billion as of December 31, 2019 due to appraisal adjustment.

*Deferred tax assets* decreased by ₱2.168 million or 5.29% from ₱40.978 million as of December 31, 2018 to ₱38.811 million as of December 31, 2019 due to carry forward benefit of unapplied tax credits and excess of MCIT over the regular corporate income tax.

*Accounts payable* increased by ₱0.975 million or 7.02% from ₱13.891 million as of December 31, 2018 to ₱14.865 million as of December 31, 2019 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* decreased by ₱17.230 million or 90.14% from ₱19.115 million as of December 31, 2018 to ₱1.885 million as of December 31, 2019 due to decrease in Income Tax liabilities.

*Trust liabilities* increased by ₱85.169 million or 197.36% from ₱43.153 million as of December 31, 2018 to ₱128.322 million as of December 31, 2019 mainly due to security deposits on long term leases of FCA and Porac, Pampanga properties.

*Deferred Credits/Unearned Income* increased by ₱92.789 million or 363.86% from ₱25.501 million as of December 31, 2018 to ₱118.290 million as of December 31, 2019 due to the unearned income from lease revenue.

*Deferred Tax Liabilities* increased by ₱5.989 billion or 130.37% from ₱4.594 billion as of December 31, 2018 to ₱10.582 billion as of December 31, 2019 due to the deemed tax on the increase in value of investment property and property and equipment as required by PAS 12, Income Taxes.

*Stockholders equity* increased by ₱13.856 billion or 371.75% from ₱3.727 billion as of December 31, 2018 to ₱17.583 billion as of December 31, 2019 due to the comprehensive income in 2019.

### **Material changes to the Company's Statement of Income for the year ended December 31, 2019 compared to the year ended December 31, 2018 (increase/decrease of 5% or more)**

*Service Income* increased by ₱29.798 million or 79.31% from ₱37.571 million as of December 31, 2018 to ₱67.369 million in December 31, 2019 due to increase in manpower supply to SOMCO and collection of structural repair services- MIAA.

*Rental income* decreased by ₱43.700 million or 60.03% from ₱72.798 million as of December 31, 2018 to ₱29.097 million as of December 31, 2019 due to the non-renewal of leases of the FCA Pasay City property effective May 31, 2018 in view of the planned development of the subject property.

*Dividend share from joint venture companies* decreased by ₱14.954 million or 26.91% from ₱55.570 million as of December 31, 2018 to ₱40.616 million as of December 31, 2019 due to decrease in CMMTC's declaration and payment of dividend.

*Interest Income* increased by ₱12.365 million or 121.38% from ₱10.187 million as of December 31, 2018 to ₱22.552 million in December 31, 2019 due to increase in interest rates.

*Gain on Sale of Property, Plant and Equipment and from Changes in Fair Value of Investment Property* increased by ₱19.107 billion or 8571750.09% from ₱0.223 million as of December 31, 2018 to ₱19.107 billion in December 31, 2019 due to recognition of the gain in change in fair value of investment property and sale of property and equipment.

*Other Non-operating Income* decreased by 5.17% or ₱0.086 million from ₱1.665 million for the year ended December 31, 2018 to ₱1.579 million for the year ended December 31, 2019 primarily due to the income derived from the forfeited security deposits of lessees, sale of scrap materials, sale of bid documents.

*General and Administrative Overhead* increased by 6.53% or ₱24.617 million from ₱377.092 million for the year ended December 31, 2018 to ₱401.709 million for the year ended December 31, 2019 due to the increase in Other Maintenance and Operating Expenses and Direct Cost.

*Other Comprehensive Income* decreased by 660.00% or ₱0.264 million from ₱0.040 million for the year ended December 31, 2018 to ₱0.224 million for the year ended December 31, 2019 primarily due to the unrealized gain and losses arising from changes in fair value of investment classified as financial assets at fair value in 2019.

*Comprehensive Income (Loss)* increased by 16034.51% or ₱13.336 billion from negative ₱83.168 million for the year ended December 31, 2018 to ₱13.252 billion for the year ended December 31, 2019 due to the recognition of the gain in change in fair value of investment property 2019.

### **Year End 2018 vs. Year End 2017**

#### **Results of Operations**

**Revenue.** Net loss for the year ended December 31, 2018 stood at ₱83.730 million, lower by 102.99% or ₱2.887 billion compared to ₱2.803 billion for the year ended December 31, 2017. The decrease was mainly attributable to the non-extension of rental agreement in Financial Center Area (FCA) property, no income from Philphos, decrease in Dividend income from ASDI in 2018 while there is a gain from Changes in Fair Value of Investment Property and dividend share from the Joint Venture Companies and rental income from the leased FCA property in 2017.

**Cost of Services.** Cost of services account increased by 10.95% or ₱4.574 million from ₱41.785 million for the year ended December 31, 2017 to ₱46.360 million for the year ended December 31, 2018 due mainly to the increase in service income from supply of manpower services to Skyway O&M Corporation.

**General and Administrative Overhead.** Overhead account increased by 38.91% or ₱9.875 million from ₱25.376 million for the year ended December 31, 2017 to ₱35.250 million for the year ended

December 31, 2018 due mainly to the increase in transportation, training, communication, security and other professional services.

**Income from Operation.** Income from operation for the year ended December 31, 2018 decreased by ₱2.963 billion, lower by 102.91% or ₱83.770 million compared to the December 31, 2017 figure of ₱2.879 billion. Said unfavorable variance was the resulting effect of the reasons discussed above.

**Other Income (Charges).** This account posted a balance of ₱1.739 million for the year ended December 31, 2018 compared to the amount of ₱63.623 million for the year ended December 31, 2017. The decrease was mainly due to the claims receivable against MIAA as a result of the COA Notice of finality of Decision and interest/penalty charges on long overdue leases as offset by the provision recognized for petition for money claims granted by COA in 2017.

**Comprehensive Income (Loss).** Net Comprehensive Loss for the year ended December 31, 2018 amounted to ₱83.730 million compared to the net income of ₱2.803 billion for the year ended December 31, 2017. The unfavorable variance was resulting effect of the reasons discussed above.

## Financial Position

**Current Assets.** Current assets increased by 13.59% or ₱171.010 million from ₱1.258 billion as of December 31, 2017 to ₱1.429 billion as of December 31, 2018 mainly due to the cash flows provided by the Company's operating and investing activities.

**Current Liabilities.** Current liabilities increased by 2.67% or ₱250.873 million from ₱9.385 billion as of December 31, 2017 to ₱9.636 billion as of December 31, 2018 mainly due to the accrual of the 2% penalty charges on unpaid concession fee payable to the Toll Regulatory Board (TRB).

**Stockholder's Equity (Capital Deficiency).** Capital deficiency as of December 31, 2018 totalled ₱4.530 million vis-à-vis the stockholders' equity as of December 31, 2017 in the amount of ₱3.822 million. The increase in the account is attributable to the settlement of 2009 tax deficiency assessment in 2018 and recognized gain in change in fair value of investment property in 2017.

Presented hereunder is the discussion of the Company's key performance indicators:

Performance Indicators	As of		Explanation
	12/31/2018	12/31/2017 (As Restated)	
<b>Current/Liquidity Ratios</b>			
<b>Current Ratio (Current Assets Divided by Current Liabilities)</b>	0.15	0.13	<p>This ratio evaluates the ability of the company to pay its current debt promptly.</p> <p>Current ratio of 0.15 as of December 31, 2018 is an improvement from 2017 of 0.02 mainly due to decrease in cash outflows from investing activities and accounts payable.</p>
<b>Solvency Ratios</b>			
<b>Debt to Assets (Total Liabilities Divided by Total Assets)</b>	79.22%	78.52%	<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 of 78.52% as of December 31, 2017 vis-à-vis the ratio of 79.22% as of December 31, 2018 was caused by the decline in operating revenues as offset to the yearly 2% penalty charges on unpaid concession fees.</p>
<b>Debt to Equity (Total Liabilities Divided by Total Equity)</b>	381.29%	365.56%	<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 of 381.29% as of December 31, 2018 vis-à-vis the ratio of 365.56% as of December 31, 2017 resulted mainly from the accrual of 2% penalty charges on unpaid</p>



			concession fee payable to the Toll Regulatory Board (TRB).
<b>Asset to Equity Ratio (Total Assets Divided by Total Equity)</b>	481.29%	465.55%	Measures the total debt the company takes to acquire assets. Measures the company's capability to pay debts.  The improvement of the ratio from 465.55% as of December 31, 2017 to 481.29% as of December 31, 2018 was due to the comprehensive income/(loss) in 2018.
<b>Interest Rate Coverage Ratio (Income Before Interest/Penalty/Penalty and Taxes Divided by Interest/Penalty)</b>	0.68	11.86	Determines how easily a company can pay interest on outstanding debt.  The ratio decrease from 11.86 as of December 31, 2017 to 0.68 as of December 31, 2018 due to recognition of income resulting from the gain in change in fair value of investment property for the year ended 2017.
<b>Profitability Ratios</b>			
<b>Return on Assets (Net Income (Loss) Divided by Total Assets)</b>	-0.47%	15.74%	Measures the Company's earnings in relation to all the resources it had at its disposal.  The ratio of 15.74% as of December 31, 2017 vis-à-vis the negative ratio of 0.47% as of December 31, 2018 resulted from the incurrence of loss of P83.730 million for the year ended December 31, 2018 and due to the gain in change in fair value of investment property in 2017.
<b>Return on Equity (Net Income (Loss) Divided by Total Equity)</b>	-2.24%	73.29%	Measures the rate of return on the ownership interest of the company's stockholders. Determines the productivity of the owners' capital  The decrease in the ratio from 73.29% to a negative ratio of 2.24% is attributable to the capital deficiency for the year ended December 31, 2018.

(xvii) 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 civil cases 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).
- i.d Pending assessments on deficiency taxes. Discussion is contained under Note 31 of the 2018 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 Skyway Stage 3 and C6 Projects. 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. Discussion in detail, is presented under Note 2 of the 2018 Audited Financial Statements.

- (xviii) 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, and the pending assessments on tax deficiencies.

- (xix) There are no material off-balance sheet transactions, arrangements.

- (xx) There are no material commitments for capital expenditures.

- (xxi) 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 gross revenue; 10% of 3.5% share on the CMMTC gross revenue; and 10% of 3.00% share on the SLTC gross revenue. It also receives 10% dividend in the equity share from the said Joint Venture Companies.

- (xxii) There are no significant elements of income or loss that did not arise from the Company's continuing operations.

- (xxiii) There are no seasonal aspects that had a material effect on the financial condition or results of operations of the Company.

- (xxiv) **Material changes to the Company's Statement of Financial Position as of December 2018 compared to December 31, 2017 (increased/decrease of 5% or more)**

*Cash and cash equivalents* increased by ₱59.690 million or 41.03% from ₱145.468 million as of December 31, 2017 to ₱205.158 million as of December 31, 2018 due to the cash flows provided by the Company's operating and financing activities.

*Inventories- Inventory Held for Consumption* increased by ₱0.289 million or 8.46% from ₱3.421 million as of December 31, 2017 to ₱3.710 million as of December 31, 2018 due to an increase in fuel, medical/dental supplies and other materials/supplies inventory.

*Prepayments - prepayments* increased by ₱4.335 million or 23.08% from ₱18.785 million as of December 31, 2017 to ₱23.120 million as of December 31, 2018 due to an increase of applicable creditable input tax and withholding tax at source and insurances.

*Deferred charges* increased by ₱2.246 million or 5.80% from ₱38.732 million as of December 31, 2017 to ₱40.978 million as of December 31, 2018 due to carry forward benefit of unapplied tax credits and excess of MCIT over the regular corporate income tax.

*Accounts payable* decreased by ₱8.644 million or 37.06% from ₱23.324 million as of December 31, 2017 to ₱14.680 million as of December 31, 2018 due to payments of accounts with the suppliers.

*Inter-Agency payable* increased by ₱5.452 million or 184.93% from ₱2.948 million as of December 31, 2017 to ₱8.400 million as of December 31, 2018 due to Income Tax liabilities and other government remittances.

*Customer deposit* decreased by ₱4.262 million or 9.77% from ₱43.626 million as of December 31, 2017 to ₱39.364 million as of December 31, 2018 due to forfeiture of Security deposit of FCA rental.

**Material changes to the Company's Statement of Income for the year ended December 31, 2018 compared to the year ended December 31, 2017 (increase/decrease of 5% or more)**

*Revenue and dividend share from joint venture companies* increased by ₱13.063 million or 8.25% from ₱158.378 million as of December 31, 2017 to ₱171.441 million as of December 31, 2018 due to an increase in revenue share.

*Rental income* decreased by ₱52.588 million or 41.94% from ₱125.386 million as of December 31, 2017 due to the non-renewal of leases of the FCA Pasay City property effective May 31, 2018 in view of the planned development of the subject property.

*Interest Income* increased by ₱4.212 million or 70.49% from ₱5.975 million as of December 31, 2017 to ₱10.187 million in December 31, 2018 due to increase in interest rates.

*General and Administrative Overhead* increased by 21.51% or ₱14.449 million from ₱67.160 million for the year ended December 31, 2017 to ₱81.610 million for the year ended December 31, 2018 due to the increase in Personnel Services and Other Maintenance and Operating Expenses.

*Other Income (Charges)* decreased by 99.93% or ₱2,910.137 million from ₱2,912.099 million for the year ended December 31, 2017 to ₱1.962 million for the year ended December 31, 2018 primarily due to the recognition of gain in change in fair value of investment property in 2017.

*Comprehensive Income (Loss)* decreased by 102.99% or ₱2.887 billion from ₱2.803 billion for the year ended December 31, 2017 to ₱83.730 million for the year ended December 31, 2018 due to the recognition of the gain in change in fair value of investment property and the favorable increase in Revenue in 2017.

## Item 8. Information on Independent Accountant and Other related Matters

### (A) External Audit Fees and Services

The Joint Audit and Finance Committees oversees the performance of the company's external auditors. The joint committee reviews PNCC's financial reporting to ensure its integrity.

PNCC, a Government Acquired Asset since 1986, is under the audit jurisdiction of the Commission on Audit (COA). COA is the independent (external) auditor of PNCC. The assignment of COA Auditors/Audit-in-Charge and staff is purely the prerogative/decision of the COA Chairman.

The Audit Engagement of COA is covered by a Term of Reference (TOR) executed between PNCC and COA and duly provided to the joint Audit and Finance Committee for information/notation. The audit covers the accounts, transactions and operations of PNCC for calendar year 2012, undertaken for the purpose of expressing an opinion on the company's financial statements and for determining the Company's compliance with pertinent laws, rules and regulations, and the efficiency and effectiveness of operations.

The aggregate audit fees billed for each of the last two calendar year indicated in the TOR are ₱3,176,366.00 for 2020 and ₱2,597,125.00 for 2019.

### (B) Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

There are no disagreements with the Company's external auditors on accounting and financial disclosure.

## Control and Compensation Information

### Item 9. Directors and Executive Officers of the Issuer

The Names of the incumbent directors and key executive officers of the Company, and their respective ages, periods of service, directorships in other reporting companies and positions held in the last five years, are as follows:

#### **Board of Directors**

<b><u>Name</u></b>	<b><u>Age</u></b>	<b><u>Citizenship</u></b>	<b><u>Position</u></b>
Herculano C. Co, Jr.	61	Filipino	Chairman
Miguel E. Umali	57	Filipino	President & CEO and Vice Chairman
Jonathan S. Avancena	49	Filipino	Director
Pedro B. Cabatingan, Jr.	59	Filipino	Director
Salvador B. Calanoy IV	60	Filipino	Director
Mohamad Taha A. Guinomla	69	Filipino	Director
Lamberto B. Mercado, Jr.	55	Filipino	Director
Alan R. Luga	61	Filipino	Director
William T. Yu	62	Filipino	Director
Manuel Luis C. Antonio	58	Filipino	Director
Carlo Antonio B. Almirante	43	Filipino	Director

HERCULANO C. CO, JR. has served as Chairman of the Board of the Company since November 16, 2017. Mr. Co is a successful businessman engaged in milling, warehousing, wholesaling and retailing of palay and rice. At present, he serves as Chairman of the following private companies : HercoAgro-Industries, Inc. (since 1982) and Alheed International Trading Corporation (since 1995); Vice Chairman of Aurora Securities, Inc. (since 1993), and Director of Santa Clara Shipping Corporation (since 1996). He obtained his degree in Bachelor of Science in Commerce Major in Marketing from the Colegio de San Juan de Letran in

1980. He was a recipient of Marketing Leadership Award by the Philippine Marketing Association. He earned unit in the College of Law of Ateneo de Manila University from 1980-1981.

**MIGUEL E. UMALI**, he is a practicing lawyer previously connected with Castillo Laman Tan & Pantaleon Law Office and Teng & Cruz Law Offices. He had worked as Director, Corporate Secretary and Legal & Administrative consultant of various private companies such as Vishay (Phils.), Inc. from 1999 to 2007; Temic Automotive (Phils.), Inc. renamed as Continental Temic Electronics (Phils.), Inc. from 1999 to 2005; Temic Semiconductors (Phils.), Inc. renamed as Atmel Semiconductors, Inc. from 1999 to 2001; Temic RF Technologies, Inc. renamed as Microfortune RF Technologies, Inc. from 1999 to 2001. He had also served as Administrative and Legal Manager, Human Resources Manager, Director and Corporate Secretary of Temic Telefunken Microelectronic (Phils.) Inc. from 1992 to 2001.

He obtained his degree in Bachelor of Science in Business Management from Ateneo De Manila University in 1984. He then pursued his Bachelor of Laws from Ateneo De Manila University of Law in 1988 and admitted to the Integrated Bar of the Philippines on the following year.

**JONATHAN S. AVANCENA**, has served as Director of the Company since August 15, 2017. Mr. Avancena has varied experience in the field of information technology having been part of the management of various Business Process Outsourcing companies. At present, he serves as Assistant Manager of Netgear/Concentrix based in Davao. He served as Team Captain of Linksys/Concentrix from 2007 to 2011. He later became Team Captain 3 of Dlink NA and Dlink International/Concentrix. He earned his BS Computer Science degree from Ateneo de Davao University in 1993.

**PEDRO B. CABATINGAN, JR.**, has served as Director of the Company since March 14, 2017. Mr. Cabatingan has been in Military service in various capacities for more than 36 years until his retirement in 2015 as Police Director assigned in Region 11 - Internal Affairs Service of the Philippine National Police. He graduated from Philippine Military Academy in 1985 and earned his Master's in Management major in Public Administration from Philippine Christian University in 2003.

**SALVADOR B. CALANOY IV**, has served as Director of the Company since March 14, 2017. Mr. Calanoy has been in military service for 33 years serving as Colonel of Philippine Army until his retirement in 2015. He graduated from the Philippine Military Academy in 1984. Thereafter, he earned his Bachelor of Laws degree from Sebastian College in 1996.

**CARLO ANTONIO B. ALMIRANTE**, Atty. Almirante is one of the representative of GSIS in the PNCC Board. He has a solid background in the academe as well as in the legal profession. He is the current Dean of the Liceo de Cagayan University's College of Law. Prior to this, he held the position of Associate Dean in March 2013. He teaches Political Law Review, Administrative Law, Election Law and Statutory Construction in the same institution.

He is also a practicing lawyer, having served as managing partner of Almirante, Ladera and Associates in Cagayan de Oro and as former associate of Kapunan, Tamano, Javier and Associates. Trustee Almirante is an active member of the Integrated Bar of the Philippines, Cagayan de Oro - Misamis Oriental Chapter since 2007.

Earlier in his career, he had his share of experience in the private and public sector. He worked at UCPB Rural Bank, Inc. in Cagayan de Oro as Accounts Marketing Executive for Consumer Loans covering Northern Mindanao. He also became a Political Affairs Officer in the House of Representatives and a Congressional Liaison Officer for the 2nd District of Misamis Oriental from 1998-2007.

A product of Jesuit education from elementary to college, Mr. Almirante graduated from Xavier University Ateneo de Cagayan in 1996 with a degree in Bachelor of Science in Commerce, Major in Management. He likewise obtained his Bachelor of Laws in 2006 from Xavier University.

**MOHAMAD TAHA A. GUINOMLA**, has served as Director of the Company since March 14, 2017. Mr. Guinomla is a Certified Public Accountant with more than 30 years of diplomatic experience. He joined the government service in 1977 through the Budget Commission now the Department of Budget and Management. He then transferred to the Department of Foreign Affairs in 1987 as Budget Director before getting his first foreign service assignment in Kuwait in 1988, where he was designated as Administrative Officer. In 1990, he was cross-posted to Jeddah and in 1999, he was again posted to Jeddah as Administrative

Officer until he completed his six-year tour of duty. He was then returned to his old post as DFA Budget Officer before he was again assigned to Kuwait in 2008. He was again cross-posted to Riyadh in June 2010 until 2014 after which he was designated as Head of DFA Mindanao until his retirement in 2015. Mr. Guinomla obtained a degree in Bachelor of Science in Commerce major in Accounting from University of Mindanao in 1975. He then passed the CPA board examinations in 1977.

**LAMBERTO B. MERCADO, JR.**, has served as Director of the Company since April 17, 2017. Atty. Mercado is a Legal Counsel and member of the Board of Directors of the following corporations from 1998 until today : Air Philippines Corp., Philippine International Airways, Inc., Grand Ilocandia Resort and Development, Inc., Waterfront Philippines, Inc., Forum Pacific, Inc., Consumer Products Distribution Services, Inc., Mabuhay Vinyl Corporation, Metro Alliance Holdings & Equities Corp., Acesite (Phils.) Hotel Corp., Pacific Wide Realty & Development Corp. He obtained his degree in Bachelor of Science in Commerce Major in Accounting from the University of Santo Tomas in 1985. He passed the Certified Public Accountant (CPA) Board Examinations in June 1985. Further, Mr. Mercado took up his Bachelor of Laws from Ateneo De Manila University School of Law in 1990 and passed the Philippine Bar in 1991.

**ALAN R. LUGA**, has served as Director of the Company since November 16, 2017 as representative of Government Service Insurance System (GSIS). Director Alan R. Luga obtained his Bachelor of Science Degree from the Philippine Military Academy in 1981. In 1994, he acquired his MBA units from the Ateneo De Manila University Graduate School of Business. He completed a Master's Degree in Military Arts and Science at the US Army Command and General Staff College in 2002.

He is the current President and CEO of AFP General Insurance Corporation. He is also a member of the following insurance organizations: Insurance Institute for Asia and the Pacific, Inc., Philippine Insurers and Reinsurers Association, Philippine Insurers Club, and the Philippine Machinery Management Services Corp.

He was the Vice Chief of Staff of the Armed Forces of the Philippines before his compulsory retirement in May 2014 after 38 years of continued military service. From 2012 to 2013, he served as Commander of the AFP Southern Luzon Command. He was also the Commander of two Infantry Brigades (the 802nd Infantry Brigade and the 1001st Infantry Brigade) from 2008 to 2011 and the Commander for the 7th Infantry Division of the Philippine Army in 2012. He was a member of the GRP Peace Panel for the GRP-MILF Peace Talks as the Chairman of the ADHOC Joint Action Group, OPAPP in 2011-2012. In 2005-2006, he was the Chief of the AFP Command Center as well as the Secretary, Army General Staff. He was deployed as Deputy Commander of the Philippine Battalion for the International Forces in East Timor and later as Chief Plans of the Peace Keeping Force of UNTAET in East Timor from 1999 to 2001.

Lt. Gen. Luga has held various military and corporate positions. He was the Chairman of the Board of the Camp Aguinaldo Golf and Country Club from 2013 to 2014, and of the AFP Housing Board in the same years. He was also a member of the Board of Directors of the Riviera Sports and Country Club, Inc. from 2014 to 2016, and served as a member of the AFP Board of Generals from 2013 to 2014.

**WILIAM T. YU**, has served as Director of the Company since March 14, 2017. Dr. Yu has served 31 years in military service as Military Medical Officer with a rank of Colonel. He was the General Duty Officer of PMA Station Hospital; He held various positions at the V. Luna General Hospital such as Ward Officer, Chief Pulmonary DSE Service, Training and Education Officer of Chief of Clinics, Assistant Head of Department of Medicine & Head of Out-Patient Service. He likewise served at the Fort Bonifacio General Hospital as Chief of Medical Services and Deputy Commander. He was also a Commanding Officer (Director) of the following military hospitals: Camp Evangelista Station Hospital at Cagayan De Oro, Fort Bonifacio General Hospital, Camp Melchor Dela Cruz Hospital and Fort Magsaysay Army Station Hospital.

Dr. Yu graduated with a Degree of BS Chemistry at Far Eastern University in 1973 and Doctor of Medicine at FEUNRMF in 1977. He is an active honorary member of Philippine Military Academy Class of 1978. Dr. Yu obtained his Master's degree in Management major in Hospital Administration at Philippine Christian University in June 2017.

**MANUEL LUIS C. ANTONIO**, Mr. Antonio serves as Consultant of Transaire Development Holdings Corporation since 2010 to present. He has worked with PNCC from 1998 to 2009 as Vice President and Head of the Tollways Management Group in charge of the operations and maintenance of the North Luzon and South Luzon Expressway. He had also worked for various commercial banks with particular functions in lending and account management, such as : Philippine National Bank from 1983 to 1984, Westmont Bank from 1994 to 1996 and Philippine Veterans Bank from 1996 to 1998.



Mr. Antonio earned his degree in Bachelor of Science in Military Science and Bachelor of Arts in Social Science from University of the Philippines in 1982 and 1983, respectively.

### **Senior Management**

<b><u>Name</u></b>	<b><u>Age</u></b>	<b><u>Citizenship</u></b>	<b><u>Position</u></b>
Miguel E. Umali	54	Filipino	President & CEO
Yolanda C. Mortel	64	Filipino	Vice President for Materials Management and Asset Disposal
Ilie Lionel B. Gramata	40	Filipino	Vice President – Corporate Legal
Henry B. Salazar	48	Filipino	Asst. Vice President – Corporate Legal Officer
Felix M. Erece	58	Filipino	Asst. Vice President – Personnel Services

**YOLANDA C. MORTEL, Vice President for Materials Management & Asset Disposal**, joined the company in 1975 and rose from the ranks to become the Head of the Materials Management Division from March 2001 up to the present. She has continued to serve as Head of the Asset Disposal Task Force from January 2004 and as Head of the Technical Working Group of the PNCC Bids and Awards Committee from 2005. She also has served as Director of CDCP Employees Salary and Loan Association from 2001 until today. She obtained her degree in Bachelor of Science in Education in 1975 from J. Rizal College of Taal, Batangas.

**ILIE LIONEL B. GRAMATA, Vice President for Corporate Legal**, joined the Philippine National Construction Corporation in January 2017. Prior to his appointment in PNCC, he served in the Department of Finance from November 2013 to June 2016 in various capacities. Mr. Gramata was Managing Partner of Valenton Gramata Loseriaga Law Offices from May 2010 to October 2013. Mr. Gramata graduated with Bachelor of Laws degree at San Beda College in 2001 and passed the Philippine Bar in 2002. Mr. Gramata earned his Diploma in Financial Engineering in 2014 and obtained his Bachelor of Science in Applied Economics degree in 1996 at De La Salle University Manila.

**HENRY B. SALAZAR, Asst. Vice President & Corporate Legal Officer**, he headed the Litigation Department of PNCC until he was retrenched in June 2011. He rejoined PNCC a month after. At present, he is the Corporate Legal Officer of PNCC, with the rank of Assistant Vice President. He previously served as Trust Attorney in the Asset Privation Trust from July 1997 to December 2000. He obtained his Bachelor of Laws degree from Arellano Law School in 1996. He was admitted to the Philippine Bar after passing the 1996 Bar Examinations. He has a degree in AB Economics from San Beda College where he graduated in 1991.

**FELIX M. ERECE, Asst. Vice President for Personnel Services and Records Management** is the Head of Personnel Services and Records Control. In addition, he was tapped to oversee the operation of manpower supply contract with SOMCO (Skyway Maintenance and Operation). He studied in TUPP-Manila Technician Institute taking up a three-year Civil Technology course sponsored by PBSP. He also studied Civil Engineering at Feati University, took-up various computer related courses and attended trainings/seminars to equip him with the knowledge and skills needed in handling bigger responsibilities.

## Board Attendance

In 2020, the Board of Directors held twenty four (23) meetings. The attendance of the Directors in these meetings is as follows:

	NAME OF DIRECTOR	DATE OF ELECTION	NO. OF MEETINGS HELD DURING INCUMBENCY	NO. OF MEETINGS ATTENDED	%
Chairman	Herculano C. Co, Jr.	11/16/2017	23	23	100%
Vice Chairman / President & CEO	Umali, Miguel E.	02/06/2019	23	23	100%
Member	Almirante, Carlo Antonio	04/17/2018	23	23	100%
Member	Antonio, Manuel Luis C.	03/06/2019	23	13	56.52%
Member	Avanceña, Jonathan S.	08/15/2017	23	23	100%
Member	Cabatingan, Pedro Jr. B.	03/14/2017	23	23	100%
Member	Calanoy, Salvador IV B.	03/14/2017	23	23	100%
Member	Guinomla, Mohamad Taha A.	03/14/2017	23	23	100%
Member	Yu, William T.	03/14/2017	23	23	100%
Member	Lamberto B. Mercado, Jr.	04/17/2017	23	23	100%
Member	Alan R. Luga	11/16/2017	23	23	100%
Average Attendance for CY 2020 : 96.05%					

## Board Committee Attendance

The attendance of the members of the Board Committees in their respective meetings in 2020 is as follows:

### • Audit Committee

	Name	Date of Election in the Board	Date of Appointment in the Committee	Date of Resignation / Replaced in the Committee	No. of Meetings Held during Incumbency	No. of Meetings Attended	%	Length of Service in the Committee
Chairman (NED)	Mohamad Taha A. Guinomla	03/14/2017	03/14/2017	N/A	7	7	100%	3.75 years
Member (NED)	Avancena, Jonathan S.	03/14/2017	03/14/2017	N/A	7	7	100%	3.33 years
Member (NED)	Pedro B. Cabatingan, Jr.	03/14/2017	03/14/2017	N/A	7	7	100%	3.75 years
Member (NED)	Herculano C. Co, Jr.	11/16/2017	11/16/2017	N/A	7	7	100%	3.08 years
Member (NED)	William T. Yu	03/14/2017	03/14/2017	N/A	7	7	100%	3.75 years

Average Attendance for 2020: 100%

### • Finance Committee

	Name	Date of Election in the Board	Date of Appointment in the Committee	Date of Resignation / Replaced in the Committee	No. of Meetings Held during Incumbency	No. of Meetings Attended	%	Length of Service in the Committee
Chairman(NED)	Allan R. Luga	11/16/2017	11/16/2017	N/A	6	6	100%	2 years
Member (NED)	Manuel Luis C. Antonio	03/06/2019	03/06/2019	N/A	6	2	20%	.75 years
Member (NED)	Herculano C. Co, Jr.	11/16/2017	11/16/2017	N/A	6	6	100%	2 years
Member (NED)	Lamberto B. Mercado, Jr.	04/14/2017	07/17/2017	N/A	6	6	100%	2 years
Member (NED)	Miguel E. Umali	06/02/2019	06/02/2019	N/A	6	6	100%	.83 years

Average Attendance for CY 2020: 84.00%

- Legal and Compliance Committee Meeting Attendance**

	Name	Date of Election in the Board	Date of Appointment in the Committee	Date of Resignation / Replaced in the Committee	No. of Meetings Held during Incumbency	No. of Meetings Attended	%	Length of Service in the Committee
Chairman	Mercado Lamberto Jr. B	04/17/2017	04/17/2017	N/A	6	1	100%	2 years
Member (NED)	Almirante Carlo Antonio	04/17/2018	10/04/2018	N/A	6	0	0%	1 year
Member (NED)	Calanoy Salvador Jr. C.	03/14/2017	11/16/2017	N/A	6	1	100%	2 years
Member (NED)	Co Herculano Jr. C.	11/16/2017	03/06/2017	N/A	6	1	100%	2 years
Member (NED)	Umali Miguel E.	02/06/2019	02/06/2019	N/A	6	1	100%	.83 years

**Average Attendance for CY 2020: 80%**

- Business Development Committee Meeting Attendance**

	Name	Date of Election in the Board	Date of Appointment in the Committee	Date of Resignation / Replaced in the Committee	No. of Meetings Held during Incumbency	No. of Meetings Attended	%	Length of Service in the Committee
Chairman(NED)	Calanoy Salvador IV B.	02/06/2019	05/16/2019	N/A	6	6	100%	2 years
Vice Chairman (NED)	Co Herculano Jr. C	02/06/2019	03/06/2019	N/A	6	6	100%	2 yearS
Member (NED)	Cabatingan Pedro B.	02/06/2019	05/16/2019	N/A	6	6	100%	1 year
Member (NED)	Umali Miguel E.	02/06/2019	05/16/2019	N/A	6	6	100%	.83 years
Member (NED)	Antonio Manuel Luis C.	02/06/2019	05/16/2019	N/A	6	3	50%	2 years

**Average Attendance for 2019: 90.00%**

### **Term of Office**

Pursuant to the Company's By-Laws, the directors are elected at each annual stockholders' meeting by stockholders entitled to vote. Each director holds office until the next annual election and his successor is duly elected, unless he resigns, dies or is removed prior to such election.

Under the Company's By-Laws, the annual stockholders' meeting of the Company is held on the 4<sup>th</sup> Tuesday of March.

### **Independent Directors**

No stockholders' meeting has been held in 2020, thus no independent directors has been elected.

### **Significant Employees**

The Company has no employee who is not an executive officer Director who is expected to make a significant contribution to the business.

### **Family Relationships**

Director Pedro C. Cabatingan and his Executive Assistant Mr. Nino Marco Cabatingan are related fourth degree by consanguinity. Mr. Nino Marco Cabatingan being the second cousin of Director Cabatingan.

Director Salvador B. Calanoy and his Executive Assistant Phyllis Calanoy are related first degree by consanguinity. Ms. Phyllis Calanoy being her daughter.

### **Involvement in Certain Legal Proceedings**

In addition to the major cases discussed in pages 27 and 28, the Company is involved in continuing litigations relating to labor and civil cases. The ultimate outcome of these litigations cannot be determined yet and no provision for any liability that may result can be made in the financial statements.

The labor cases consist of those filed against the Company comprised mostly of claims for illegal dismissal, backwages, separation pay and unpaid benefits. Most of these case have been ruled by the Labor

Arbiter in favor of the complainant. However, these cases are on appeal by the Company before the National Labor Relations Commission, Court of Appeals and Supreme Court.

The civil cases filed against the Company consist of cases involving damages, collection of money, and attorney's fees, which are still in litigation before various Regional Trial Courts. On the other hand, those files by the Company against other individuals or companies consists of suits involving sums of money, damages, and breaches of contract which involve undeterminable amount of money.

## Item 10. Executive Compensation

Information as to the aggregate compensation (including management fees) paid or incurred during its calendar period to the company's Chief Executive Officer and four most highly compensated executive officers are as follows:

<b>Paid to</b>	<b>Amount</b>
Miguel E. Umali	President/ CEO
Yolanda C. Mortel	Vice President
Illie Lionel B. Gramata	Vice President
Henry B. Salazar	Senior Assistant Vice President
Felix Erece	Assistant Vice President
<b>All above named officers as a group</b>	<b>P11,756,758.34</b>
<b>All other directors and above named officers as group</b>	<b>19,344,349.98</b>

Except for the regular company retrenchment/retirement plan, which by its very nature will be received by the officers concerned only upon retirement/separation from the company, the above mentioned officers do not received any other compensation from the company in the form of warrants, option and/or profit sharing.

There are no outstanding warrants or options held by the Company's President, named executive officers and all directors and officers as a group.

There are no arrangements pursuant to which the directors of the Company are compensated, or are to be compensated, directly or indirectly, by the Company for services rendered by such directors.

There are no employment contracts between the Company and its executive officers. There is no compensatory plan nor arrangement with respect to an executive officer which results or will result from the resignation, retirement or any other termination of such executive officer's employment with the Company, or from a change-in-control of the Company, or a change in an executive officer's responsibilities following a change-in-control of the Company.

## Securities of the Registrant

### Market Price of and Dividends on Registrant's Common Equity and Related Stockholders' Matters

#### Market Information

Registrant's 174,444,759 common shares are listed with the Philippine Stock Exchange. The Registrant was listed on 13 March 1974.

Trading of shares was suspended on May 16, 2008, for this reason, no transaction was recorded for the last three (3) years. Last transaction date was on April 9, 2008, last closing price at ₱4.90 per share.

The Board of Directors did not declare dividends in the last three (3) years. Such action of the Board is supported by Article XI, Section 11.01 of the Amended By-Laws of the Company which provides that “*Dividends maybe declared annually or oftener as the Board of Directors may determine. The Board may declare dividends only from the surplus profits of the Corporation.*”

A detailed discussion on this matter can be found on Notes 21 of AFS, page 63 of AFS.

## Shareholders

### TOP TWENTY (20) COMMON SHAREHOLDERS OF PNCC as of December 31, 2020

<u>Shareholder</u>	<u>No. of Shares</u>	<u>% of Ownership</u>
Republic of the Philippines Through the Asset Privatization Trust	79,271,024	45.44
Government Service Insurance System	47,490,383	27.22
Universal Holdings Corporation	9,419,915	5.39
PCD Nominee Corporation – Filipino	12,561,278	7.20
Cuenca Investment Corporation	768,779	0.44
Wellex Petroleum Inc.	17,356,774	9.94
Land Bank of the Philippines	657,836	0.37
Unigrowth Development Corporation	630,625	0.36
Gow, Jimmy N.	274,000	0.15
Cruz, F.F. & Co., Inc.	252,630	0.14
Blue Chip Asset, Inc.	244,700	0.14
Adachi, Sueo - Foreign	184,025	0.10
Chung, Felix	173,900	0.09
Alpapara, Johnson	170,000	0.09
Go, Le Khim	150,000	0.08
Benpres Corporation	140,000	0.08
Cruz, Felipe F.	135,993	0.07
Motelibano A. Hijos, Inc.	120,750	0.06
Carnet Machineries & Invest. Corp.	119,842	0.06
Filipinas Bag Corporation	106,936	0.06
<b>Total No. of Shareholders : 4,820</b>		
The Privatization Management Office (PMO) holds PNCC's 25,500,000 preferred “D” shares which are also voting shares of the company. This translates to 12.75% of all voting shares.		

## Security Ownership of Certain Record and Beneficial Owners and Management

### Owners of record of more than ten percent 10% of the company's voting securities as of December 31, 2020

<u>Title of Class</u>	<u>Name &amp; Address of Record/Beneficial Owner</u>	<u>No. of Shares</u>	<u>% of Class</u>
<b>Common</b>	<b>PRIVATIZATION MANAGEMENT OFFICE</b> 104 Gamboa Street, Legaspi Village Makati City 1229, Philippines	79,271,024	39.65
<b>Common</b>	<b>GOVERNMENT SERVICE INSURANCE SYSTEM</b> Roxas Blvd., Manila	47,490,383	23.75
<b>Common</b>	<b>UNIVERSAL HOLDINGS CORP.</b> CVCLAW Center, 11 <sup>th</sup> Ave. cor. 39 <sup>th</sup> St. Bonifacio Global City, 1634 Metro Manila	24,780,746	12.39
<b>Common</b>	<b>VARIOUS STOCKHOLDERS</b>	22,902,606	11.45
<b>Preferred D</b>	<b>PRIVATIZATION MANAGEMENT OFFICE</b> 104 Gamboa St., Legaspi Village, Makati City 1229, Metro Manila Philippines	25,500,000	12.75

By virtue of LOI 1295 (1983) 76.15% of voting equity has been held by various government financial institutions (GFIs), namely: PNB, PhilGuarantee, NDC, DBP, GSIS, and Land Bank, under the mandated debt-to-equity conversion scheme.

Pursuant to Proclamation No. 50, some of the GFIs have actually transferred their equity interests in PNCC to the Asset Privatization Office (APT) now Privatization Management Office. PMO through a resolution passed by its Board of Directors usually designates the Chief Privatization Officer or the Chairman as its authorized representative with the power to vote its shares of stock in PNCC.

Only 23.85% of PNCC's voting equity is strictly under private ownership and 6.28% of which is being held by PCD Nominee Corporation (Filipino).

## Security Ownership of Management

### BENEFICIAL STOCK OWNERSHIP OF EACH DIRECTORS AND OFFICERS as of December 31, 2019

<u>Title of Class</u>	<u>Name of Beneficial Owner</u>	<u>Amount and Nature of Beneficial Ownership</u>
<b>DIRECTORS</b>		
<b>Common</b>	Almirante, Carlo Antonio	50
<b>Common</b>	Avancena, Jonathan S.	100
<b>Common</b>	Cabatingan, Pedro Jr. B.	1
<b>Common</b>	Calanoy, Salvador IV B.	50
<b>Common</b>	Guinomla, Mohamad Taha A.	101
<b>Common</b>	Co, Herculano C. Jr.	10
<b>Common</b>	Luga, Allan R.	50
<b>Common</b>	Mercado, Lamberto B.	50
<b>Common</b>	Umali, Miguel E.	1
<b>Common</b>	Yu, William T.	2
<b>OFFICERS</b>		
<b>Common</b>	Yolanda C. Mortel	13

## Certain Relationship and Related Transactions

Considering that the Government is the majority substantial stockholder of PNCC, no director/security holder or any member of his/her immediate family is allowed to transact business with the corporation directly or indirectly since this is prohibited under existing laws and regulations.

## Corporate Governance

Pursuant to SEC Memorandum Circular No. 5, series of 2013 ("MC No. 5"), Part IV Corporate Governance of this report is hereby deleted. MC No. 5 also requires filing of an Annual Corporate Governance Report by listed companies. However, the SEC issued Memorandum Circular No. 15 series of 2017 to facilitate the disclosure of publicly-listed companies' (PLCs) compliance/non-compliance with the recommendations provided under the Code of Corporate Governance for PLCs and to harmonize the corporate governance requirements of the Commission and the Philippine Stock Exchange, the Commission, pursuant to its regulatory and supervisory power under Section 5 of the Securities Regulation Code, mandates all companies to submit an Integrated Annual Corporate Governance Report (I-ACGR).

The Company's I-ACGR for 2020 is attached hereto as *Annex "A"* and is also posted on the Company website.



## FINANCIAL SOUNDNESS INDICATORS

	2020	2019 as restated
1 Current / Liquidity Ratios:		
Current Ratio	0.18	0.17
Quick Asset Ratio	0.18	0.18
2 Solvency Ratios:		
Debt to Assets	53.68%	53.13%
Debt to Equity	115.91%	113.37%
3 Asset to Equity Ratio	215.91%	213.37%
4 Interest Rate Coverage Ratio	0.36	54.81
5 Profitability Ratios:		
Return on Assets (Net Income (Loss))	-0.43%	35.72%
Return on Equity (Net Income (Loss))	-0.92%	76.21%

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS		Adopted	Not Adopted	Not Applicable
Effective as of December 31, 2012				
<b>Framework for the Preparation and Presentation of Financial Statements</b>				
Conceptual Framework Phase A: Objectives and qualitative characteristics		√		
<b>PFRSs Practice Statement Management Commentary</b>				√
<b>Philippine Financial Reporting Standards</b>				
<b>PFRS 1 (Revised)</b>	First-time Adoption of Philippine Financial Reporting Standards			√
	Amendments to PFRS 1 and PAS 27: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate			√
	Amendments to PFRS 1: Additional Exemptions for First-time Adopters			√
	Amendment to PFRS 1: Limited Exemption from Comparative PFRS 7 Disclosures for First-time Adopters			√
	Amendments to PFRS 1: Severe Hyperinflation and Removal of Fixed Date for First-time Adopters			√
	Amendments to PFRS 1: Government Loans			√
	Amendments to PFRS 1, First-time Adoption of Philippine Financial Reporting Standards, Subsidiary as a first-time adopter		√	
<b>PFRS 2</b>	Share-based Payment			√
	Amendments to PFRS 2: Vesting Conditions and Cancellations			√
	Amendments to PFRS 2: Group Cash-settled Share-based Payment Transactions			√
<b>PFRS 3 (Revised)</b>	Business Combinations			√
	Amendments to PFRS 3: Business Combinations, Definition of a Business			√
<b>PFRS 4</b>	Insurance Contracts			√
	Amendments to PAS 39 and PFRS 4: Financial Guarantee Contracts			√
<b>PFRS 5</b>	Non-current Assets Held for Sale and Discontinued Operations			√
<b>PFRS 6</b>	Exploration for and Evaluation of Mineral Resources			√

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS		Adopted	Not Adopted	Not Applicable
Effective as of December 31, 2012				
<b>PFRS 7</b>	Financial Instruments: Disclosures	√		
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets	√		
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets - Effective Date and Transition	√		
	Amendments to PFRS 7: Improving Disclosures about Financial Instruments	√		
	Amendments to PFRS 7: Disclosures - Transfers of Financial Assets	√		
	Amendments to PFRS 7: Disclosures – Offsetting Financial Assets and Financial Liabilities	√		
	Amendments to PFRS 7: Mandatory Effective Date of PFRS 9 and Transition Disclosures	√		
<b>PFRS 8</b>	Operating Segments			√
<b>PFRS 9*</b>	Financial Instruments	√		
	Amendments to PFRS 9: Mandatory Effective Date of PFRS 9 and Transition Disclosures	√		
	Amendments to PFRS 9: Financial Instruments – Prepayment Features with Negative Compensation	√		
	Amendments to PFRS 9, financial Instruments, Fees in the “10 per cent” test for derecognition of financial liabilities		√	
<b>PFRS 10*</b>	Consolidated Financial Statements		√	
	Amendments to PFRS 10: Investment Entities			√
	Amendments to PFRS 10: Consolidated Financial Statements		√	
<b>PFRS 11*</b>	Joint Arrangements	√		
<b>PFRS 12*</b>	Disclosure of Interests in Other Entities	√		
	Amendments to PFRS 12: Investment Entities	√		
<b>PFRS 13*</b>	Fair Value Measurement	√		
	Amendment to PFRS 13: Short-term receivables and payables	√		
<b>PFRS 14</b>	Regulatory Deferral Accounts		√	
<b>PFRS 15</b>	Revenue from Contracts with Customers	√		
	Amendments to PFRS 15, Revenue from Contract with Customers	√		

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS		Adopted	Not Adopted	Not Applicable
Effective as of December 31, 2012				
<b>PFRS 16</b>	Leases	√		
	Amendment to PFRS 16, Leases, COVID-19-related Rent Concessions		√	
	Amendment to PFRS 16, Leases, Lease Incentives		√	
<b>PFRS 17</b>	Insurance Contracts		√	
	Amendment to PFRS 17, Insurance Contracts		√	
<b>Philippine Accounting Standards</b>				
<b>PAS 1 (Revised)</b>	Presentation of Financial Statements	√		
	Amendment to PAS 1: Capital Disclosures	√		
	Amendments to PAS 32 and PAS 1: Puttable Financial Instruments and Obligations Arising on Liquidation			√
	Amendments to PAS 1: Presentation of Items of Other Comprehensive Income	√		
	Amendments to PAS 1: Presentation of Financial Statements	√		
	Amendments to PAS 1: Classification of Liabilities as Current or Non-current		√	
<b>PAS 2</b>	Inventories	√		
<b>PAS 7</b>	Statement of Cash Flows	√		
<b>PAS 8</b>	Accounting Policies, Changes in Accounting Estimates and Errors	√		
	Amendments to PAS 8: Accounting Policies, Changes in Accounting Estimates and Errors, Definition of Material	√		
<b>PAS 10</b>	Events after the Reporting Period	√		
<b>PAS 11</b>	Construction Contracts			√
<b>PAS 12</b>	Income Taxes	√		
	Amendment to PAS 12 - Deferred Tax: Recovery of Underlying Assets	√		
	Amendment to PAS 12 – Income Taxes – Income Tax Consequences of Payments on Financial Instruments Classified as Equity	√		
<b>PAS 16</b>	Property, Plant and Equipment	√		
	Amendments to PAS 16, Property, Plant and Equipment		√	
<b>PAS 17</b>	Leases	√		

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS		Adopted	Not Adopted	Not Applicable
Effective as of December 31, 2012				
<b>PAS 18</b>	Revenue	√		
<b>PAS 19</b> (amended)	Employee Benefits	√		
<b>PAS 19</b>	Employee Benefits	√		
	Amendments to PAS 19, Employee Benefits – Plan Amendment, Curtailment or Settlement	√		
<b>PAS 20</b>	Accounting for Government Grants and Disclosure of Government Assistance			√
<b>PAS 21</b>	The Effects of Changes in Foreign Exchange Rates	√		
	Amendment: Net Investment in a Foreign Operation	√		
<b>PAS 23</b> (Revised)	Borrowing Costs	√		
	Amendments to PAS 23- Borrowing Costs – Borrowing Costs Eligible for Capitalization	√		
<b>PAS 24</b> (Revised)	Related Party Disclosures	√		
<b>PAS 26</b>	Accounting and Reporting by Retirement Benefit Plans			√
<b>PAS 27</b> (Amended)*	Separate Financial Statements			√
	Amendments to PAS 27: Investment Entities			√
<b>PAS 28</b>	Investments in Associates and Joint Ventures	√		
	Amendment to PAS 28, Investments in Associates and Joint Ventures – Measuring an Associate or Joint Venture at Fair Value	√		
	Amendment to PAS 28, Investments in Associates and Joint Ventures – Long-term Interests in Associates and Joint Ventures	√		
	Amendment to PAS 28, Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associates or Joint Ventures		√	
<b>PAS 29</b>	Financial Reporting in Hyperinflationary Economies			√
<b>PAS 31</b>	Interests in Joint Ventures	√		
<b>PAS 32</b>	Financial Instruments: Disclosure and Presentation	√		
	Amendments to PAS 32 and PAS 1: Puttable Financial Instruments and Obligations Arising on Liquidation			√
	Amendment to PAS 32: Classification of Rights Issues			√

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS		Adopted	Not Adopted	Not Applicable
Effective as of December 31, 2012				
	Amendments to PAS 32: Offsetting Financial Assets and Financial Liabilities	√		
<b>PAS 33</b>	Earnings per Share	√		
<b>PAS 34</b>	Interim Financial Reporting			√
<b>PAS 36</b>	Impairment of Assets	√		
	Amendments to PAS 36: Recoverable Amount Disclosures for Non-Financial Assets	√		
<b>PAS 37</b>	Provisions, Contingent Liabilities and Contingent Assets	√		
	Amendments to PAS 37, Provisions, Contingent Liabilities and Contingent Assets, Onerous Contracts – Cost of Fulfilling a Contract		√	
<b>PAS 38</b>	Intangible Assets	√		
<b>PAS 39</b>	Financial Instruments: Recognition and Measurement	√		
	Amendments to PAS 39: Transition and Initial Recognition of Financial Assets and Financial Liabilities	√		
	Amendments to PAS 39: Cash Flow Hedge Accounting of Forecast Intragroup Transactions			√
	Amendments to PAS 39: The Fair Value Option			√
	Amendments to PAS 39 and PFRS 4: Financial Guarantee Contracts			√
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets	√		
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets – Effective Date and Transition	√		
	Amendments to Philippine Interpretation IFRIC-9 and PAS 39: Embedded Derivatives			√
	Amendment to PAS 39: Eligible Hedged Items			√
	Amendments to PAS 39: Novation of Derivatives and Continuation of Hedge Accounting			√
<b>PAS 40</b>	Investment Property	√		
<b>PAS 41</b>	Agriculture			√
	Amendments to PAS 41, Agriculture, Taxation in fair value measurements		√	
<b>Philippine Interpretations</b>				



PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS		Adopted	Not Adopted	Not Applicable
Effective as of December 31, 2012				
<b>IFRIC 1</b>	Changes in Existing Decommissioning, Restoration and Similar Liabilities			√
<b>IFRIC 2</b>	Members' Share in Co-operative Entities and Similar Instruments			√
<b>IFRIC 4</b>	Determining Whether an Arrangement Contains a Lease	√		
<b>IFRIC 5</b>	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds			√
<b>IFRIC 6</b>	Liabilities arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment			√
<b>IFRIC 7</b>	Applying the Restatement Approach under PAS 29 Financial Reporting in Hyperinflationary Economies			√
<b>IFRIC 8</b>	Scope of PFRS 2			√
<b>IFRIC 9</b>	Reassessment of Embedded Derivatives			√
	Amendments to Philippine Interpretation IFRIC-9 and PAS 39: Embedded Derivatives			√
<b>IFRIC 10</b>	<i>Interim Financial Reporting and Impairment</i>			√
<b>IFRIC 11</b>	PFRS 2- Group and Treasury Share Transactions			√
<b>IFRIC 12</b>	Service Concession Arrangements			√
<b>IFRIC 13</b>	Customer Loyalty Programmes			√
<b>IFRIC 14</b>	The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction			√
	Amendments to Philippine Interpretations IFRIC- 14, Prepayments of a Minimum Funding Requirement			√
<b>IFRIC 16</b>	Hedges of a Net Investment in a Foreign Operation			√
<b>IFRIC 17</b>	Distributions of Non-cash Assets to Owners			√
<b>IFRIC 18</b>	Transfers of Assets from Customers			√
<b>IFRIC 19</b>	Extinguishing Financial Liabilities with Equity Instruments			√
<b>IFRIC 20</b>	Stripping Costs in the Production Phase of a Surface Mine			√
<b>IFRIC 21</b>	Levies	√		
<b>IFRIC 22</b>	Foreign Currency Transactions			√
<b>IFRIC 23</b>	Uncertainty Over Income Tax Treatments	√		
<b>SIC-7</b>	Introduction of the Euro			√

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS		Adopted	Not Adopted	Not Applicable
Effective as of December 31, 2012				
<b>SIC-10</b>	Government Assistance - No Specific Relation to Operating Activities			√
<b>SIC-12</b>	Consolidation - Special Purpose Entities			√
	Amendment to SIC - 12: Scope of SIC 12			√
<b>SIC-13</b>	Jointly Controlled Entities - Non-Monetary Contributions by Venturers			√
<b>SIC-15</b>	Operating Leases - Incentives	√		
<b>SIC-21</b>	Income Taxes – Recovery of Revalued Non-Depreciable Assets			√
<b>SIC-25</b>	Income Taxes - Changes in the Tax Status of an Entity or its Shareholders			√
<b>SIC-27</b>	Evaluating the Substance of Transactions Involving the Legal Form of a Lease	√		
<b>SIC-29</b>	Service Concession Arrangements: Disclosures.			√
<b>SIC-31</b>	Revenue - Barter Transactions Involving Advertising Services			√
<b>SIC-32</b>	Intangible Assets - Web Site Costs			√

PHILIPPINE NATIONAL CONSTRUCTION CORPORATION  
SCHEDULE A - FINANCIAL ASSETS  
DECEMBER 31, 2020

	Carrying Value	Fair Value
Cash on Hand:		
Petty cash and revolving fund	226,600	226,600
Loans and Receivables:		
Cash in banks	124,767,187	124,767,187
Short term investments	1,333,066,028	1,333,066,028
Accounts receivable	356,507,577	356,507,577
	1,814,567,392	1,814,567,392

**PHILIPPINE NATIONAL CONSTRUCTION CORPORATION**  
**SCHEDULE B: AMOUNTS RECEIVABLE FROM DIRECTORS, OFFICERS, EMPLOYEES, RELATED PARTIES,**  
**AND PRINCIPAL STOCKHOLDERS (P100,000 and above)**  
**December 31, 2020**  
(In Thousand Pesos)

Name and Designation of Debtor	Balance at Beginning of Period	Additions	DEDUCTIONS		Not Current	Balance at End of Period
			Amounts Collected	Amounts Written-off		
Alentajan, Bonifacio	400				400	400
Armonio, Manuel	138				138	138
Asuncion, Ma. Theresa	1,709				1,709	1,709
Bucio, Hermilo	105				105	105
Caballo, Marlon	5,555				5,555	5,555
Encanto, Mervin	300				300	300
Garin, Edgardo	192				192	192
Gaston, Segundo	41,043				41,043	41,043
Jardin, Penny	2,860				2,860	2,860
Pascual, Ruben	2,190				2,190	2,190
Paulino, Ibarra	632				632	632
Purugganan, Abraham	476				476	476
Rivera, Reynaldo	400				400	400
Silvestre, Arne Norbert	299				299	299
	<b>56,299</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>56,299</b>	<b>56,299</b>

PHILIPPINE NATIONAL CONSTRUCTION CORPORATION  
SCHEDULE E: LONG TERM DEBT  
December 31, 2020  
(In Thousand Pesos)

Creditors	Amount Authorized by Indenture	As of December 31, 2020					As of December 31, 2019				
		Long-term Debt					Long-term Debt				
		Current Portion of Long-term Debt	Amount	Interest Rate	No. of Periodic Install.	Mat. Date	Current Portion of Long-term Debt	Amount	Interest Rate	No. of Periodic Install.	Mat. Date
Domestic:	912M	6,560,442 *		2%/mo. on outs. bal.	30 years	04/30/2007	6,302,440 *		2%/mo. on outs. bal.	30 years	04/30/2007
Debt to NG		2,300,569					2,300,569				
Debt to GOCC		1,203,000					1,203,000				
Total		10,064,011	0				9,806,009	0			

\* inclusive of penalty charges

**PHILIPPINE NATIONAL CONSTRUCTION CORPORATION**  
**SCHEDULE H - CAPITAL STOCK**  
**DECEMBER 31, 2020**

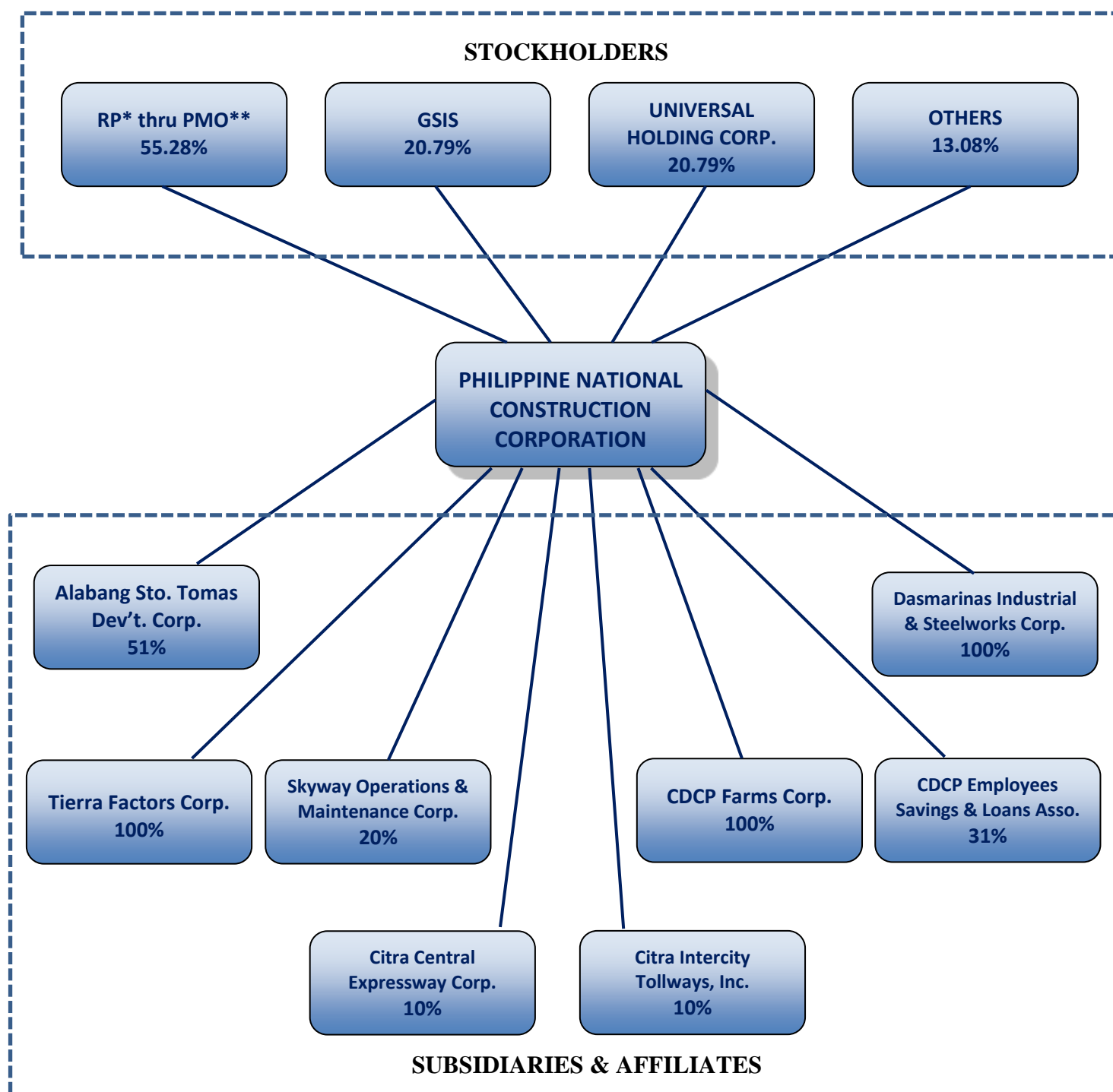
Title of Issue	Number of Shares Authorized	Number of Shares Issued and Outstanding as Shown Under Related Balance Sheet Caption	Number of Shares Reserved for Options, Warrants Conversion and Other Rights, Redemption	Number of Shares Held by Affiliates	Directors, Officers, and Employees	Others
Preferred A (Treasury Stock)	1,400,000	1,400,000	1,400,000			
Preferred B	42,114,879	18,689,500				18,689,500
Preferred C	6,485,121	6,485,121				6,485,121
Preferred D	27,800,000	25,500,000				25,500,000
Special Common (Treasury Stock) }	10,000,000	1,489,037 367,395	367,395		2,952	1,486,085
Common	182,200,000	174,444,759			4,105	174,440,654
Total	270,000,000	228,375,812	1,767,395	-	7,057	226,601,360

**PHILIPPINE NATIONAL CONSTRUCTION CORPORATION**  
**SCHEDULE OF RETAINED EARNINGS**  
**DECEMBER 31, 2020**

Deficit, Balance at December 31, 2018, as restated	(4,532,850,687)
Correction of prior years' expenses	2,392,577
Deficit, balance at January 1, 2019, as restated	(4,530,458,110)
Add (Deduct)	
Comprehensive Income for the year, as restated	13,882,792,797
Piecemeal realization of revaluation increment	4,418,082
Balance at December 31, 2019	9,356,752,769
Comprehensive Loss for the year	(166,261,283)
Piecemeal realization of revaluation increment	4,418,082
Expiration of 2017 minimum corporate income tax	(7,151,247)
Balance at the end of year	9,187,758,321



**MAP SHOWING THE RELATIONSHIPS BETWEEN AND AMONG THE COMPANIES IN THE GROUP, ITS ULTIMATE PARENT COMPANY AND SUBSIDIARIES**



**2020 ANNUAL REPORT**  
**ANNEX “A”**  
**2020**  
**INTEGRATED ANNUAL CORPORATE**  
**GOVERNANCE REPORT**

**2020 ANNUAL REPORT**  
**ANNEX “B”**  
**2020 AUDITED FINANCIAL**  
**STATEMENTS**