



SECURITIES AND EXCHANGE COMMISSION

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The following document has been received:

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Company Information

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SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q

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

1. For the quarterly period ended June 30, 2025
2. SEC Identification No. 30939
3. BIR Tax Identification No. 000-058-330-000
4. Exact name of issuer as specified in its charter: Philippine National Construction Corporation
5. Province, country or other jurisdiction of incorporation or organization: Metro Manila, Philippines
6. Industry Classification Code: (SEC Use Only)
7. PNCC Complex, KM. 15, East Service Road, Bicutan, Parañaque City 1700
Address of issuer's principal office Postal Code
8. (632) 8822-5725
Issuer's telephone number, including area code
9. Not applicable
Former name, former address and former fiscal year, if changed since last report
10. Securities registered pursuant to Sections 8 and 12 of the Code, or Sections 4 and 8 of the RSA

Title of Each ClassNumber of Shares

Common	75,000,000
Special Common	10,000,000
Preferred	<u>10,000,000</u>
	<u>95,000,000</u>

Note:

Philippine National Construction Corporation (PNCC) has 141,519,380 shares (99,444,759 common shares and 42,074,621 preferred shares) issued to different Government Financial Institutions in 1983. For purposes of registration of said shares, PNCC with Feria Law Offices as consultant filed its Amended Registration Statement on August 15, 2001. On December 19, 2001, the Securities and Exchange Commission (SEC), under Resolution No. 726, Series of 2001, ruled that the equity securities of PNCC are exempt from registration requirements in accordance with Section 9.1 of the Securities Regulation Code.

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

Yes ☒ No ☐

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

The Common shares of the Company are listed on the Philippine Stock Exchange (PSE).

12. Indicate by check mark whether the registrant:

(a) has filed all reports required to be filed by Section 17 of the Code and SRC Rule 17 thereunder or Sections 11 of the RSA and RSA Rule 11(a)-1 thereunder, and Sections 26 and 141 of the Corporation Code of the Philippines, during the preceding twelve (12) months (or for such shorter period the registrant was required to file such reports)

Yes ☐ No ☒

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

Yes ☒ No ☐

PART I – FINANCIAL INFORMATION

Item 1. Financial Statements

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

Exhibit 1	Statements of Financial Position as at June 30, 2025 and December 31, 2024
Exhibit 2	Statements of Comprehensive Income for the six months ended June 30, 2025 and June 30, 2024
Exhibit 3	Statements of Changes in Equity for the six months ended June 30, 2025 and June 30, 2024
Exhibit 4	Statements of Cash Flows for the six months ended June 30, 2025 and June 30, 2024
Exhibit 5	Notes to Interim Financial Statements

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

Please refer to Exhibits 6 & 7.

PART II – OTHER INFORMATION

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

SIGNATURES

Pursuant to the requirements of the Securities Regulation Code, the issuer has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

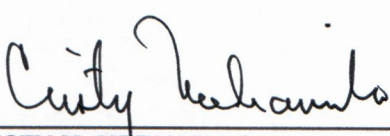
PHILIPPINE NATIONAL CONSTRUCTION CORPORATION

Issuer

By:



ATTY. MIGUEL E. UMALI
President



CRISTY M. MEDIAVILLO
Corporate Treasurer



VERONICA B. TACDERAS
Head - Controllership



July 30, 2025

SECURITIES AND EXCHANGE COMMISSION

SEC Building

7907 Makati Avenue, Salcedo Village, Bel-Air, Makati City

Gentlemen:

In connection with the financial statements of Philippine National Construction Corporation as of June 30, 2025, which will be submitted to the Philippine Stock Exchange (PSE), we confirm to the best of our knowledge and belief, the following:

1. We are responsible for the fair presentation of the financial statements in conformity with the generally accepted accounting principles.
2. There have been no:
 - a. Irregularities involving management or employees who have significant roles in the system or internal accounting control.
 - b. Irregularities involving other employees that could have a material effect on financial statements.
 - c. Communication from regulatory agencies concerning non-compliance with or deficiencies in, financial reporting practices that could have a material effect on the financial statements.
3. There are no:
 - a. Violations or possible violations of laws or regulations whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency.
 - b. Other material liabilities or gain or loss contingencies that are required to be accrued or disclosed.
4. The accounting records underlying the financial statements accurately and fairly reflect the transactions of the company.
5. The company has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged.

6. Provision has been made for any material loss to be sustained.
7. We have complied with all respects of contractual agreements that would have a material effect on the financial statements in the event of non-compliance.


CRISTY M. MEDIAVILLO
Corporate Treasurer

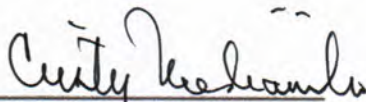


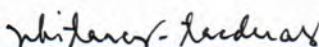
**STATEMENT OF MANAGEMENT'S RESPONSIBILITY
FOR FINANCIAL STATEMENTS**

The Management of Philippine National Construction Corporation (PNCC) is responsible for all information and representations contained in the consolidated unaudited financial statements for the quarter ended June 30, 2025. The financial statements have been prepared in conformity with generally accepted accounting principles and reflect amounts that are based on the best estimates and informed judgment with an appropriate consideration to materiality.

In this regard, management maintains a system of accounting and reporting which provides for the necessary internal controls to ensure that transactions are properly authorized and recorded, assets are safeguarded against unauthorized use or disposition and liabilities are recognized.


ATTY. MIGUEL E. UMALI
President and CEO
TIN: 106-974-003


CRISTY M. MEDIAVILLO
Head, Treasury
TIN: 118-060-474


VERONICA B. TACDERAS
Head, Controllership
TIN: 122-819-743

PHILIPPINE NATIONAL CONSTRUCTION CORPORATION
STATEMENTS OF FINANCIAL POSITION
June 30, 2025 and June 30, 2024
(In Philippine Peso)

	June	
	2025 (UnAudited)	2024 (UnAudited)
ASSETS		
Current Assets		
Cash	114,877,146	56,195,852
Other investments	3,186,690,842	2,731,674,469
Receivables, net	730,884,194	552,231,849
Inventories	2,586,863	2,406,827
Other current assets	63,644,587	53,080,227
	4,098,683,632	3,395,589,224
Non-Current Assets		
Financial Assets	796,970	771,970
Investments in Subsidiaries	61,200,000	61,200,000
Investments in Joint Venture	1,485,816,700	1,485,816,700
Other Investments	1,546,610	2,275,883
Receivables	98,491,690	98,491,690
Investment property	54,516,776,758	54,126,958,000
Property and equipment, net	2,304,680,763	2,293,302,193
Intangible Assets	446,429	-
Deferred tax assets	24,542,414	24,646,804
Other non-current assets, net	86,279,318	88,266,591
	58,580,577,652	58,181,729,831
TOTAL ASSETS	62,679,261,284	61,577,319,055
LIABILITIES		
Current Liabilities		
Financial liabilities	24,979,760	26,528,825
Other financial liabilities (Due to NG and GOCCs)	11,223,961,316	10,965,958,916
Inter-agency payables	51,956,873	46,451,779
Trust liabilities	98,223,157	120,613,949
Deferred credits/unearned income	55,369,793	45,955,020
	11,454,490,899	11,205,508,489
Non-Current Liabilities		
Deferred tax liabilities	14,178,051,928	14,082,671,258
Trust liabilities	3,789,629	3,789,629
	14,181,841,557	14,086,460,887
TOTAL LIABILITIES	25,636,332,456	25,291,969,376
EQUITY	37,042,928,828	36,285,349,679
TOTAL LIABILITIES AND EQUITY	62,679,261,284	61,577,319,055

PHILIPPINE NATIONAL CONSTRUCTION CORPORATION
STATEMENTS OF COMPREHENSIVE INCOME
For the Period Ended June 30, 2025 and June 30, 2024
(In Philippine Peso)

	June	
	2025 (Unaudited)	2024 (Unaudited)
Income		
Service and business income	463,349,835	422,135,092
Gains	-	312,499
Other non-operating income	18,931	1,714,780
	463,368,766	424,162,371
Expenses		
Personnel services	40,342,820	38,437,420
Maintenance and other operating expenses	26,316,082	27,789,802
Financial expenses		
Penalty charges on unpaid concession fee	127,940,900	127,940,900
Bank charges	10,100	7,520
Direct costs	-	-
Non-Cash Expenses	2,860,596	3,772,162
	197,470,498	197,947,804
Income (Loss) Before Tax	265,898,268	226,214,567
Income Tax expense	43,530,679	33,603,338
Net Income (Loss)	222,367,589	192,611,229
Other Comprehensive income (loss)	-	-
Total Comprehensive Income (Loss)	222,367,589	192,611,229

PHILIPPINE NATIONAL CONSTRUCTION CORPORATION
STATEMENTS OF CHANGES IN EQUITY
For the Quarter Ended June 30, 2025
(In Philippine Peso)

		Share Capital	Share Premium	Equity Adjustment - Loans Transferred to National Gov't	Subscriptions Receivable	Treasury Stock	Revaluation Surplus	Retained Earnings	Accumulated Other Comprehensive Income (loss)	TOTAL
	Note	(Notes 4.16, 24)	(Note 4.16)	(Note 26)	(Notes 4.16, 25)	(Notes 4.16, 24)	(Note 4.12)	(Note 4.16)		
Balance at December 31, 2024		2,283,758,120	46,137,443	5,551,726,307	(56,158,831)	(16,699,918)	1,609,762,872	27,402,820,007	(24,000)	36,821,322,000
Add (Deduct):										0
Correction of prior year's income	35							(760,760.00)	0	(760,760.00)
As at January 1, 2025, as restated		2,283,758,120	46,137,443	5,551,726,307	(56,158,831)	(16,699,918)	1,609,762,872	27,402,059,247	(24,000)	36,820,561,240
Changes in equity for 2025										0
Add (Deduct):										0
Comprehensive loss for the year, as restated								222,367,588		222,367,588
Other comprehensive income										0
Unrealized gain on financial asset at FVOCI										0
Movement in revaluation increment, net of tax							0			0
Other adjustments										0
Piecemeal realization of revaluation increment							-	0		0
Reduction in deferred tax liability							0			0
Balance at June 30, 2025		2,283,758,120	46,137,443	5,551,726,307	(56,158,831)	(16,699,918)	1,609,762,872	27,624,426,835	(24,000)	37,042,928,828

EXHIBIT 5

PHILIPPINE NATIONAL CONSTRUCTION CORPORATION**1.5. Notes to Interim Financial Statements****1.5.1. Earnings (loss) Per Share**

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

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

The interim financial statements of the Company are prepared using the historical cost basis. The interim financial statements are presented in Philippine Peso, which is the Company's functional currency. All amounts rounded off to the nearest peso except otherwise indicated.

The interim financial statements of the Company have been prepared in accordance with Philippine Financial Reporting Standards (PFRSs). PFRSs are adopted by the Financial Reporting Standards Council (FRSC) from the pronouncements issued by the International Standards Board (IASB), and approved by the Philippine Board of Accountancy.

1.5.3. Notes to Financial Statements**1.5.3.a. Accounting Policies and Methods**

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

The most recent annual financial statements were reclassified/converted to adopt the Revised Chart of Accounts pursuant to COA Circular No. 2015-010 dated December 1, 2015.

1.5.3.a.2. Revenue Recognition

Revenue and Dividend Share from Joint Venture Companies (JVCs)

Pursuant to the Supreme Court En Banc Decision, as discussed in Note 1 to the 2022 Audited Financial Statements, the Company no longer recorded the tollways income from the North and South Luzon Tollways (NLT and SLT).

Pending issuance of the Implementing Rules and Guidelines for the determination of the amounts due to the Company for its

administrative expenses, the Company recognized 10 percent of its share from the JVCs gross toll revenues, in accordance with the interim rules and guidelines issued by TRB.

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

Rental Income

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

Service Income and Cost

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

Other Income

Other income is recognized when earned.

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

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

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

1.5.3.a.4 Prepayments

Prepayments are expenses paid in advance and recorded as assets before these are utilized. These are comprised of insurance premiums, other prepaid items, and creditable withholding taxes. Prepayments that are expected to be realized for no more than 12

months after the reporting date are classified as current assets; otherwise, these are classified as other non-current assets.

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

1.5.3.a.5 Investments

The Company accounts for its investments in wholly-owned/controlled subsidiaries at cost while other investments classified as financial assets are measured at fair value. Allowance for impairment loss is provided for investment in subsidiaries while market adjustment is accounted for financial assets measured at fair value and recognized as other comprehensive income or loss.

The Company believes that the effects of not consolidating the subsidiaries are not material to the financial statements because these subsidiaries are no longer operating, except for DISC Contractors, Builders and General Services, Inc. (DCBGSI) which has been incurring losses, resulting in accumulated deficit. In addition, in 2015, the Company has initiated the process of closing its subsidiaries that are no longer operating and those that are losing. On October 1, 2015, as part of the reorganization and streamlining of Company operations, PNCC assumed the operations of DCBGSI which now operates as a separate division of the Company.

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

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

1.5.3.a.6 Investment Property

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

Investment property is initially measured at cost. Subsequent to initial recognition, the account is stated at fair value, which has been

determined based on the average valuations performed by two independent firms of appraisers every other year. The changes in fair value are recognized in profit or loss.

1.5.3.a.7 Property and Equipment

Property and equipment are stated at cost, less accumulated depreciation and any accumulated impairment in value. Property and equipment are subsequently carried at revalued amounts.

Depreciation commences once the property and equipment are available for use and is computed using the straight-line method over the following estimated useful lives:

Asset Type	Estimated Useful Lives (in years)
Land improvements	10
Buildings and improvements	10 to 33
Construction equipment	2 to 10
Transportation equipment	3 to 5
Office equipment, furniture and fixtures	5
Others	2 to 7

Fully depreciated assets are retained in the accounts until they are no longer in use and no further depreciation is charged against operations.

When the assets are retired or otherwise disposed of, the cost and related accumulated depreciation and impairment in value are removed from the accounts and any gain or loss resulting from their disposal is recognized in profit or loss.

1.5.3.a.8 Revaluation Increment in Property

The increase in the property and equipment's carrying amount as a result of revaluation is credited to equity under the heading of "Revaluation Increment in Property". The revalued asset is being depreciated and, as such, part of the revaluation increment is being realized as the asset is used. Realization of the revaluation increment is credited to "Retained Earnings" account.

Piecemeal realization of the revaluation increment is effected every two (2) years.

1.5.3.a.9 Borrowing Costs

Borrowing costs are expensed as incurred. These costs represent the two per cent penalty charges imposed by the Toll Regulatory Board (TRB) on unpaid concession fees.

1.5.3.a.10 Income Taxes

Current income tax assets or liabilities comprise of those claims from, or obligations to, fiscal authorities relating to the current or prior reporting period that are uncollected or unpaid at reporting date. They are calculated according to the tax rates and tax laws applicable to the fiscal periods to which they relate, based on the taxable profit for the year. All changes to current tax assets or liabilities are recognized as a component of tax expense in the statements of comprehensive income.

For financial reporting purposes, deferred tax assets are recognized for the carry forward benefits of unused tax credits from Net Operating Loss Carry-Over (NOLCO) and from excess Minimum Corporate Income Tax (MCIT) over Regular Corporate Income Tax (RCIT) to the extent that it is probable that future taxable profit will be available against which the deferred tax assets can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

1.5.3.b Comments about the seasonality or cyclicity of interim operations

- Not applicable -

1.5.3.c Nature and amount of items affecting assets, liabilities, equity, net income or cash flows that are unusual because of their nature, size, or incidents

- Not applicable -

1.5.3.d Nature and amount of changes in estimates of amounts reported in prior interim periods of the current financial year or changes in estimates of amounts reported in prior financial years, if those changes have material effects in the current interim period

- Not applicable -

1.5.3.e Issuances, repurchases, and repayments of debt and equity securities

PNCC was not able to make any settlement of its concession fee obligation to the Toll Regulatory Board (TRB) during the six months ended and as of March

31, 2023. The last payment was made on December 2016. Penalty charges of 2% accruing from the TRB loan are continuously recognized in the books.

The Company intends to pay recognized debts using the proceeds from the sale of its investment properties. The Board approved the offer to apply part of FCA to pay liabilities to the National Government (NG). The Company sent a letter dated July 21, 2015 to the OP recognizing its liability to the NG in the amount of P7.9 billion and proposing to "pay off the recognized obligations, particularly given that the obligation to the TRB for unpaid concession fees carries with it a penalty of two percent per month." The Company is awaiting the decision of the OP.

1.5.3.f Payment of dividend

There were no dividends paid during the six months ended June 30, 2025.

1.5.3.g Material events subsequent to the end of the interim period that have not been reflected in the financial statements for the interim period

- None -

1.5.3.h Effect of changes in the composition of the issuer during the interim period, including business combinations, acquisition, or disposal of subsidiaries and long-term investments, restructurings, and discontinuing operations.

- None -

1.5.3.i Changes in contingent liabilities or contingent assets since the last annual balance sheet date

- None -

1.5.3.j Existence of material contingencies and any other events or transactions that are material to an understanding of the current interim period

1.5.3.j.1 Pending Lawsuits and Litigations:

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 cases 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 filed by the Company against other individuals or companies consist of suits involving sums of money, damages, and breaches of contract which involve undeterminable amount of money.

1.5.3.j.2 Tax Matters

As stated in Note 36 of the 2024 Audited Financial Statements, the Company was assessed by the Bureau of Internal Revenue (BIR) for deficiencies in various taxes. However, no provision for any liability has been made yet in the Company's financial statements.

- Deficiency internal revenue taxes for taxable year 1980 (income tax, contractor's tax, and documentary stamp tax) totaling P212.52 million.
- Deficiency business tax of P64 million due the Belgian Consortium, the Company's partner in its LRT Project.
- Deficiency internal revenue taxes for taxable year 1992 (income tax, value-added tax, and expanded withholding tax) of P1.04 billion which was reduced to P709 million after the Company's written protest.
- Deficiency internal revenue taxes for the taxable year 2002 totaling P72.92 million.
- Deficiency taxes for taxable year 2006 amounting to P116.141 million (inclusive of interest of P48.76 million).

EXHIBIT 6

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

Item 2.1 Comparable discussion that will enable the reader to assess material changes in financial condition and results of operation since the end of the last fiscal year and for the comparable interim period in the preceding financial year.

Financial Position:

As of June 30, 2025, the Company's resources totaled P62.679 billion, higher by P355.308 million or 0.57% compared to the December 31, 2024 figure of P62.324 billion.

The increase in resources was attributable to the increase in cash and short-term investments provided by the Company's operating and investing activities, as offset by the decrease in Other Investment.

Please refer to Item 2.2.e for further analysis of material changes in the financial statements.

Results of Operations:

The Company's net income of 222.368 million for the six months ended June 30, 2025 increased by P29.756 million or 15.45% compared to the reported net income of P192.611 million for the same period of 2024. This is due to the increase in total revenue.

Key Performance Indicators:

Please refer to Exhibit 7 for the analysis of the Company's key performance indicators.

Item 2.2 Discussion and analysis of material event/s and uncertainties known to Management that would address the past and would have an impact on future operations on the following:

2.2.a Any known trends, demands, commitments, events, uncertainties that will have a material impact on the issuer's liquidity

2.2.a.1 The Company's inability to settle its outstanding obligations with the TRB and the National Government brought about by the difficulties in collecting receivables from various government agencies.

2.2.a.2 Pending labor cases which consist of those filed against the Company involving dismissal, back wages, and separation pay; most of which had been ruled by the Labor Arbiter in favor of the

complainants, pending appeal by PNCC before the National Labor Relation Commission (NLRC).

2.2.a.3 Pending civil cases which consist 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).

2.2.a.4 Pending assessments on deficiency taxes. Discussion is contained under Item 1.5.3.j.2 including courses of actions already undertaken by the Company to address the issue.

To address PNCC's liquidity concern, the Company implemented a program of manpower rightsizing in 2001. The program will be considered in the succeeding quarters/years until the Company attains manpower complement to match its present revenue level which is generated by its share in the Joint Venture Companies' gross toll revenue and its earnings from the leased FCA property.

The Company does not have material off-balance sheet transactions and arrangements during the reporting period.

As of reporting quarter, there is nothing that trigger direct or contingent financial obligation that is material to the Company, except for the default in payment of its TRB loan and the recognition of debts to the National Government.

2.2.b Any material commitments for capital expenditures, the general purpose of such commitments and the expected sources of funds for such expenditures

- None –

2.2.c 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/revenues/income from continuing operations

The following had affected the revenue generating capacity of the Company:

- The veering away from the construction business since 2002;
- The turnover of the North Luzon Tollway operations to the MNTC on February 10, 2005;
- The turnover of its South Luzon Tollway operations to SLTC/MATES on May 2, 2010; and
- DPWH's takeover of the Daang Hari Project (pursuant to its PPP mandate).

2.2.d Any significant elements of income or loss that did not arise from the issuer's continuing operations

ANNEX "H"

Income Statement	FOR THE SIX MONTHS ENDED		INCREASE/(DECREASE)		Remarks
	June-30	June-30	Amount	%	
2025	2024				
REVENUES	371,574,284	330,333,878	41,240,406	12.48%	Attributable to increase in rental income from FCA properties and JV Shares
Other Income (Charges)	88,933,886	90,056,331	(1,122,445)	(1.25%)	Attributable to the decreases in Dividend Income and Miscellaneous income vis-à-vis the increase in Interest Income and Depreciation expense
Personnel Services	40,342,820	38,437,420	1,905,400	4.96%	Attributable to the increase in Directors fees and personnel step increment per GCG memorandum
Maintenance and Other Operating Expenses	26,326,182	27,797,322	(1,471,140)	(5.29%)	Attributable to changes in Business permits mode of payment from annual to quarterly payment due to impending transfer to FCA
Income Tax	43,530,679	33,603,338	(9,927,341)	(29.54%)	Attributable to higher Income in 2025.
Comprehensive Income	222,367,588	192,611,229	29,756,360	15.45%	Attributable to reasons stated above.

2.2.e The causes for any material change/s (5% or more) from period to period in one or more line items of the issuer's financial statements

Balance Sheet	AS AT		INCREASE/(DECREASE)		Remarks
	June-30 2025	Dec-31 2024	Amount	%	
Cash	114,877,146	128,894,489	(14,017,343)	(10.88%)	Attributable to cash flow provided by operating activities
Other Investment - Placements	3,186,690,842	2,913,899,616	272,791,226	9.36%	Attributable to cash flow provided by investing activities
Receivables, net	730,884,194	640,462,927	90,421,267	14.12%	Attributable to the increase in uncollected revenue from rental and JV shares.
Inventories	2,586,863	2,443,852	143,011	5.85%	Attributable to the increase in fuel and oil and other materials
Other current Assets- Prepayments	63,644,587	58,555,950	5,088,637	8.69%	Attributable to the increase in Withholding-at-source
Other Investment	1,546,610	2,275,883	(729,273)	-32.04%	Attributable to payment of investment by CESLA
Intangible Assets	446,429	357,143	89,286	25.00%	Attributable to payment of Accounting software
Financial Liabilities	24,979,760	23,199,373	(1,780,387)	7.67%	Attributable to payment of liabilities to suppliers of goods and services
Inter-agency Payable	51,956,873	56,630,922	(4,674,049)	(8.25%)	Attributable to decreases in SSS, Pag-ibig, PHIC and Income Tax Payable
Deferred Credits/unearned Income	55,369,793	46,716,319	8,653,474	18.52%	Attributable to increase in Other deferred credits

2.2.f Any seasonal aspects that had a material effect on the financial condition or results of operations

- Not applicable -

FINANCIAL INFORMATION

Management's Discussion and Analysis

2nd Quarter 2025 vs. 2nd Quarter 2024

Results of Operations

Revenue. Revenue for the quarter ended June 30, 2025 stood at ₱371.574 million, higher by 12.48% or ₱41.240 million compared to ₱330.334 million for the quarter ended June 30, 2024. The increase was attributable to the increase in JV Revenue Shares and Rental Income.

General and Administrative Overhead. Overhead account increased by 0.66% or ₱0.434 million from ₱66.235 million for the quarter ended June 30, 2024 to ₱66.669 million for the quarter ended June 30, 2025 due to the increases in employees cost due to salary adjustment of eleven (11) employees, CPCS step-increment and Director's fees new rate that took effect only on July 2024 vis-a-vis the decrease in Maintenance and other operating expense due to the change in mode of payment of Business Tax permit from annually to quarterly in 2024 and 2025, respectively due to the impending transfer of office in FCA.

Income from Operation. Income from operation for the quarter ended June 30, 2025 increased by 15.45% or ₱40.806 million from ₱264.099 million for the quarter ended June 30, 2024 to ₱304.905 million for the quarter ended June 30, 2025. Said favorable variance was the resulting effect of the reasons discussed above.

Other Income (Charges). This account posted a balance of ₱88.934 million for the quarter ended June 30, 2025 compared to ₱90.056 million for the quarter ended June 30, 2024. The 1.25% unfavorable variance was due to the decreases in Dividend Income and Miscellaneous Income vis-à-vis the increases in Interest Income and Depreciation expense.

Comprehensive Income. Net Comprehensive Income for the quarter ended June 30, 2025 amounted to ₱222.368 million compared to the net income of ₱192.611 million for the quarter ended June 30, 2024. The variance was due to the reasons discussed above.

Financial Position

Current Assets. Current assets increased by 9.47% or ₱354.427 million from ₱3.744 billion as of June 30, 2024 to ₱4.099 billion as of June 30, 2025 mainly due to the cash flows provided by the Company's operating and investing activities, receivables, inventories and other non-current assets.

Current Liabilities. Current liabilities increased by 1.18% or ₱133.701 million from ₱11.321 billion as of June 30, 2024 to ₱11.454 billion as of June 30, 2025 mainly due to the accrual of the 2% penalty charges on unpaid concession fee payable to the Toll Regulatory Board (TRB), Accounts Payable and Other deferred credits vis-à-vis the decrease in Inter-agency Payable.

Stockholder's Equity. Stockholder's Equity as of June 30, 2025 totalled ₱37.043 billion vis-à-vis the stockholders' equity as of June 30, 2024 in the amount of ₱36.821 billion. The increase in the account is attributable to the comprehensive income in Q2 2025.

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

Performance Indicators	As of		Explanation
	06/30/2025 (Unaudited)	06/30/2024 (Unaudited)	
<u>Current/Liquidity Ratios</u>			
Current Ratio (Current Assets Divided by Current Liabilities)	0.36	0.30	This ratio evaluates the ability of the company to pay its current debt promptly. Current ratio of 0.30 as of June 30, 2024 slightly increased to 0.36 as of June 30, 2025 due to cash inflows provided by operating activities.
<u>Solvency Ratios</u>			
Debt to Assets (Total Liabilities Divided by Total Assets)	40.90%	41.07%	Shows what percentage of the business is not owned by the stockholders. Determines how much of the company is financed by debts. The ratio decreased from 41.07% as of June 30, 2024 to 40.90% as of June 30, 2025 brought mainly by the accrual of the 2% penalty charges on unpaid concession fees.
Debt to Equity (Total Liabilities Divided by Total Equity)	69.21%	69.70%	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. The ratio decreased from 69.70% as of June 30, 2024 to 69.21% as of June 30, 2025 was brought by the the accrual of the 2% penalty charges on unpaid concession fee to the Toll Regulatory Board (TRB).
Asset to Equity Ratio (Total Assets Divided by Total Equity)	169.21%	169.70%	Measures the total debt the company takes to acquire assets. Measures the company’s capability to pay debts. The slight improvement of the ratio from 169.70% as of June 30, 2024 to 169.21% as of June 30, 2025 brought about by higher comprehensive income in Q2 2025.
Interest Rate Coverage Ratio (Income Before Interest/Penalty/Penalty and Taxes Divided by Interest/Penalty)	2.74	2.51	Determines how easily a company can pay interest on outstanding debt. The increased of ratio from 2.51 as of June 30, 2024 to 2.74 as of June 30, 2025 was due to recognition of higher income in June 30, 2025 as compared to same period in 2024.
<u>Profitability Ratios</u>			
Return on Assets (Net Income (Loss) Divided by Total Assets)	0.35%	0.31%	Measures the Company’s earnings in relation to all the resources it had at its disposal. The ratio of 0.31% as of June 30, 2024 vis-à-vis the ratio of 0.35% as of June 30, 2025 was the outcome of the income recognition of ₱192.611 million for June 30, 2024 as compared with the recognized comprehensive income of ₱222.368 million for the quarter ended June 30, 2025.
Return on Equity (Net Income (Loss) Divided by Total Equity)	0.60%	0.53%	Measures the rate of return on the ownership interest of the company’s stockholders. Determines the productivity of the owners’ capital. The increased in ratio from 0.53% to 0.60% was attributable to

the increase in stockholder's equity as a result of higher comprehensive income in June 30, 2025 as compared to same period in 2024.

- (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 lawsuits/litigations 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). Discussion is contained under Note 37 of the 2024 Audited Financial Statements, including courses of actions already undertaken by the Company to address the issue.
 - i.d Pending assessments on deficiency taxes. Discussion is contained under Note 36 of the 2024 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 C6 Projects, Pasig River Expressway (PAREX) Project, Quezon-Bicol Expressway (QUBEX)/ South Luzon Toll Road 5 (TR5) Project and Greater Capital Region Integrated Expressway Network (GCRIEN) 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.

- (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, pending assessments on tax deficiencies and contingent liabilities with respect to claims and lawsuits from Asiavest Merchant Bankers.

- (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(now NLEX Corporation) gross revenue; 10% of 3.5% share on the CMMTC (now SMC Skyway Corporation) gross revenue; 10% of 3.00% share on the SLTC (now SMC SLEX, Inc.) gross revenue; and 100% of 2.5% share on the CCEC(now SMC Skyway Stage 3 Corporation) gross revenue. It also receives 10% dividend in the equity share from CMMTC(now SMC Skyway Corporation).

- (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 June 30, 2025 compared to June 30, 2024 (increased/decrease of 5% or more)**

Cash increased by ₱58.681 million or 104.42% from ₱56.196 million as of June 30, 2024 to ₱114.877 million as of June 30, 2025 due to the cash flows used in Company's operating activities and investing activities.

Other Investment-Placements increased by ₱455.016 million or 16.66% from ₱2.732 billion as of June 30, 2024 to ₱3.187 billion as of June 30, 2025 due to the additional money placements.

Receivables increased by ₱178.652 million or 32.35% from ₱552.232 million as of June 30, 2024 to ₱730.884 million as of June 30, 2025 attributable to PCPI rental and JV revenue shares.

Inventories - increased by ₱0.180 million or 7.48% from ₱2.407 million as of June 30, 2024 to ₱2.587 million as of June 30, 2025 brought about by the increase in fuel and oil and other materials.

Other-current Assets- Prepayments increased by ₱10.564 million or 19.90% from ₱53.080 million as of June 30, 2024 to ₱63.645 million as of June 30, 2025 due to Withholding-at-source.

Other Investment - decreased by ₱0.729 million or 32.04% from ₱2.276 million as of June 30, 2024 to ₱1.547 million as of June 30, 2025 attributable to the return of investment by CESLA.

Intangible Assets - increased by ₱0.089 million or 25.00% from ₱0.357 million as of June 30, 2024 to ₱0.446 million as of June 30, 2025 attributable to payment of Accounting Software.

Financial Liabilities – Accounts Payable decreased by ₱1.549 million or 5.84% from ₱26.529 million as of June 30, 2024 to ₱24.980 million as of June 30, 2025 due to decrease on unpaid accounts to suppliers of goods and services that are normally settled within twelve (12) months from the reporting period.

Inter-Agency payable increased by ₱5.505 million or 11.85% from ₱46.452 million as of June 30, 2024 to ₱51.957 million as of June 30, 2025 due to increases in SSS, Pag-ibig, Philhealth and Income Tax Payable.

Trust Liabilities decreased by ₱22.391 million or 18.56% from ₱120.614 million as of June 30, 2024 to ₱98.223 million as of June 30, 2025 due to realized customer's deposit.

Deferred credits/Unearned Revenue/Income - increased by ₱9.415 million or 20.49% from ₱45.955 million as of June 30, 2024 to ₱55.370 million as of June 30, 2025 mainly due to the increase in other deferred credits.

Material changes to the Company's Statement of Income for the quarter ended June 30, 2025 compared to the quarter ended June 30, 2024 (increase/decrease of 5% or more)

Business Income increased by ₱41.215 million or 9.76% from ₱422.135 million as of June 30, 2024 to ₱463.350 million as of June 30, 2025 due to increases in share in JVs Revenue and Rental Income.

Gains decreased by 100.00% or ₱312,499 as of June 30, 2024 to nil in June 30, 2025 mainly due to the sale of unserviceable property in 2024.

Other non-operating Income decreased by 98.90% or ₱1.696 million from ₱1.715 million as of June 30, 2024 to ₱18,931 as of June 30, 2025 mainly due to the penalty or Interest Income from rental deferment in 2024.

Maintenance and Other Operating Expenses decreased by 5.30% or ₱1.474 million from ₱27.790 million for the quarter ended June 30, 2024 to ₱26.316 million for the quarter ended June 30, 2025 due to the decrease in Taxes and Licenses attributable to the the change in mode of payment of business permits this 2025 owing to the impending transfer of office to FCA.

Non-cash Expense-Depreciation decreased by 24.17% or ₦0.912 million from ₦3.772 million as of June 30, 2024 to ₦2.861 million as of June 30, 2025 attributable to lesser depreciable assets.

Income Tax increased by 29.54% or ₦9.927 million from ₦33.603 million as of June 30, 2024 to ₦43.531 million as of June 30, 2025 mainly due to higher Revenue in 2025.

Comprehensive Income increased by 15.45% or ₦29.756 million from ₦192.611 million for the quarter ended June 30, 2024 to ₦222.368 million for the quarter ended June 30, 2025 due to the reasons discussed above.