



# LBP Resources and Development Corporation

Formerly : LB (Land Bank) Realty Development Corporation  
A Subsidiary of the Land Bank of the Philippines

## MEMORANDUM

FOR : THE BOARD OF DIRECTORS  
Land Bank of the Philippines

THRU : GILDA E. PICO *GEP*  
Chairperson, LBRDC

JULIO D. CLIMACO, JR. *Julio D. Climaco Jr.*  
SVP, Corporate Services Sector

FROM : SIMEONA S. GUEVARRA  
President & CEO

SUBJECT : **PERFORMANCE REPORT 1<sup>ST</sup> QUARTER CY 2014**

DATE : MAY 20, 2014

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We are submitting herewith the LBP Resources and Development Corporation Performance Report for the 1<sup>st</sup> Quarter of CY 2014 in compliance with Land Bank reportorial requirements and for presentation to the Land Bank Board of Directors.

For your information/notation.

*Simeona S. Guevarra*  
**SIMEONA S. GUEVARRA**

## LBP RESOURCES AND DEVELOPMENT CORPORATION

### I. ACCOMPLISHMENTS – For the period January to March 2014 Comparison with Previous Year (in PhP million)

Key Result Areas	Jan-Mar 2014	Jan-Mar 2013	Variance	% Inc./Dec.)
<b>PURSUIT OF MANDATE</b>				
A. Construction/renovation of LBP Branches and ATM				
1. Construction				
No. of branch offices completed	-	1	(1)	(100)
2. Renovation				
No. of branch offices completed	8	4	4	100
B. Construction/renovation of other projects				
No. of townhouse units in Dasmarinas, Cavite	-	4	(4)	(100)
<b>INSTITUTIONAL VIABILITY (In PhP million)</b>				
<b>Revenues</b>	<b>57.70</b>	<b>54.86</b>	<b>2.84</b>	<b>5</b>
Construction	39.39	44.43	(5.04)	(11)
Rental	4.74	4.62	0.12	3
Brokering (Commission)	0.04	0.81	(0.77)	(95)
Property Management	2.13	2.24	(0.11)	(5)
ACU Maintenance	0.60	0.22	0.38	173
Manpower Services	10.80	2.54	8.26	325
<b>Costs</b>	<b>46.54</b>	<b>41.40</b>	<b>5.14</b>	<b>12</b>
Construction Cost	34.97	36.49	(1.52)	(4)
Rental Expense	1.20	1.19	0.01	1
Service Expense	10.37	3.72	6.65	179
<b>Gross Profit</b>	<b>11.16</b>	<b>13.46</b>	<b>(2.30)</b>	<b>(17)</b>
<b>Operating Expenses</b>	<b>3.02</b>	<b>4.25</b>	<b>(1.23)</b>	<b>(29)</b>
<b>Income from Operations</b>	<b>8.14</b>	<b>9.21</b>	<b>(1.07)</b>	<b>(12)</b>
<b>Other Income</b>	<b>1.48</b>	<b>2.40</b>	<b>(0.92)</b>	<b>(38)</b>
Interest	1.44	2.39	(0.95)	(39)
Miscellaneous	0.04	0.01	0.03	300
<b>Net Income Before Tax</b>	<b>9.62</b>	<b>11.62</b>	<b>(2.00)</b>	<b>(17)</b>
<b>Net Income After Tax</b>	<b>6.89</b>	<b>8.37</b>	<b>(1.48)</b>	<b>(18)</b>

- Total construction revenue as of the 1<sup>st</sup> quarter is P 39.39 million or 11% lower from same period last year due to the decrease in projects being implemented during the period.
- Commission income and property management income decreased by 95% and 5% respectively. Commission income decreased primarily due to the decline in sales of ROPA. Property Management Income also decreased due to the turnover of large accounts under property management. However, number of accounts under property upkeep and security increased from 50 in March 2013 to 55 in March 2014.
- Air conditioning maintenance (ACU) services increased by P0.38 million or 173% compared to same period last year. ACU maintenance services started only in March 2013.
- Manpower services income showed positive variance of P8.26 million or 325% increase due to the housekeeping, sanitation and janitorial services of LBP Plaza and satellite offices which started in June 2013.
- Our 1<sup>st</sup> quarter 2014 net income after tax (NIAT) decreased by 18% from P8.37 million of same period last year to P6.89 million this year. This is mainly due to the decrease in construction revenue together with the decrease in interest income brought about by the decline in the interest rate of investments in marketable securities

#### Comparison against targets (in PhP million)

Key Result Areas	Jan.-Mar 2014	Target for CY 2014	% Accomp.
<b>PURSUIT OF MANDATE</b>			
Construction/renovation of LBP Branches and ATM			
1. Construction			
No. of branch offices completed	-	3	-
2. Renovation			
No. of branch offices completed	8	27	30
<b>INSTITUTIONAL VIABILITY (In PhP million)</b>			
Construction	4.40	22.14	20
Sales	-	2.10	-
Rental	3.54	12.75	28
Other services (Property Mgt., Brokering Manpower)	3.22	16.00	20
<b>Total Gross Profit</b>	<b>11.16</b>	<b>52.99</b>	<b>21</b>
Operating Expenses	3.02	23.20	13
<b>Income from Operations</b>	<b>8.14</b>	<b>29.79</b>	<b>27</b>

Other Income	1.48	5.70	26
Net Income Before Tax	9.62	35.49	27
<b>Net Income After Tax</b>	<b>6.89</b>	<b>25.90</b>	<b>27</b>

- Total gross profit of P11.16 million is 21% of the CY 2014 year-end target of P52.99 million.
- Our net income after tax (NIAT) of P6.89 million is 27% of the year-end target of P25.90 million.

## II. FINANCIAL CONDITION

	As of Mar. 31, 2014 (in PhP million)	As of Mar. 31, 2013 (in PhP million)	Increase/Decrease	
			Amount	%
Assets	503.24	489.47	13.77	3
Liabilities	60.23	62.77	(2.54)	(4)
Equity	443.01	426.70	16.31	4

- Total Resources increased by 3% or P 13.77 million primarily due to the increase in fixed assets or booking of LBRDC warehouse.
- Stockholders' Equity increased by 4% or P16.31 million due to the net income generated in 2013 and in the first quarter ending March 2014.
- Financial Ratios

Return on Assets	5.47%	Current Ratio	4: 1
Return on Equity	6.40%	Asset /Capita	P20.97 M
Debt-Equity Ratio	12:88	Net Income/Capita	P0.29 M

## III. OTHER DEVELOPMENTS

- Reviewed/updated/developed and implemented various policies, systems and procedures
- Upgraded personnel skills and capabilities through various seminars and trainings
- Processed employment of about 444 janitors, messengers, utility personnel for placement in LBP Field Units effective April 1, 2014
- Increase the number of LBP ROPA being maintained from 50 accounts 1<sup>st</sup> quarter last year to 55 accounts during the first quarter of 2014.