



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 *gmp 9/9*
Chairperson, LBRDC

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

FROM : SIMEONA S. GUEVARRA
President & CEO

SUBJECT : **PERFORMANCE REPORT 2nd QUARTER CY 2014**

DATE : AUGUST 18, 2014

We are submitting herewith the LBP Resources and Development Corporation Performance Report for the 2nd 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
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LBP RESOURCES AND DEVELOPMENT CORPORATION

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

Key Result Areas	Jan-June 2014	Jan-June 2013	Variance	% Inc./Dec.)
PURSUIT OF MANDATE				
A. Construction/renovation of LBP Branches and ATM				
1. Construction				
No. of branch offices completed	1	4	(3)	(75)
2. Renovation				
No. of branch offices completed	20	10	10	100
INSTITUTIONAL VIABILITY (In PhP million)				
Revenues	138.36	93.57	44.79	48
Construction	84.71	72.78	11.93	16
Rental	9.25	9.26	(0.01)	(0.1)
Brokering (Commission)	0.46	1.12	(0.66)	(59)
Property Management	5.05	4.42	0.63	14
ACU Maintenance	1.17	0.85	0.32	38
Manpower Services	37.72	5.14	32.58	634
Costs	113.43	71.69	41.74	58
Construction Cost	75.11	61.62	13.49	22
Manpower Service Expense	32.45	3.93	28.52	726
Other Service Expense	5.87	6.14	(0.27)	(4)
Gross Profit	24.93	21.88	3.05	14
Operating Expenses	6.75	6.13	0.62	10
Income from Operations	18.18	15.75	2.43	15
Other Income	3.21	4.44	(1.23)	(28)
Interest	3.10	4.41	(1.41)	(32)
Miscellaneous	0.11	0.03	0.08	267
Net Income Before Tax	21.39	20.19	1.20	6
Net Income After Tax	15.29	14.58	0.71	5

- Total construction revenue as of the 2nd quarter is P 84.71 million or 16% higher from same period last year due to the increase in projects being implemented during the period.
- Manpower services income showed positive variance of P32.58 million or 634% increase due to the housekeeping, sanitation and janitorial services of LBP Plaza and satellite offices which started in June 2013 and LBP Field Units in April 2014.
- Commission income decreased by 66% while property management increased by 63%. Commission income decreased primarily due to the decline in sales of ROPA. Property Management Income increased due to additional accounts endorsed by LBP SPAD for property security and upkeep. As of June 30, 2014, LBRDC manages 73 ROPA accounts with 2,253 titles.
- Air conditioning maintenance (ACU) services increased by P0.32 million or 38% compared to same period last year. ACU maintenance services started only in March 2013.
- Our 2nd quarter 2014 net income after tax (NIAT) increased by 5% from P14.58 million of same period last year to P15.29 million this year. This is mainly due to the increase in construction and manpower service revenues together with the decrease in operating expenses.

Comparison against targets (in PhP million)

Key Result Areas	Jan.-June 2014	Target for CY 2014	% Accomp.
PURSUIT OF MANDATE			
Construction/renovation of LBP Branches and ATM			
1. Construction			
No. of branch offices completed	1	2	50
2. Renovation			
No. of branch offices completed	20	28	71
INSTITUTIONAL VIABILITY (In PhP million)			
Construction	9.59	21.60	44
Manpower services	6.38	8.36	76
Sales	-	-	-
Rental	6.83	11.54	59
Other services (Property Mgt., Brokering ACU Maintenance)	2.13	4.17	51
Total Gross Profit	24.93	45.67	55
Operating Expenses	6.75	16.28	41
Income from Operations	18.18	29.39	62
Other Income	3.21	6.79	47
Net Income Before Tax	21.39	36.18	59
Net Income After Tax	15.29	25.90	59

- Total gross profit of P24.93 million is 50% of the CY 2014 year-end target of P50.21 million.
- Our net income after tax (NIAT) of P15.29 million is 59% of the year-end target of P25.90 million.

II. FINANCIAL CONDITION

	As of June 30, 2014 (in PhP million)	As of June 30, 2013 (in PhP million)	Increase/Decrease	
			Amount	%
Assets	508.86	478.02	30.83	6
Liabilities	60.80	48.30	12.5	26
Equity	445.05	429.72	15.33	4

- Total Resources increased by 6% or P 31 million primarily due to the increase in receivables and long-term investment.
- Total liabilities increased by 26% or P12.50 million due to the increase in income tax payable brought about by the accrual of income generated from manpower and janitorial service in the amount of P33 million.
- Stockholders' Equity increased by 4% or P15.33 million due to the net income generated in 2013 and in the second quarter ending June 2014.
- Financial Ratios

Return on Assets	6.01%	Current Ratio	4: 1
Return on Equity	6.87%	Asset /Capita	P18.17 M
Debt-Equity Ratio	12:88	Net Income/Capita	P0.546 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 51 accounts 2nd quarter last year to 73 accounts during the 2nd quarter of 2014.
- "Acceptable" rating on the Operations Audit May 2014 by LBP HOSTAD
- Upgraded the "Balmori Sure Pay" payroll system from single user to multi-user

IV. BUDGET (in Php million)

ACCOUNT	For the period Jan.- June 2014		VARIANCE	
	ACTUAL	BUDGET	AMOUNT	%
Profit from construction	9.59	11.07	(1.48)	(13)
Profit from manpower services	6.38	6.01	0.37	6
Profit from sales	-	-	-	
Profit from rental	6.83	8.77	(1.94)	(22)
Profit from other services	2.13	3.03	(0.90)	(30)
Total gross profit	24.93	28.88	(3.95)	(14)
Operating expenses	6.75	11.25	(4.50)	(40)
Income from operations	18.18	17.63	0.55	3
Other income	3.21	2.85	0.36	13
Net income before tax	21.39	20.48	0.91	4
Net income after tax	15.29	12.95	2.34	18

Schedule A (List of completed projects)

- A. Construction (1)
 - 1. Pagadian Bldg.
- B. Renovation (20)

1. FTI	11. Tacloban
2. Daet	12. Baliuag
3. Urdaneta	13. Tacloban Bldg. Rehab
4. EDSA NIA	14. Intramuros
5. GSIS	15. U.N. Avenue supplemental contract
6. Lagawe	16. Dinalupihan
7. LIBI Office	17. Baclaran roofing
8. Bontoc	18. Q.C. Circle Br. O/S ATM @BJMP
9. Apalit	19. South Harbor O/S ATM and Guard House
10. Baliuag	20. Elliptical Rd. O/S ATM @ BAI

Schedule B (Comparative Financial Ratios)

	Jan-June 2014	Jan-June 2013
Return on Assets	6.01%	6.10%
Return on Equity	6.87%	6.79%
Debt-Equity Ratio	12:88	10:90
Current Ratio	4:1	5:1
Asset per capita	P 18.17M	P 19.20 M
Net income per capita	P 0.546M	P 0.58 M

Schedule C (Employee Trainings and Seminars)

NO. OF EMP.	TRAINING /SEMINAR	TRAINING PROVIDER	DATE
2	New SEC Rules on Real Estate companies	Organization of Socialized Housing Dev. Of the Phil., Inc	Feb.26, 2014
2	How to Design and Develop a Competitive Salary Structure	Ariva Academy	Jan. 29, 2014
42	Re-orientation on Environmental Mgt. System	Land Bank of the Phil.	Mar. 29, 2014
150	Orientation of Janitors for LBP Field Units in NCR, NL, CL, SL	LBRDC	Mar. 30, 2014
1	Comprehensive Internal Revenue Taxation	Powermax Consulting Group, Inc.	June 30, 2014
1	Basic Facilities Management and Building Administration	RMP Consultancy	June 30, 2014
6	Basic Incident Command System	Land Bank of the Phil.	June 25-27, 2014