



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
Chairperson, LBRDC *11/19*
JULIO D. CLIMACO, JR. *Julio D. Climaco Jr.*
EVP, Corporate Services Sector

FROM : SIMEONA S. GUEVARRA
President & General Manager

SUBJECT : **PERFORMANCE REPORT 3rd QUARTER CY 2014**

DATE : NOVEMBER 17, 2014

We are submitting herewith the LBP Resources and Development Corporation Performance Report for the 3rd 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

LBP RESOURCES AND DEVELOPMENT CORPORATION

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

Key Result Areas	Jan-Sept 2014	Jan-Sept 2013	Variance	% Inc./{Dec.}
PURSUIT OF MANDATE				
Construction/renovation of LBP Branches and ATM				
1. Construction				
No. of branch offices completed	1	7	(6)	(86)
2. Renovation				
No. of branch offices completed	24	15	9	60
INSTITUTIONAL VIABILITY (In PhP million)				
Revenues	243.85	136.28	107.57	79
Construction	149.79	97.44	52.35	54
Rental	12.87	13.94	(1.07)	(8)
Brokering (Commission)	0.67	1.93	(1.26)	(65)
Property Management	8.39	6.62	1.78	27
ACU Maintenance	2.12	1.43	0.69	48
Manpower Services	70.01	14.92	55.09	369
Costs	200.70	105.94	94.76	89
Construction Cost	133.32	85.55	47.77	56
Manpower Service Expense	56.26	12.32	43.94	357
Other Service Expense	11.12	8.07	3.05	38
Gross Profit	43.15	30.34	12.81	42
Operating Expenses	11.70	10.69	1.01	9
Income from Operations	31.45	19.65	11.80	60
Other Income	4.67	6.34	(1.67)	(26)
Interest	4.56	6.21	(1.65)	(26)
Miscellaneous	0.11	0.13	(0.02)	(15)
Net Income Before Tax	36.12	25.99	10.13	39
Net Income After Tax	25.75	18.76	6.99	37

- Total construction revenue as of the 3rd quarter is P149.79 million or 54% higher from same period last year.

- Commission income decreased by 65% and property management income increased by 27%. Commission income decreased primarily due to the decrease in sale of ROPA. Property Management Income increased due to the increase in the number of accounts under property management agreement from 52 in Sept. 2013 to 76 in Sept. 2014.
- Air conditioning maintenance (ACU) services which started in March 2013 posted income of P2.12 million as of Sept. 2014 higher by 48% compared to last year.
- Manpower services income showed positive variance of P55.10 million or 369% increase due to the implementation of housekeeping, janitorial and sanitation services in LBP Field Units effective April 1, 2014..
- Our 3rd quarter 2014 net income after tax (NIAT) increased by 37% from P18.76 million of same period last year to P25.75 million this year. This is mainly due to the increase in construction revenue and manpower services.

Comparison against targets (in PhP million)

Key Result Areas	Jan.-Sept. 2014	Target for CY 2014 (Revised)	% Accomp.
PURSUIT OF MANDATE			
A. Construction/renovation of LBP Branches and ATM			
1. Construction			
No. of branch offices completed	1	2	50
2. Renovation			
No. of branch offices completed	24	28	85
INSTITUTIONAL VIABILITY (In PhP million)			
Construction	16.46	21.60	76
Manpower Services	13.75	8.36	164
Rental	9.01	11.54	78
Other services (Property Mgt., Brokering, Manpower, ACU Maintenance)	3.93	4.17	94
Total Gross Profit	43.15	45.67	94
Operating Expenses	11.70	16.28	72
Income from Operations	31.45	29.39	107
Other Income	4.67	6.79	69
Net Income Before Tax	36.12	36.18	100
Net Income After Tax	25.75	25.90	99

45.67

- Total gross profit of P43.15 million is 94% of the year-end target of P45.67 million.
- Our net income after tax (NIAT) of P25.75 million is 99% of the year-end target of P25.90 million.

II. FINANCIAL CONDITION

	As of Sept. 30, 2014 (in PhP million)	As of Sept. 30, 2013 (in PhP million)	Increase/Decrease	
			Amount	%
Assets	513.92	479.35	34.57	7
Liabilities	64.06	50.23	13.83	28
Equity	449.86	429.12	20.74	5

- Total resources increased by 7% or P35 million primarily due to increase in trade receivable and long-term investment.
- Total liabilities increased by 27% or P13 million due to the increase in accounts payable, output tax and other payables.
- Stockholders' equity increased by 5% or P21 million due to the net income generated in 2013 as well as the net income realized during the nine-month period ending September 30, 2014.
- Financial Ratios

Return on Assets	6.68%	Current Ratio	4: 1
Return on Equity	7.63%	Asset /Capita	P19.03 M
Debt-Equity Ratio	12.88	Net Income/Capita	P0.954M

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 52 accounts 3rd quarter last year to 76 accounts during the 3rd 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
- "Unqualified Opinion" issued by COA on LBRDC CY 2013 financial statements

IV. BUDGET (in Php million)

ACCOUNT	For the period Jan.-Sept. 2014		VARIANCE	
	ACTUAL	BUDGET (Revised)	AMOUNT	%
Profit from construction	16.46	16.20	0.26	2
Profit from manpower services	13.75	6.26	7.49	120
Profit from rental	9.01	9.42	(0.41)	(4)
Profit from other services	3.93	3.12	0.81	26
Total gross profit	43.15	35.00	8.15	23
Operating expenses	11.70	13.33	(1.63)	(12)
Income from operations	31.45	21.67	9.78	45
Other income	4.67	5.10	(0.43)	8
Net income before tax	36.12	26.77	9.35	35
Net income after tax	25.75	19.42	6.33	33

Schedule A (List of completed projects)

A. Construction (1)

1. Pagadian Bldg.

B. Renovation (24)

1. FTI	14. Tacloban Bldg. Rehab
2. Daet	15. Tuguegarao AOC 2
3. Urdaneta	16. Dinagat
4. EDSA NIA	17. Intramuros
5. GSIS	18. U.N. Avenue supplemental contract
6. Lagawe	19. Dinalupihan
7. LIBI Office	20. Baclaran roofing
8. Bontoc	21. Q.C. Circle Br. O/S ATM @BJMP
9. Apalit	22. South Harbor O/S ATM and Guard House
10. Baliuag	23. Elliptical Rd. O/S ATM @ BAI
11. Tagaytay	24. North Avenue
12. Cavite City	
13. Batac	

Schedule B (Comparative Financial Ratios)

	Jan-Sept. 2014	Jan-Sept. 2013
Return on Assets	6.68	5.22%
Return on Equity	7.63	5.83%
Debt-Equity Ratio	12:88	10:90
Current Ratio	4:1	5:1
Asset per capita	P 19.03 Mn	P 19.97 Mn
Net income per capita	P 0.954 Mn	P 0.782 Mn

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
9	Basic Life Support Training	COSHEMAP	July 30, 2014
3	Tax Exemption for Minimum Wage Earners	National Wages & Productivity Commission	July 31, 2014
1	8 th HR Congress	Ariva Academy	August 27-28, 2014
1	CPD Lecture Series	Urban Institute of Real Estate	September 1,3, 4, 8 & 9, 2014

Schedule D (Policies Developed/Updated/Implemented)

	POLICY	STATUS
1	Policy on the Use of Internet	Approved and being implemented
2	Workplace Policy & Program	
	a. HIV/AIDS Workplace Policy Program	Approved and being implemented
	b. Drug Free Workplace Policy Program	Approved and being implemented
	c. Hepatitis B Workplace Policy Program	Approved and being implemented
	d. Tuberculosis Prevention and Control	Approved and being implemented
3	Guidelines on Classification, Handling, Access and Disclosure of Information Assets	Approved and for implementation