



PORO POINT MANAGEMENT CORPORATION
A Member of the BCDA Group

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ANNUAL REPORT 2017



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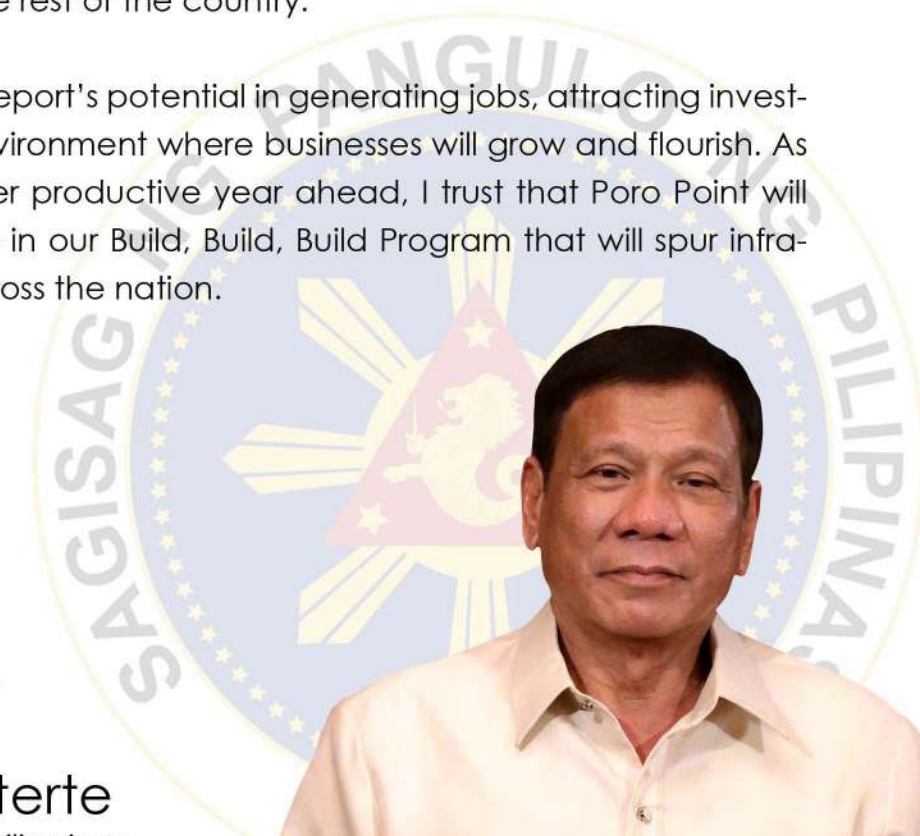
My warmest greetings to the **Poro Point Management Corporation (PPMC)** on the publication of its **2017 Annual Report**.

In the past years, PPMC has remained steadfast in its mandate of developing the Poro Point Freeport Zone into a self – sustaining industrial, commercial, financial, tourism, transshipment and investment hub in Northern Luzon. In the process, it has created employment opportunities and investment prospects for the people of La Union and the rest of the country.

May PPMC harness the Freeport's potential in generating jobs, attracting investments and creating an environment where businesses will grow and flourish. As we look forward to another productive year ahead, I trust that Poro Point will serve as an important hub in our Build, Build, Build Program that will spur infrastructure development across the nation.

I wish you all the best.


Rodrigo Roa Duterte
 President, Republic of the Philippines





message from the Chairman

Bases Conversion and Development Authority

Memories might deceive, certain stories can be tweaked to serve particular agendas, but numbers don't lie.

Numbers are what we rely on when talking about the success of a corporation, in this case, Poro Point Management Corporation (PPMC), which turned in a tidy profit in 2017. This was the year PPMC was transformed in terms of profitability—from a net income of PhP 7.8 million in 2014, it posted PhP11.53 million in CY 2017. Finally, after an accumulated deficit of PhP 60.5 million in 2013, PPMC now has a positive balance of PhP 6.6 million.

A significant part of this sum came from increased revenues from the Poro Point Freeport Zone. Reports state that it originally had a target of PhP 97 million—but in reality, collected PhP 101.2 million, or an increase of PhP 4.2 million. Since its inception in 2003, cumulative revenues now total around PhP 1.019 billion.

Cumulative investments from locators since PPMC went operational, meanwhile, total more than PhP 4,099,883,484.46—the chunk of that having been infused in CY 2017 alone: PhP 691,873,015.00

Knowing this, our confidence in PPMC as BCDA's subsidiary, mandated to manage this Zone and develop it into a thriving, "self-sustaining and environmentally-sound industrial, commercial, financial, tourism, transshipment, and investment center while generating employment opportunities in and around PPFZ, and attracting and promoting productive foreign investments," is strengthened even more.

No wonder its transition to ISO 9001:2015 standard has been seamless. PPMC underwent a Gap Assessment for a transition from ISO 9001:2008, its validity period having ended in February 2018. In December TÜV Rheinland Philippines, Inc. assessed PPMC as being aligned with the requirements of the 2015 standard. This development underscores commitment PPMC's organizational excellence.

Outsiders know Poro Point as a popular tourist destination—Thunderbird Pilipinas Hotels and Resorts, Inc. (TPHRI), its most celebrated locator, continues to develop tourism facilities as we speak, including a recreational park and new presidential suites—with Poro Point Lighthouse and the Baywalk being must-sees for every visitor. Only 14 kilometers away from San Juan, La Union, 60 kilometers from Camp John Hay in Baguio, and less than two hours away from Clark, it's a favorite for families and leisure-loving groups alike. But business locators and investors see more than that. PPMC and the Zone are symbols of potential and progress. With both air and seaports close by, Poro Point is a launch pad for the flourishing economies of our SEA neighbors: it's only one and a half hours away from Hongkong, Vietnam, and Taipei; three and a half hours away from Japan, Singapore, and Korea; and four hours away from Malaysia, Thailand, and Indonesia.

It makes sense that PPMC safeguard airport operations—and it certainly has. The year 2017 ended with 25 percent more air traffic, brought about by the high demand for pilots and maintenance crews. Passenger traffic also increased by 42 percent.

For all these developments and more, I would like to congratulate PPMC on a milestone year. Readers of the annual report will see the many reasons why we at BCDA deem it an honor to work side by side your indefatigable men and women.

To paraphrase former U.S. Secretary of Treasury Jack Lew, "Numbers aren't just numbers, but an expression of our values and aspirations." The contents of this report here, is proof that PPMC's ideals and goals are on the right track.


Gregorio D. Garcia

message from the President and CEO

Bases Conversion and Development Authority

The Poro Point Management Corporation (PPMC) remains consistent in improving the then Wallace Air Station to now Poro Point Freeport Zone (PPFZ) with yet another productive and successful year.

For 2017, PPFZ exceeded its revenue target hitting a total of PhP 101.2 million. Further, this year's PhP 691,873,015.00 investments prove that the zone is drawing more attention from local and foreign businesses and investors.

A comprehensive master plan already underway will maximize the potential of the San Fernando Airport and the International Seaport—the key strengths of the zone. This will further draw more tourists in the area and boost economic growth in Northern Luzon.

Poro Point, next to Clark, indeed has a huge potential in terms of infrastructure development, information technology and alternative water systems.

With pride and joy, I would like to congratulate PPMC for all the passion, hard work and dedication you put in the transformation of Poro Point as a self-sustaining and premier economic zone in the north.

We remain focused with our vision and excited for the aggressive developments in Poro Point in the coming years for the benefit of our stakeholders and the country.

Republic of the Philippines
Office of the President




Vicencio B. Dizon

joint message from the Chairman and the President & CEO of Poro Point Management Corporation

For four (4) consecutive years, PPMC posted a net income of Php 11.53 million in CY 2017, Php 10.07 million in 2016, Php 9.2 million in 2015 and Php 7.8 million in 2014. This brought a very substantial positive impact on the Retained Earnings account of PPMC by turning the Company's Accumulated Deficit from Php 60.5 million in 2013 to a positive balance of Php 6.6 million in 2017.

Actual revenues from the Zone has reached Php 101.2 million as compared to the target of Php 97.0 million in 2017 or an increase of Php 4.2 million from last year. The cumulative revenues of PPMC since its creation in CY 2003 is now at Php 1.019 billion. Revenues consist of lease rentals, percentage share in the gross gaming revenue, share in real estate projects, airport fees, regulatory fees and miscellaneous income.

PPMC was awarded its ISO 9001:2008 Certification on March 3, 2015 with validity period until February 27, 2018. The transition to the 2015 standards has been easy since PPMC's procedures are already in place and had been compliant to the 2008 ISO standards for the last 2 years. On December 28, 2017, PPMC underwent a Gap Assessment and has been assessed by TÜV Rheinland Philippines, Inc. to conform its alignment to the requirements of ISO 9001:2015 standard.

Actual cumulative investments since the operationalization of the Zone totaled more than Php 4 Billion, of which, Php 679,779,550.26 Million was infused in CY 2017.

The General Aviation Traffic generated 45,751 traffic movements for the year ended 2017 which is 25% more than the traffic for year 2016 which was brought about by the high demand of aviation pilots and maintenance crew for the aviation industry. Most of the passengers are the pilots and students of aviation schools. Passengers of chartered flights are mostly corporate officers and employees checking on their business interest in the area. There was an increase in passenger traffic from 93,219 in Year 2016 to 132,268 in Year 2017 or 42% increase in passenger traffic due to the increase in pilot trainings and increase in chartered traffic.

San Fernando Airport hosted the 4th charter flight of PAL Express on February 10, 2017. PAL Express served passengers on a charter basis with routes Manila – San Fernando and vice versa using the Bombardier Q400 Aircraft with 33 passengers. The flight carried Japanese Nationals for friendly cooperation with the Cordillera-Japanese community in Baguio City.

Seventeen Aviation (17) Schools regularly use the San Fernando Airport for their Long Cross Country Flight in Year 2017. In the CAAP Master List of Flying Schools, there are thirty - nine (39) active flying schools in the Philippines; nineteen (19) schools operate in the Visayas/Mindanao area and twenty (20) flying schools in Luzon. 44% or 17 of the 39 CAAP Active Pilot Schools in Luzon utilized the San Fernando Airport for their long haul cross country training destination.

Twenty-three Chartered/ Air Taxis utilized the San Fernando Airport for the year ended 2017 because of the increased business activities of corporate clients. The airport accommodated PAF F27 aircraft with Deputy Air Force Chief Major General Rozzano D. Brigues and Party on November 15, 2017.

In 2017, PPMC entered into Contract of Lease with JS Union Oils and Trading, Inc. for the lease of a 200 square meters area to establish an Into-Plane Fuel Service at the San Fernando Airport. The Into-Plane Fuel Service was a welcome development at the San Fernando Airport as it aims to improve fuel handling and storage inside the airport.

This year, PPMC received an application from Alpha Aviation Group Philippines, Inc. for the lease of an area of 8,804 square meters at the San Fernando Airport for the establishment of an aviation school, hangar and other related aviation facilities. The evaluation of the proposal is ongoing and is expected to be finalized, approved and endorsed to BCDA for final approval by first quarter of 2018.

For the year 2017, efforts were also pursued towards establishing commercial and chartered flights. Leading Edge Air Services Corporation, sister company of Leading Edge International Aviation Academy, Inc., signified its intention to establish chartered flights at the San Fernando Airport. Various consultation and coordination meetings were held together with travel and tours agencies and operators in City of San Fernando, La Union for possible regular and chartered flights including tour packages. Initial coordination was also made with Air Juan Corporation and Camaya Coast regarding the establishment of commercial flights using seaplane aircrafts.

The landscape at the Tourism Complex was further enhanced with new developments. PPMC through its locator, Thunderbird Pilipinas Hotels and Resorts, Inc. (TPHRI), continues to develop the tourism facilities at the PPFZ.

TPHRI constructed additional 47 Santorini Villas which are now being operated as additional lodging units. Further, the expansion of TPHRI's gaming facility was completed and its grand opening was held on February 18, 2017. TPHRI likewise completed the expansion of the Agora Events Center adding 1,000 square meters event floor from the existing 500 square meters which can now accommodate up to 1,000 people.

TPHRI also completed its Ibiza-inspired beach club with infinity pool, a restaurant and a deck, called the Fira Beach Club, while the existing outdoor infinity pool was likewise expanded from 400 square meters to 1,000 square meters.

joint message from the Chairman and the President & CEO of Poro Point Management Corporation

As a new attraction to Thunderbird Resorts, TPHRI also started the construction of the 3-hectare Recreational Park. The park's clubhouse with gym and lap pool have already been completed while the construction of the matisse maze gardens and outdoor sports activities, fountains and a chapel are already underway. Moreover, the development of ten (10) Presidential Suites at the amphitheater area is likewise in progress and is 90% completed as of December 31, 2017.

PPMC continues its steadfast efforts in promoting the Poro Point Lighthouse for tourism development. Early this year, the disposition of the lighthouse through long-term lease and development was conducted but was put on hold due to recent developments and plans for the Zone. Efforts were geared towards promoting and showcasing the area as a tourist destination.

With its scenic view and available facilities, the baywalk is now fast becoming a popular hub for events and other activities. The baywalk hosted several fun runs, team building activities, zumba sessions, sportsfest, youth camp and festivals organized by various agencies, both government and private, including civil society groups. A total of thirty-three (33) events were held at the baywalk while approximately thirty (30) groups of guests, visitors and prospective locators visited the baywalk and the whole Zone for 2017.

The Poro Point Baywalk also has a Commercial Area consisting of forty-four (44) cut-lots which can be leased by tourism and commercial-related enterprises and which form part of the development of the mixed-use commercial area inside the Zone. This year, PPMC has its first locator at the baywalk, Adeline's House of Food & Beverages and Atrium Travel & Tours. Adeline's House of Food & Beverages and Atrium Travel & Tours is the first tenant to establish the first restaurant, convenience store and travel and tours office in the area. Before the year ended, another enterprise, Lemon Hub, also signified its intention to locate at the baywalk and reserved a lot for the establishment of a Food Park.

PPMC continuously intensified its marketing and promotional efforts and participated and continue to participate in various events, tourism, trade activities, investment fora, conferences, expo and exhibits. Furthermore, PPMC supported and joined various activities as a way of strengthening its linkages with public and private sector and civil society organizations.

A site inspection of the Zone was also conducted by the Department of Tourism (DOT) Market Development Group together with DOT Region I and Vietnam cruise organizers and travel agents for familiarization with various sea ports and shore excursion destinations. Similarly, PPMC also assisted and provided tours to various visitors and guests of the Zone.

This year, PPMC also participated and supported the Marketing Workshop conducted by BCDA.

The workshop was implemented by BCDA for its subsidiaries to help the Marketing, Communications, Public Relations and Business Development units of each subsidiary identify their positioning and therefore develop a more viable strategy in marketing and promoting its respective zone. The informative one-day workshop was facilitated by Ms. Matec Villanueva, an advertising veteran and the woman behind the advertising campaigns of several local brands in the country.

PPMC staged the sixth (6th) year of SILLAG Poro Point Festival of Lights on April 7, 8 & 9, 2017. For the past six (6) years, PPMC has seen the increase in number of local and foreign tourists who flocked to the Zone during SILLAG Festival from 4,000 in 2012; 18,000 in 2013; 29,000 in 2014; 60,000 in 2015; 120,000 in 2016 to 131,000 in 2017. Over the years, the SILLAG Festival has been a significant tool in promoting tourism not only the PPFZ but also the City of San Fernando and the rest of the Province of La Union.

PPMC as the regulatory authority inside the PPFZ strictly enforced and monitored compliance of locators with the PPFZ Rules and Regulations, National Building Code and its Implementing Rules and Regulations .

PPMC has upheld its primary duty and function to secure, protect and preserve the properties of BCDA/PPMC from theft, robbery, arson, other crimes and/or other forms of destruction or damage.

It also provides security, safety and health services not only within the Zone but also to the neighboring barangays. Peace and order are maintained at all times and prevented the intrusion of informal settlers. It has constant coordination with the Philippine National Police, Department of Labor and Employment and other government line agencies, and all PPFZ's Registered Enterprises and locators, promoted industrial peace, harmony and productivity within the PPFZ, thus maintaining good and peaceful business atmosphere which encourages investments and enhances the lives and dignity of all the people in the PPFZ.



Sherwin S. Rigor



Atty. Felix S. Racadio

corporate governance board of directors

CORPORATE GOVERNANCE

PPMC is committed to good governance principles and practices of accountability and transparency with the utmost degree of professionalism and effectiveness in carrying out its mandate of managing and developing the Poro Point Freeport Zone.

PPMC adopts the Governance Commission for GOCCs' (GCG) Code of Corporate Governance for GOCCs. Also, the PPMC Board of Directors institutionalizes policies such as the PPMC's Manual of Corporate Governance that would guide PPMC Management in attaining its goals while ensuring compliance with good corporate governance. Among the governance policies implemented are the following:

a. PPMC Code of Ethics and Code of Discipline

The PPMC Code of Ethics for PPMC Board of Directors and Code of Discipline for PPMC Officers and Employees promote exemplary standards in the conduct of their functions by setting rules which Directors, Officers and employees must comply with. Also, the Codes provide the guidelines of their implementation and observance.

b. Whistleblowing Policy

PPMC's Whistleblowing Policy provides an enabling mechanism for employees to report or testify against any unethical behavior committed by PPMC Board of Directors, Officers and rank and file employees. Likewise, the policy provides protection to whistleblowers against any retaliatory actions.



Mr. Sherwin S. Rigor

Chairman of the Board

Age: 47 years old

Date of Appointment:

December 8, 2016

Committee Memberships:

Chairman - Executive Committee

Chairman - Corporate Governance Committee

Member - Infrastructure Management

Member - Special Projects

Member - Investment and Promotions

Chairman Rigor is a Civil Engineering graduate of Tarlac State University in 1995, finished bachelor of laws at Araullo University in 2006, and had his degree in Business Administration and MBA at Saint Louis University. He was the president of High Strength Development Corporation from 1995 to 2016; he served as a city councilor of Tarlac City from 1993 until 2007, and was a Consultant/ Executive assistant for the High Impact Economic Program of the Province of Tarlac from 2007 to 2013.

Atty. Felix S. Racadio

President and CEO / Acting Chairman of the Board / Director

Age: 66 years old

Date of Appointment:

February 3, 2017

Committee Memberships:

Chairman - Land and Regulatory Concerns

Chairman - Nominations and Remunerations

Member - Executive Committee

Member - Investment and Promotions



President Racadio is a Political Science Major from San Sebastian College, Manila. He finished his Bachelor of Laws at the University of Santo Tomas in 1977. He was a Staff member for the IMF World Bank Conference in 1976, an Associate/ Trial Lawyer for Chua and Associates Law Office from 1979 to 1991. He served as an In-house counsel of the Medical City Hospital from 1981 until 1991 and a Provincial Administrator for the Province of Ilocos Sur from 1992 up to 1997 and Legal Officer from 1997 up to 2001. He became a Board Member for Land Transportation Franchising and Regulatory Board from 2001 to 2005 and served his 1st term as President, Chief Executive Officer, Chairman of the Board of Directors of Poro Point Management Corporation from January 2006 to October 2011 and his 2nd term as President and CEO of PPMC from February 3, 2017 up to the present.

board of directors



Mr. Jeremias A. Singson, Jr.
 Director / Corporate Treasurer
 Age: 48 years old
 Date of Appointment:
 October 12, 2017
 Committee Memberships:
 Chairman - Finance
 Member - Executive Committee
 Member - Investment and Promotions
 Member - Infrastructure Management

Director Singson finished Bachelor of Science in Management at the Philippine School of Business Administration in 1993. He was the owner of Ciudad Fernandina Antique Shop and the 888 Construction in Vigan, Ilocos Sur. He was the Branch Manager of Kuryente Electrical Shop from 2000 to 2010. He is ,at present, a supervisor at Goldstar Emission Testing Center and an Agent for Mapfire Insular, both located in Vigan, Ilocos Sur.

Mr. Joel G. Caringal

Director
 Age: 63 years old
 Date of Appointment:
 May 5, 2017
 Date of last appointment:
 Committee Memberships:
 Chairman - Human Resource
 Member - Audit and Risk Oversight
 Member - Corporate Governance
 Member - Infrastructure Management
 Member - Legal and Regulatory Concerns
 Member - Nominations and Remunerations
 Member - Investment and Promotions
 Member - Special Projects



Director Caringal is a graduate of the Philippine Military Academy in 1981. Afterwhich, he joined the Philippine Army. He completed 3 years of Bachelor of Science in Agriculture at the University of the Philippines Los Banos, Laguna. He became the Security Head of the Poro Point Unit under the John Hay Poro Point Development Corporation in 2001. He is the Vice President for Regularatory Services of Poro Point Management Corporation and rose from the ranks by becoming one of the members of the Honorable Board of Directors in 2017.



Mr. Warlito P. Guerra
 Director
 Age: 42 years old
 Date of Appointment:
 December 08, 2016
 Committee Memberships:
 Chairman - Investment and Promotions
 Member - Finance
 Member - Audit and Risk Oversight
 Member - Human Resource
 Member - Infrastructure Management
 Member - Special Projects

Director Guerra has a dual major degree in Economics and Computer Science from the University of Michigan. He has units in Graduate courses in Government from Harvard University and Completed the Leadership and Management Development Certification Program at the Civil Service Institute in 2017. He was System Analyst for Eli Lilly & Company in Indianapolis, Indiana, USA from 2000 to 2001 and a Software Engineering Consultant for the Rational Software Corporation in 2001. He worked as a Software Engineer Consultant for General Dynamics Land Systems from 2002 until 2006. He was a Managing Consultant for Benchmark Economic Development Consulting from 2010 to 2012. He is currently a Managing Director for Benchmark Logic LLC, the Chairman/ President of Ibaan Group Holdings Incorporated, the Chairman/ President of Remote Reliance Incorporated, the Chairman/ President of Metrolink Construction and Development Corporation, and also a Board Director of Gles Venture Group Incorporated.

Mr. Edgar T. Santos

Director
 Age: 60years old
 Date of Appointment: February 03, 2017
 Committee Memberships:
Chairman:
 Special Projects
Member:
 Audit and Risk Oversight
 Executive Committee
 Finance
 Audit and Risk Oversight
 Corporate Governance
 Human Resource
 Infrastructure Management
 Legal and Regulatory Concerns
 Nominations and Remunerations
 Investment and Promotions



Director Santos holds a degree in Marine Transportation from the Philippine Merchant Marine Academy. He is presently a member of the Board of Trustees for the Makati Tourism Foundation Incorporated and the GUSI Peace Prize Foundation Incorporated.

board of directors



Mr. Ferdinando G. Sevilla
 Director
 Age: 59 years old
 Date of Appointment:
 October 12, 2017
 Committee Memberships:
 Chairman - Infrastructure Management
 Member - Corporate Governance
 Member - Special Projects
 Member - Investment and Promotions
 Member - Audit and Risk Oversight
 Member - Human Resource

Director Sevilla is a graduate of the Philippine Military Academy. He has a Masters Degree in Management from the Philippine Christian University, a Masters in Public Administration from Baguio Central University and a Master's Degree on Strategic Business Economics Program from the University of Asia and the Pacific. He served under the Armed Forces of the Philippines and the Philippine National Police from 1985 to 2015 acquiring various honors and commendations.

Mr. Armando M. Sedentario
 Director
 Age: 51 years old
 Date of Appointment:
 May 05, 2017
 Committee Memberships:
 Member - Finance
 Member - Investment and Promotions



Director Sedentario is a Bachelor of Arts graduate with majors in English and Philosophy from the Saint Francis Xavier College Seminary. He was the Payroll in - Charge, an Assistant Project Purchaser, an Assistant Project Manager and a Time Keeper/ Warehouse - in - Charge for the ALC Industries Incorporated. He was a Medical Representative for Sydenham Pharmaceutical, a Sales Representative/ Sub Director Specialist and a Key accounts Specialist for Serg's Products Incorporated. He became a District Sales Manager for Mega Fishing Corporation, a Field Unit Manager for Mighty Corporation, a District Sales Head for SLORD Development Corporation and an Area Sales Coordinator for Royal-trade General Merchandising Corporation.



Mr. Michael C. Fermin
 Director
 Age: 42 years old
 Date of Appointment:
 October 12, 2017
 Committee Memberships:
 Chairman - Audit and Risk Oversight
 Member - Finance
 Member - Human Resource
 Member - Infrastructure Management

Director Fermin is a Bachelor of Science in Commerce graduate of the University of Regina Carmeli, major in Human Resources Management. He took his Bachelor of Laws at the Bulacan State University. He had his Master's Degree in Public Management from Ateneo De Manila University. He was the President of the Sanguniang Kabataan Federation of the Municipality of Calumpit from 1996 until 2001. He served three terms as municipal councilor of Calumpit from 2001 to 2010. He was also the president of Councilors League for the Province of Bulacan from 2007 until 2010. He was a three term provincial board member for the Province of Bulacan from 2007 until 2016, He was a senior Provincial Board Member and the Majority Floor Leader for the Province of Bulacan from 2010 to 2016. He was a member of the National Executive Board of Provincial Board Members League of the Philippines (2010-2016). He was the Chairman of the Provincial Board Members of the Philippines - Region III from 2010 to 2016.

Legal Counsel/Acting Corporate Secretary

Atty. Pacleb finished his Bachelor of Laws at the University of the East, Manila. He was into private practice before he joined PPMC which opened the position of legal counsel in December 2011. He caters to the legal needs of PPMC's day-to-day operations and deputized by the OGCC to appear in court on cases where PPMC is a party litigant. He is concurrent Corporate Secretary effective November 2017.



human resources and administration

DEVELOPMENT OF A PROFESSIONAL, COMPETENT AND MOTIVATED WORKFORCE

PPMC puts premium on the development of its human resources. This is reflected in PPMC's Strategic Map, which includes the development of a professional, competent and motivated workforce as one of the corporation's strategic objectives.

HUMAN RESOURCES DEVELOPMENT PROGRAM

In pursuit of the aforesaid strategic objective, PPMC formulated its Job and Competency Framework which focuses on the development of employee competencies that are required to achieve organizational goals.

PPMC used the Job and Competency Framework to identify appropriate learning and development programs. The effectiveness of these human resource interventions was evaluated to ensure that the said programs were responsive to the intended objectives for which they were formulated.

PPMC recorded an improvement in the organizational competency baseline from 3.90 rating on a scale of 5 in CY 2016 to 4.06 rating in CY 2017. The improvement was due to the implementation of thirty (30) human resource development interventions as follows:

1. 11th PMAP Luzon Summit with the theme, "Riding the Waves of Change: Overcoming the Challenges as People Managers in a Global Economy ;"
2. 43rd Philippine Institute of Civil Engineers (PICE) National Convention with the theme, "Build Build Build for Smart, Strong and Sustainable Societies (BBB for SSS);"
3. Basic Networking Course: Wired and Wireless;
4. Basic Occupational Safety and Health Training;
5. Capacity Building Workshop Part 2 on the Philippine Green Building Code Measurement of Results and Impacts;
6. Contingency Planning Workshop for Human-Induced Hazard;
7. Enhancing Audit Committee Effectiveness;
8. Family and Team Building Activities;
9. Geodetic Engineers of the Philippines, Inc.'s 33rd North Luzon Area Assembly with the theme "Bringing Technology to the Grassroots for World Class Professionals;"
10. Good Communication, Good Government: Training on Interpersonal Skills and Social Media Handling for Government Information Officers;
11. HR for Non-HR: Understanding the Fundamentals and Strategies in Human Capital Management;
12. Institute of Integrated Electrical Engineers of the Philippines – La Union Chapter's Technical Seminar entitled "Cable Splicing and Termination;"

13. Internal Control System;
14. Internal Control System for Property and Supply Management (Appraisal and Disposal);
15. Local Tour Guide Refresher Course;
16. Orientation on Citizen's Charter;
17. Orientation of New Personnel;
18. Philippine Financial Reporting Standards (PFRS) for Government Corporations classified as Government Business Enterprise (GBE);
19. Regional Disaster Risk Reduction and Management Summit;
20. Seminar entitled Retire Rich, Retire Happy;
21. Seminar on Philippine Government Accounting Standards;
22. Seminar/Workshop on Government Procurement Reform Act (RA 9184) featuring the 2016 Revised IRR;
23. Sports Festival and Team Building Activities;
24. Training Course on Auditing Quality Management System for our ISO Core Team;
25. Training Course on ISO 9001:2015 Quality Management System Requirements and Documentation;
26. Training on Strategic HR;
27. United Architects of the Philippines (UAP) La Union Chapter Seminar entitled: "The Practice of New Architects;"
28. Workshop on Quality Management System Documentation;
29. Workshop on Rediscovering Marketing; and
30. Workshop on Risk-Based Quality Planning.



Workshop on Rediscovering Marketing conducted by Bases Conversion Development Authority



The ISO Training and Development Team spearheaded the orientation on the new revision of the Citizen's Charter.



PPMC's HR Officer, Ms. Charlotte C. Bandolin attended the training on Strategic HR conducted by the Civil Service Institute.



The annual PPMC Sportsfest



PPMC Family Day and Team Building Activities at San Luis Del Mar, Bauang, La Union



Members of the Bids and Awards Committee (BAC), BAC Secretariat and Technical Working Group attended the training on Government Procurement Reform Act (RA 9184) pursuant to its Capacity Building Program.

human resources and administration

ADOPTING THE MODIFIED SALARY SCHEDULE UNDER EXECUTIVE ORDER NO. 201, SERIES OF 2016 PURSUANT TO EXECUTIVE ORDER NO. 36, SERIES OF 2017

One of the major factors which impacts employee motivation and productivity is compensation.

Pursuant to Executive Order No. 36, series of 2017, all government owned and/or controlled corporations exempt from the Salary Standardization Law shall have the option to either maintain their current compensation framework or, subject to the approval of the Governance Commission for Government Owned or Controlled Corporations (GCG), adopt the Modified Salary Schedule under Executive Order No. 201, series of 2016.

Along this line, PPMC created a Composite Team to conduct a study and submit its recommendations. The composite team evaluated each position in the organization and converted each position to its equivalent Salary Grade using the form prescribed by GCG based on existing job descriptions pursuant to GCG Memorandum Circular No. 2017-03, the Index of Occupational Services, Occupational Groups, Classes and Salary Grades issued under Budget Circular No. 2006-3 dated May 17, 2006, Index of Occupational Services attached to Compensation Circular No. 10 dated May 15, 1999 issued by DBM and Qualification Standards issued by the Civil Service Commission. A cost estimate of adopting the Modified Salary Schedule including the benefits, allowances and incentives provided under Joint Resolution (J.R.) No. 4 and Executive Order No. 201 was prepared.

Based on the review and analysis conducted, the Composite Team recommended to adopt and implement the Modified Salary Schedule under Executive Order No. 201, and the allowances, benefits and incentives under J.R. No. 4. The recommendation was approved by the PPMC Board of Directors during the 178th Regular Board Meeting held on December 14, 2017. Subsequently, on December 27, 2017, PPMC submitted its application to GCG for the latter's approval of PPMC's adoption and implementation of the aforesaid Modified Salary Schedule under Executive Order No. 201, and the allowances, benefits and incentives under J.R. No. 4.



The EO 36 Composite Team conducted series of meetings regarding the implementation of the modified salary structure.



The process of the implementation of the EO 36 was explained to the employees.

TRANSITION TO ISO 9001:2015

Poro Point Management Corporation is focused on attaining stakeholders satisfaction and meeting applicable statutory and legal requirements. One of the strategic objectives of PPMC is to continually improve its institutionalized quality management system.

PPMC was awarded its ISO 9001:2008 Certification on March 3, 2015 with validity period until February 27, 2018.

After passing the subsequent re-surveillance audits for two (2) consecutive years conducted by TÜV Rheinland Philippines, Inc., PPMC began its journey of transitioning to ISO 9001:2015. In its plan to adopt the latest international standard in delivering quality services to its stakeholders and applicable statutory and legal requirements, PPMC contracted TÜV Rheinland Philippines, Inc. to provide Technical Guidance for the ISO 9001:2015 transition wherein the following workshops were conducted:

- Training Course on ISO 9001:2015 Quality Management System Requirements and Documentation;
- Training Course on Auditing Quality Management System for our ISO Core Team;
- Workshop on Risk-Based Quality Planning; and
- Workshop on Quality Management System Documentation.

During the workshops, the PPMC ISO Core Team was introduced to the requirements of ISO 9001:2015 standard which will serve as guide in the transition process. The ISO clauses were explained and interpreted to help PPMC identify necessary revisions to its Quality Management System to make it fully conformed to the ISO 9001:2015 standard. Risk-based thinking was given emphasis as one of the pillars of the new standard.



The transition to ISO 9001:2015 standard was facilitated by the fact that PPMC's procedures have been in place. Further, PPMC has been compliant to the 2008 ISO standards for the past 3 years. On December 28, 2017, PPMC underwent a Gap Assessment for the aforesaid transition and has been assessed by TÜV Rheinland Philippines, Inc. to conform alignment to the requirements of ISO 9001:2015 standard, a clear manifestation of PPMC's readiness to be certified under the ISO 9001:2015 standard.

PPMC RETAINS HIGH SATISFACTION RATING FOR THE 3rd STRAIGHT YEAR

PPMC retained its high satisfaction rating in a Stakeholders Satisfaction Survey conducted by Saint Louis College. This is the 3rd year that PPMC obtained a high satisfaction rating.

A total of sixty two (62) stakeholders participated in the survey conducted by Saint Louis College. These stakeholders represented the following organizations:

1. Bases Conversion and Development Authority (BCDA)
2. Local Government Units
 - 2.1 Provincial Government of La Union
 - 2.2 City Government of San Fernando, La Union
 - 2.3 Brgy. San Agustin, City of San Fernando, La Union
 - 2.4 Brgy. Poro, City of San Fernando, La Union
 - 2.5 Brgy. San Francisco, City of San Fernando, La Union
 - 2.6 Brgy. Canaoay, City of San Fernando, La Union
 - 2.7 Brgy. San Vicente, City of San Fernando, La Union
3. Locators
 - 3.1 Alpha Aviation Group Philippines, Inc.
 - 3.2 Leading Edge International Aviation Academy, Inc.
 - 3.3 OMNI Aviation Corporation
 - 3.4 Poro Point Marine Enterprises Corporation (PPMEC)
 - 3.5 Thunderbird Pilipinas Hotels and Resorts, Inc.
 - 3.6 Wallace Fuel Storage, Inc.
4. Aviation Schools
 - 4.1 All Asia Central Aviation Academy, Inc.
 - 4.2 Alpha Aviation Group Philippines, Inc.
 - 4.3 Asian Institute of Aviation
 - 4.4 AviAir Aviation School
 - 4.5 Fastlink Aviation Training Center
 - 4.6 Fast Aviation Academy
 - 4.7 Fliteline Aviation School, Inc.
 - 4.8 Leading Edge International Aviation Academy, Inc.
 - 4.9 Masters Flying School
 - 4.10 PAL Aviation School
 - 4.11 World City College Aviation Co.
5. Other Government Agencies
 - 5.1 Bureau of Customs Regional Office 1, City of San Fernando, La Union
 - 5.2 Civil Aviation Authority of the Philippines
 - 5.3 Department of Environment and Natural Resources Region 1
 - 5.4 Department of Labor and Employment Region 1
 - 5.5 Department of Trade and Industry Region 1
 - 5.6 Land Transportation Office Region 1
 - 5.7 Philippine Air Force – 580th Aircraft Control and Warning Wing

- 5.8 Philippine National Police Aviation Security Group
- 5.9 Philippine Coast Guard – Northwestern Luzon Coast Guard District Command

6. Accredited Enterprises
 - 6.1 A.M. Capili Builders and Trading
 - 6.2 Abriam Construction Supply
 - 6.3 Angeles Bauang Lumber, Co.
 - 6.4 Aquarex Marketing
 - 6.5 Aromin Auto Glass and Aluminum Supply
 - 6.6 AVSENECA Construction Corp.
 - 6.7 Caravan Treasures
 - 6.8 Circuit Solutions, Inc.
 - 6.9 Clean and Clear Manpower Services
 - 6.10 Emves Enterprises
 - 6.11 Greater Good Engineering Construction Supply
 - 6.12 Home Care Laundry Shop
 - 6.13 McKleene Premium Products, Inc.
 - 6.14 Michisrael’s Purified Water
 - 6.15 Modular Plus Home System, Inc.
 - 6.16 Napintas Logistics and Distribution, Inc.
 - 6.17 NB Marketing Corp.
 - 6.18 Pacific Links Golf Development, Inc.
 - 6.19 Penny Agri-Products Enterprises
 - 6.20 Petron Corporation
 - 6.21 Philippine Spring Water Resources, Inc.
 - 6.22 Prime DGL Enterprises
 - 6.23 San Miguel Brewery, Inc.
 - 6.24 Thunderbird Poro Development Ventures, Inc.
 - 6.25 TW Steel and Construction Supply, Inc.
 - 6.26 Urduja Security Services, Inc.
 - 6.27 Wil-lys Cereal Trading Corporation
 - 6.28 Zace Meat and Dairy Products

Five (5) criteria were used in determining the level of satisfaction. These were timeliness, ease of access, staff, quality and outcomes. Under the criterion of staff, this included knowledge, understanding client needs, helpfulness to clients and being easy to work with.

For CY 2017, the overall level of stakeholders satisfaction along the five (5) criteria increased to 4.00 from the 2016 overall level of stakeholders satisfaction of 3.90. The overall satisfaction rating likewise increased to 4.16 from last year’s 4.06. Further, pursuant to the PPMC Performance Scorecard, 52 out of the 62 stakeholders gave an overall level of satisfaction of very highly satisfied and highly satisfied.

PARTNERSHIP WITH PEOPLE MANAGEMENT ASSOCIATION OF THE PHILIPPINES LA UNION CHAPTER

Poro Point Management Corporation spearheaded the organization of the People Management Association of the Philippines- La Union Chapter which was formally recognized on April 19, 2012.

PPMC's representative, Ms. Maria Victoria Redempta De Guzman-Soriano, Vice President for HR and Administration, has been the president since 2012.

Despite its short history, PMAP-La Union Chapter in partnership with PPMC has conducted thirteen (13) training programs, reached out to one hundred fourteen (114) organizations in the government and private sectors in the Province of La Union and nearby provinces in Region I which benefitted a cumulative total of six hundred forty eight (648) people managers and students.

Under PMAP's CSR Program, PMAP established strong partnerships with the Department of Labor and Employment and its attached agencies, the Local Government Units and the academe through joint advocacies and programs on job creation and career guidance. The Chapter members rendered their services as Resource Speakers to various government and higher education institutions covering a variety of topics on human resource management and industrial relations. Outreach projects for those adversely affected by natural calamities as well as for indigent children were also undertaken by the Chapter.

2017 was a banner year for PMAP La Union Chapter because the chapter hosted the 11th PMAP Luzon Summit with the theme, "Riding the Waves of Change: Overcoming the Challenges as People Managers in a Global Economy." This was attended by two hundred forty one (241) people managers from the PMAP's twelve (12) Chapters in Luzon - Baguio, Bataan, Bicol, Calabarzon, Nueva Ecija, Pampanga, Pangasinan, Rizal, Subic, Tarlac and La Union, as well as other chapters from other parts of the country. Non-members also participated in the event. This was held at Hotel Ariana, Paringao, Bauang, La Union on May 11 and 12, 2017.



La Union Provincial Governor Francisco Emmanuel R. Ortega III delivered an inspirational message to the delegates.



PMAP National President and the Senior Vice President and Head of Human Resources and Corporate Services of MERALCO, Mr. Ramon B. Segismundo, was the Keynote Speaker of the event.



PPMC's Vice President for HR and Administration, Ms. Maria Victoria Redempta De Guzman-Soriano, has been the President of PMAP La Union Chapter since 2012



Sangguniang Bayan Member Alexander Romeo G. Obong received the Plaque of Appreciation on behalf of the Municipality of Bauang, La Union for being the host municipality of the summit.



The summit included an exhibit showcasing the Province of La Union.



PMAP La Union Chapter Officers and Board of Directors led by Ms. Maria Victoria Redempta De Guzman-Soriano, PPMC Vice President for HR and Administration. (Fourth from the left)



PPMC was one of the presentors and exhibitors during the 11th PMAP Luzon Summit. PPMC showcased the ongoing developments and areas of investments inside the Poro Point Freeport Zone



corporate social responsibility

Health



PPMC Health & Wellness Program- “ Zumba By the Bay”

1. PPMC initiated Health and Wellness Program in coordination with the Thetas Gym. The activity was participated in by PPMC employees and other enthusiasts.



2. PPMC participated in the Philippine Civil Service Fun Run held at Poro Point Baywalk & Events Center in celebration of the Philippine Civil Service Month.

3. PPMC participated in the DENR Fun Run in celebration of the World Environment Day at the Poro Point Lighthouse and Baywalk.



4. PPMC extended assistance to the communities residents and soldiers in Marawi City

Education



1. Brigada Eskwela: “Isang DepEd, Isang Pamayan Para sa Handa at Ligtas na Paaralan”

PPMC participated in the DepEd National Maintenance Program – “Brigada Eskwela” of various schools.

2. “Tourismnovation 2017: Celebrating Tourism Promotion”

PPMC supported the Provincial Government of La Union Tourism Office in their Hospitality and Tourism Convention with the theme “Sustainable Tourism – a Tool for Development” adopted from the year’s theme of the World Tourism Day.

Environment



1. Coastal & Marine Ecology Development & Marine Laboratory and Research Development Proposed Project

PPMC tapped the academe particularly those institutions that have courses related to coastal and marine resource management for coral rehabilitation, restoration and protection programs, among others. PPMC likewise initiated consultation meetings with the colleges and universities in La Union and nearby Provinces for possible areas of partnership.



PPMC together with the City Environment and Natural Resources Office and Institute of Social Order conducted Strategic Planning Workshop with the Citywide Marine Protected Management Council to identify possible interventions and programs.



corporate social responsibility



2. Participation in the International Coastal Clean-up (ICC) Day

Pursuant to Presidential Proclamation No. 470; PPMC together with PPFZ impact barangays and locators take part in the International Coastal Cleanup Day with its theme, "Together for our Ocean," thus, intensifying unity among the communities to clean and conserve the environment. The cleanup activity encourages involvement of different stakeholders from the government and private organization as they will take part in the worldwide environmental preservation efforts. PPFZ locators and community residents participated in the said environment activity.



3. "Love Mother Earth" Coastal Cleanup Drive

PPFZ locators, communities and partner agencies inside the Zone participated in the coastal cleanup drive initiated by PPMC.



4. Environment Camp at the Poro Point Baywalk

PPMC supported the City Government Environment and Natural Resources Office Environment Camp in partnership with the Institute of Social Order Ateneo – Manila involving student leaders from the academe.

Livelihood Program

1. Product Development and Enhancement Training



The Institute of Social Order – Ateneo Manila through its project entitled: Facilitating Public Private Partnership through Co – Management of a Marine Protected Area in Poro and PPMC conducted trainings in coordination with Department of Science and Technology Region I to enhance the skills and capabilities of the Poro Sea Lovers Association.

Strengthening Linkages/Sports

1. PPMC received Plaque of Appreciation for supporting the City Government for its Environment Programs.
2. Supported the Philippine National Police ROI – La Union Police Provincial Office PWD and LGBT Action Center – "Police Unified Special Office" or PUSO.
3. Supported various media infrastructures in promoting PPFZ major programs and publishing manpower requirements of PPMC.
4. Supported partner agencies in celebration of their founding anniversaries and health programs.
5. Supported Provincial and City Government in celebration of their founding anniversaries.



infrastructure management

IMPLEMENTATION OF DEVELOPMENT PROJECTS

Development of Off-site Facilities at the Tourism Complex Area

1. Monitored the completion of the construction of 45 units 2- Bedroom Villas
2. Monitored the completion of the 2 units 3- Bedroom Villas
3. Monitored the completion of the construction of the Phase 3 Infrastructure (road, electrical supply of phase 3, sewer & drainage line, water line)
4. Monitored the completion of the construction of the Beach Club Restaurant & Restrooms
5. Monitored the completion of the construction of the Agora Events Center Expansion
6. Monitored the completion of the Casino parking expansion
7. Monitored the completion of the Thunderbird Clubhouse
8. Monitored the completion of the various villas

Development of Off-site Facilities at the Mixed-use Commercial Area

1. Coordination with DPWH for the monitoring and joint implementation of the road for the 3 - hectares mixed-use Commercial Area and Baywalk Area.

IMPLEMENTATION OF CAPEX PROJECT

1. Construction of Baywalk with Events Center

REPAIR AND MAINTENANCE WORKS

1. Implemented the proper maintenance of electrical system, equipment and facilities at the Airport, Administrative Building, CCA Building, Main Gate and Security Building.
2. Completed various repair works for CY 2017 such as the following:
 - Miscellaneous repair/maintenance works at Admin Building –Repainting works at the Executive Offices and on the replaced door jambs.
 - Grasscutting/cleaning/clearing at ICT Area and Accretion area and Baywalk Area.
 - Miscellaneous repair/maintenance works at Baywalk Area and Industrial Area.
 - Miscellaneous repair/maintenance works at the Poro Point Cottages, to include the provision of parking shed and grills and repair of exterior ceiling and walkway roofing at the Poro Point Cottages.
 - Rehabilitation of Airport fence.
 - Replacement of roofing sheets of old Admin. Building.
 - Trimming of trees at San Fernando Airport
 - Grasscutting at San Fernando Airport.
 - Miscellaneous repair/maintenance works at the Security Office / Replacement of roofing sheets
 - Repair of Control Tower roofing.
 - Painting of fascia boards and installation of exterior pin light housing of the Airport Passenger Terminal Building.
 - Grasscutting works at the Baywalk area.

- Provision of roadway markers and directional signages at the Mixed-use Commercial Area and Baywalk Area and repair of Poro Point Baywalk Letter signages.
- Pest control for all BCDA and PPMC structures

OFFICE OF THE BUILDING OFFICIAL

1. Strictly enforced and monitored compliance of locators such as Thunderbird Pilipinas Hotels and Resorts, Inc. (TPHRI), PAIDCO, PPMEC, LEIAAI with the National Building Code and its Implementing Rules and Regulations and related laws, rules and regulations.

LAND AND ASSETS

1. Ongoing processing of the transfer of title of the purchased lot from the heirs of Ana Mayo vda de Flores to the name of BCDA.
2. Conduct of survey for the 3 hectares mixed-use area and Baywalk Commercial Strip
3. Assisted BCDA in the processing of the application for the Special Patent in the name of BCDA for the tourism complex area, VOA area, PAF area and the mixed-use commercial area and DENR already issued the Special Patent in the name of BCDA.
4. Ongoing research on the private lots to be purchased by BCDA/PPMC.
5. Ongoing research on the eight (8) titled lots for reversion of titles.
6. Ongoing processing of the reconstitution of titles.
7. Ongoing research on Civil Case No. 6346 Republic of the Philippines vs heirs of Rafael Galvez, et al.

OTHERS:

1. Physical preparations for the Sillag Poro Point Festival of Lights 2017
 1. Installation of additional lights at the Sillag Area and Baywalk Area
 2. Fabrication of decorations for the Main Gate, PPMC office and Sillag Area and for the floats for the Parade of Lights.
 3. Conducted the On-the Spot Mural Painting Contest last March 4,5,11 and 12, 2017
2. Assisted in the following events at the Poro Point Baywalk:
 1. Lorma Colleges Glow Run and Rave Party
 2. Theta's Gym Zumba Party
 3. Institute of integrated Electrical Engineers of the Philippines (IIEE) Kuryente Run
 4. City Government of San Fernando, La Union Sundown Party
 5. Institute of Integrated Electrical Engineers of the Philippines (IIEE) Fellowship Night
 6. Don Mariano Marcos Memorial State University College of Technology Funwalk
 7. Iglesia ni Cristo Minister's Fun Cycling
 8. La Union Bible Baptist Academy Eat and Run
 9. IVUM Youth Festival
 10. Gumil Taray of Gumil

infrastructure management

legal office

11. Fun jogging and Zumba of Iglesia ni Cristo Ecclesiatical District of La Union
12. Fun cycling & Zumba Activity of Iglesia ni Cristo Local Congregation of San Fernando
13. Fun Run of First Baptist Church
14. Fun Run of DENR
15. Poro MPA Youth Camp 2017 of the Institute of Social Order
16. Family Day and Fun Run of Coca Cola
17. Group exercise of Herbalife
18. Takbo para sa Pagbabago of the La Union Police Provincial Office
19. Fun Run 2017 of the Civil Service Commission Region 1
20. Amazing Race of the City Social Welfare and Development Office
21. Our Purpose of The Church of Jesus Christ of Latter-Day Saints
22. 2017 Consumer Welfare Month Fun Run of the Department of Trade and Industry Region 1
23. 4th Regional Fire Olympics of the DILG-Bureau of Fire Protection Regional Office 1
24. Takbo Para Sa ASEAO of the Philippine Information Agency-La Union Information Center
25. Rockstar Triathlon of the Extribe, Inc
26. Takbo Para kay Bunso of the Regional Juvenile Justice and Welfare Committee 1
27. Jogging and Zumba of the Iglesia ni Cristo, CFO
28. Baguio Mission Sports Activity of the The Church of Jesus Christ of Latter Day Saints
29. Bike for a Cause of the Atrium Travel and Tours
30. Fun Run Campaign of the Lighthouse Baptist Learning Center

San Fernando City Regional Trial Court awarded P1 Million to PPMC in a Collection Suit

The Regional Trial Court, Branch 29 of San Fernando City, La Union, rendered a decision on January 2017 in Civil Case No. 9703 awarding one million pesos in favor of plaintiff Poropoint Management Corporation (PPMC) against defendant Ace Pilot Aviation Incorporated.

The decision stemmed from the collection suit against the defendant filed by PPMC thru its legal counsel Atty. Marlou P. Pacleb in August 2014. The amount sought to be collected represents unpaid accounts from defendant's "take-off and landing" operations utilizing the San Fernando airport from 2007 to 2009. Defendant failed to pay despite several demands. PPMC manages the airport as implementing arm of the Bases Conversion and Development Authority (BCDA) over the Poropoint Special Economic and Freeport Zone.

At mediation proceedings, PPMC was open to amicable settlement but defendant's proposal and offer to pay meager amount to PPMC to drop the case was unreasonable and virtual condonation. During the hearing, the Honorable Court denied the affirmative defense of defendant, represented by Manila based lawyers.

Aside from the principal amount, the Honorable Court held defendant to pay plaintiff interest and litigation expenses. The dispositive portion reads as follows:

"Wherefore, the plaintiff, having established its claim against the defendant by preponderance of evidence, judgment is hereby rendered ordering the defendant to pay to the plaintiff the following amounts:

- a) One million eight thousand eight hundred fifty one pesos and fifty centavos (Php 1,008,851.50) representing actual damages plus legal interest of 6% per annum from March 12, 2012, the date final judgment was made, until the amount is fully paid;
- b) Php 19, 005.00 representing litigation expenses;
- c) The cost of suit."

treasurer's report

PPMC managed a fourth straight year of Net Income in 2017. PPMC's 2017 net income of Php11.53 million is 14% higher than the 2016 net income of Php10.07 million. 2017 net income represents 44% of the accumulated earnings of Php25.78 million. Net income in the last 4 years (2014-2017) of Php38.70 million has significantly turned the Company's accumulated deficit in the past 11 years (2003-2013) amounting to Php60.51 million to a positive balance of Php6.6 million in 2017. As a result, PPMC can now declare and remit dividends for the first time to the National Government in the amount of Php5.76 million.

Among the strategic objectives embodied in the Performance Agreement with the Governance Commission for GOCCs (GCG) is the increased operating profitability which covers 35% of the total deliverables. This is composed of 20% Airport Revenue Collection Efficiency and 15% Actual Zone Revenue. For the year 2017, PPMC achieved a 95.82% Airport Revenue Collection Efficiency rate which is far beyond its target of 85%. Actual zone revenue reached Php101.25 million as compared to the target of Php97.0 million in 2017.

Total revenue from the Zone for 2017 reached Php101.25 million, 16% higher than the 2016 revenues of Php87.12 million. Cumulative revenue from the Zone is now at Php1.01 billion. Zone revenue consists of lease rentals, share in sub-lease, percentage share in the gross gaming revenue, share in real estate projects, airport fees, regulatory fees and miscellaneous income. PPMC remits the Zone revenues in full and booked as income by BCDA except for miscellaneous income.

For the 3rd straight year, the Commission on Audit (COA) has issued an unqualified opinion stating that PPMC's 2017 Financial Statements "presents fairly the financial position of the PPMC as of December 31, 2017, and the results of its operations and cash flows for the year then ended in conformity with Philippine Financial Reporting Standards." Likewise, PPMC has zero audit suspensions, charges and disallowances from the COA for the years 2014 to 2017.

Jeremias A. Singson, Jr.
Treasurer

II. Statement of Financial Position December 31, 2017 and 2016

	2017	2016
Current Assets		
Cash and Cash Equivalents	12,184,157.89	13,953,963.75
Investments in Time Deposits	50,811,153.62	50,701,626.06
Receivables	17,312,016.03	8,556,626.15
Inventories	2,198,480.80	1,326,496.43
Other Assets	2,133,406.44	3,055,687.22
Total Current Assets	84,639,214.78	77,594,399.61
Non-Current Assets		
Investments	15,015,000.00	15,015,000.00
Investment Property	78,027,113.85	71,009,513.00
Property, Plant and Equipment – net	6,101,789.01	8,709,291.84
Intangible Assets	20,475.90	40,797.06
Other Assets	2,267,340.39	2,420,340.05
Total Non-Current Assets	101,431,719.15	97,194,941.95
TOTAL ASSETS	186,070,933.93	174,789,341.56
Current Liabilities		
Financial Liabilities	6,466,735.35	5,279,554.14
Inter-Agency Payables	1,420,924.14	1,547,313.70
Intra-Agency Payables	61,628,628.38	58,318,162.41
Trust Liabilities	1,015,629.62	1,032,962.95
Other Payables	7,354,818.93	7,441,635.94
Total Current Liabilities	77,886,736.42	73,619,629.14
Non-Current Liabilities		
Intra-Agency Payables	18,437,109.76	18,437,109.76
TOTAL LIABILITIES	96,323,846.18	92,056,738.90
Stockholders' Equity	83,143,720.23	83,143,720.23
Retained Earnings	6,603,367.52	(411,117.57)
TOTAL EQUITY	89,747,087.75	82,732,602.66
TOTAL LIABILITIES AND EQUITY	186,070,933.93	174,789,341.56

treasurer's report

CY 2017: Financial Position

As of December 31, 2017, PPMC's total assets stood at Php186.07 million consisting primarily of cash and investments in time deposits amounting to Php62.99 million, investment in joint venture and investment property amounting to Php15 million and Php78.02 million, respectively.

Total liabilities of Php96.32 million consist of long-term liabilities amounting to Php18.43 million and current liabilities of Php77.88 million, of which 63% represents funds released by BCDA for capital projects subject to liquidation by PPMC upon completion of the project.

Total equity grew to Php89.74 million in 2017 from Php82.73 million in 2016, attributable to the net income of Php11.53 million, which came primarily from the savings generated by PPMC from the estate management fee.

III. Statement of Comprehensive Income For the Years Ended December 31, 2017 and 2016

	2017	2016
REVENUES		
Estate management fee	62,789,975.00	61,129,731.00
Miscellaneous	1,850,126.73	1,456,358.74
GROSS INCOME	64,640,101.73	62,586,089.74
OPERATING EXPENSES		
Personal Services	21,822,447.02	20,515,620.64
Maintenance & Other Operating Expenses	29,664,488.11	29,369,501.78
Non-Cash Expenses	1,618,479.51	2,624,131.70
TOTAL EXPENSES	53,105,414.64	52,509,254.12
NET INCOME/ (LOSS)	11,534,687.09	10,076,835.62

CY 2017: Results of Operations

As the Estate Manager of the Poro Point Freeport Zone, PPMC receive from BCDA funds for its annual operating expenses to be recorded as Estate Management Fees. In 2017, the total approved budget of PPMC amounted to Php87.89 million, of which Php63.22 million is for PPMC's operating expenses and Php24.67 is for BCDA's land related cost. The Estate Management fee for 2017 increased by Php1.66 million from Php61.12 million in 2016 to Php62.78 million in 2017.

Miscellaneous income increased by 27% from Php1.45 million in 2016 to Php1.85 million in 2017. Miscellaneous income consists of interest income earned from bank accounts, fees collected from various activities during the Sillag Festival of Lights and income from disposal of unserviceable properties.

Total expenses have a minimal increase of 1% from Php52.50 million in 2016 to Php53.10 million in 2017.

In summary, PPMC earned a net income of Php11.53 million in 2017 from which PPMC will declare and remit for the first time a cash dividend of Php5.76 million to the National Government.

treasurer's report

IV. Statement of Changes in Equity For the Years Ended December 31, 2017 and 2016

	2017	2016
SHARE CAPITAL - P100.00 par value		
Authorized, issued and fully paid - 800,000 shares	68,143,720.23	68,143,720.23
Adjustments/Reclassifications	-	-
Balance at end of year	68,143,720.23	68,143,720.23
OTHER EQUITY INVESTMENTS		
Balance at beginning of year	15,000,000.00	15,000,000.00
Adjustments/Reclassifications	-	-
Balance at end of year	15,000,000.00	15,000,000.00
RETAINED EARNINGS		
Balance at beginning of year	(411,117.57)	(9,447,772.20)
Correction of prior years' errors	(4,520,202.00)	(1,040,180.99)
As restated	(4,931,319.57)	(10,487,953.19)
Net Income (Loss)	11,534,687.09	10,076,835.62
Balance at end of the year	6,603,367.52	(411,117.57)
TOTAL EQUITY	89,747,087.75	82,732,602.66

In 2017, equity of PPMC increased by Php7.01 million, attributable to the following reasons:

- a. Net Income of Php11.53 million
- b. Prior year adjustments amounting to Php4.52 million

V. Statement of Cash Flows For the Years Ended December 31, 2017 and 2016

	2017	2016
Cash Flow from Operating Activities		
Cash Inflow		
Opex Funds received from BCDA	62,789,975.00	60,695,030.00
Collection of Zone revenues in behalf of BCDA	65,398,791.60	63,036,530.17
Collection of Receivables	7,534,260.80	17,342,132.78
Collection of permits at CCA in behalf of BCDA	1,252,374.11	1,306,820.00
Collection of Miscellaneous Income	917,539.11	583,400.00
Total Cash Inflow	137,892,940.62	142,963,912.95
Cash Outflow		
Payment to Employees and Suppliers	(66,400,014.37)	(60,688,124.80)
Remittance of Collections to BCDA	(65,082,342.21)	(64,659,904.88)
Payment of Taxes	(8,781,163.97)	(6,840,406.63)
Reclassification of Time Deposit more than 90 days	-	(50,701,626.06)
Total Cash Outflow	(140,263,520.55)	(182,890,062.37)
Net Cash Provided by (used in) Operating Activities	(2,370,579.93)	(39,926,149.42)
Cash Flow from Investing Activities		
Cash Inflow		
Interest Received	803,994.31	829,493.81
Cash Outflow		
Capital Expenditure projects	(5,466,420.88)	(20,879,047.10)
Total Cash Outflow	(5,466,420.88)	(20,879,047.10)
Net Cash Provided by (used in) Investing Activities	(4,662,426.57)	(20,049,553.29)
Cash Flow from Financing Activities		
Cash Inflow		
Capex funds from BCDA	5,263,200.64	20,918,827.08
Net Cash Provided by (used in) Financing Activities	5,263,200.64	20,918,827.08

treasurer's report

corporate planning

Net Increase in Cash and Cash Equivalents	(1,769,805.86)	(39,056,875.63)
Add: Cash and Cash Equivalents, Beginning	13,953,963.75	53,010,839.38
Cash and Cash Equivalents, Ending	12,184,157.89	13,953,963.75

CY 2017: Cash Flows

Operating

PPMC's operating cash inflow consists primarily of the Estate Management Fee given by BCDA amounting to Php62.78 million. Other operating cash flows consist of the Zone revenues being collected in trust by PPMC for BCDA. Total cash position amounted to Php62.99 million, of which Php50.81 million was placed in short-term time deposits with government banks to maximize interest earnings.

Investing

Cash flows from investing activities resulted in a net cash outflow of Php4.66 million in 2017 from Php20.04 million in 2016. The investment outflow of Php5.46 million was used to fund the baywalk project.

Financing

The net cash inflow of Php5.26 million represents fund released by BCDA to PPMC for its capital requirements.

Corporate Governance

Confirmation Statement

The Poro Point Management Corporation strictly adheres to the principles of good corporate governance. As one of the government - Owned or Controlled Corporations under the oversight of the Governance Commission for Government - Owned or Controlled Corporations (GCG), PPMC its Governing Board and all of its officials and employees fully comply with the Code of Corporate Governance issued by the GCG which was made operational through the PPMC Manual of Corporate Governance.

Conducted the Performance Assessment and Corporate Planning Workshop in Baguio Country Club, Baguio City on January 19 - 21, 2017.



Conducted the Mid - year Performance Assessment and Corporate Planning Workshop in Hotel Luna, Vigan City on June 28 - 30, 2017.



regulatory services

1. ZONE SECURITY AND PUBLIC SAFETY

It is the primary duty and function of the management to secure, protect and preserve the properties of BCDA/PPMC from theft, robbery, arson, other crimes and/or other forms of destruction or damage.

PPMC has maintained providing Security, Support and Health Services in the PPFZ area. Management has significantly maintained peace and order and prevented the intrusion of informal settlers. Our constant coordination with the Philippine National Police, other government line agencies and all the PPFZ Registered Enterprises or Locators to achieve industrial peace, harmony and productivity within the PPFZ has given due consideration to the concept of the Freeport Zone in order to establish a business and commercial atmosphere which encourages investments and simultaneously promotes and enhances the lives and dignity of all workers.

PPMC monitors the increase of tourist arrival inside the PPFZ to promote and invite prospective investors likewise business activities of the two (2) major infrastructures of the zone, the San Fernando International Seaport and San Fernando Airport.

As the estate manager over the freeport zone, PPMC also implements traffic regulations as deputized Land Transportation Office (LTO) officials.

A. MONITORING ACTIVITIES

A. 1 Seaport Monitoring

Development Agenda Indicators	ACCOMPLISHMENT							
	2010	2011	2012	2013	2014	2015	2016	2017
Sea Transportation								
- Number of Shipcalls								
- foreign	55.00	53.00	85.00	95.00	109.00	83.00	109.00	71.00
- domestic	260.00	257.00	241.00	196.00	250.00	144.00	274.00	158.00

Development Agenda Indicators	ACCOMPLISHMENT							
	2010	2011	2012	2013	2014	2015	2016	2017
- Cargo (Metric Tons)								
- inbound								
Fertilizer	235,137.28	55,272.80	58,440.65	38,317.95	16,200.00	32,767.50	28,400.00	35,500.00
Cement	39,600.00	10,000.00					2,000.00	15,500.00
Coal	51,402.74	22,351.18			17,518.00		71,144.13	88,702.93
Gypsum	7,000.00	24,000.00	32,000.00	17,000.00	24,000.00		7,916.71	10,000.00
Fuel (mega barrel)	1,432.00	2,764.00	2,050.00				3,281.41	3,365.71
LPG (mega barrel)							50.40	
Rice	133,461.80						7,000.00	
Silica		71,700.00	8,000.00		64,000.00	7,500.00	31,000.00	57,600.00
Clinker	20,500.00			26,000.00		8,001.44	20,926.71	
Soya Beans				1,724.18				
- outbound								
Fertilizer	154,872.70	16,330.50	1,810.00	4,221.50	4,750.00			
Cement				1,250.00	1,550.00			
Rice	128,335.30		11,881.25					
Aggregates	6,030.80							
Coal	304.00							
Copper Concentrate	59,523.00							
Assorted local good (lot)							1.00	
Round log (pc)							2.00	
- import (metric tons)								
Fertilizer		126,983.69	120,923.63	179,449.68	144,679.02	243,303.37	137,768.56	154,819.17
Cement		533.36					158,878.89	94,759.00
Coal		30,946.53	115,673.89	104,266.46	96,934.86	107,118.37	48,706.00	10,500.00
Gypsum			49,700.00	51,900.00	43,710.00	62,675.00	85,320.96	93,000.00
Rice					143,355.40	196,750.00	14,200.00	53,590.25
Corn				6,100.00				
Carbon			10,803.00					
Silica		8,000.00						
Sodium Sulfate Chloride								4,000.00
Heavy Equipment (unit)				1.00				
Round Logs (pc)							1,748.00	1,036.00
Lumber (bundle)							2,246.00	4,084.00
Vehicles						268.00	680.00	160.00
- export (metric tons)								
Copper Concentrate			37,400.00	75,032.02	93,849.70	111,746.01	83,297.35	85,178.47
Black Sand				15,476.90				
Metal Scrap		851.00						
- transshipment								
Cigarettes (cases)		119,670.00	29,637.00	35,526.00	26,789.00	92,751.00	66,869.00	1,870.00
Wine (boxes)		376.00						

A.2 PPFZ Tourist Arrival

Area/Event	2011	2012	2013	2014	2015	2016	2017
Hotel	18,352	19,890	18,144	18,310	28,342	14,285	60,748
Casino	3,909	4,248	4,704	4,627	295,071	5,055	307,752
Sillag Festival	-	4,000	18,000	30,000	60,000	122,312	131,000
Logos Hope	-	-	102,767	-	70,710	-	-
Fun Run/Walk and Events						1,590	7,753
Grand Total	22,261	28,1938	143,615	52,937	454,123	143,242	507,253

regulatory services

A.3 Summary of Aircraft Flights at the San Fernando Airport

YEAR	TYPE OF AIRCRAFT/ AIRCRAFT ACTIVITY									
	MILITARY		CHARTERED		COMMERCIAL		GENERAL AVIATION		TOUCH & GO	
	Landing	Take-Off	Landing	Take-Off	Landing	Take-Off	Landing	Take-Off	Gen. Aviation	Military
2010	-	-	-	-	73	73	2,430	2,165	1,887	-
2011	99	98	86	85	98	98	2,815	2,807	2,471	151
2012	31	31	98	98	0	0	4,497	4,484	4,161	9
2013	53	50	87	87	0	0	3,966	3,967	4,075	19
2014	31	31	67	67	0	0	7,148	7,142	9,076	5
2015	37	37	46	46	0	0	8,557	8,552	17,737	4
2016	43	41	51	49	0	0	9,348	9,332	17,874	1
2017	127	68	39	39	0	0	11,899	12,047	20,833	45

2. ENTERPRISE REGULATIONS

The Poro Point Management Corporation (PPMC) has established an office to provide service to locators who wish to renew their registration to avail of the tax and duty-free incentives enjoyed inside the Poro Point Freeport Zone and to those business enterprises doing business inside the zone that choose not to avail the same.

To implement BCDA/PPMC regulatory functions over the PPFZ area, the following are activities and services were done in order to promote/help in line with the government's pursuit of socio-economic development in the country:

A. Summary of rendered Frontline Service Accomplishments

SERVICE REALIZATION PROCESS	ACCOMPLISHMENT								
	2010	2011	2012	2013	2014	2015	2016	2017	
Granting of New Certificate of Registration								0 ¹	
Renewal of Existing Certificate of Registration	2	1	1	2	6	8	8	6	
Granting of New Certificate of Accreditation/Permit to Operate	0	1	4	5	24	29	25	16	
Renewal of Existing Certificate of Accreditation/Permit to Operate	0	0	1	2	3	9	20	25	
Issuance of Permit to Bring-In Local Articles	2,430	2,997	2,735	2,485	3,257	2,446	3,569	3,310	
Issuance of Permit to Bring-In Imported Articles	3	0	0	0	5	9	13	11	
Issuance of Permit to Bring-Out Local Articles	0	0	0	0	0	0	0	0	
Issuance of Permit to Bring-Out Imported Articles	0	0	0	0	0	0	1	2	
Issuance of Import Permit	34	7	8	17	54	56	89	25	
Issuance of Gate Pass	84	141	145	126	236	461	1,179	810	

B. Cumulative Investment infused by PPFZ Registered Enterprises/Locators

2010	2011	2012	2013	2014	2015	2016	2017
PHP 1,327,057,581.00	PHP 1,402,587,811.79	PHP 1,458,834,565.59	PHP 1,603,191,190.59	PHP 1,832,619,135.58	PHP 2,018,452,250.00	Php3,434,597,813.20	PHP 4,099,883,484.46

¹TPHRI infused investments were further validated by BCDA, thus values submitted the previous year has been revised.

² Issuance of which was turned over from Business Development Office to Office for Regulatory Services on June 2017.

C. 5% Special Tax on GIE Payments by PPFZ Registered Enterprises to Local & National Government

Freeport Enterprises in the PPFZ are entitled to: (i) the freeport status of the zone; and (ii) the 5% special on Gross Income Earned (GIE), in lieu of national and local taxes as prescribed in the Department of Finance Order No. 3-08 dated February 13, 2008. Thus, PPMC monitors the PPFZ Enterprises compliance with their tax and fiscal obligations with the government.

2010	2011	2012	2013	2014	2015	2016
PHP 2,098,789.95	PHP 6,073,939.00	PHP 7,001,511.02	PHP 7,130,937.92	PHP 19,996,019.94	PHP 24,190,976.38*	PHP 30,247,152.80*

*Submission of which is in compliance to RA 10708 s. 2015 also known as Tax Incentives Management and Transparency Act

Component	Baseline	Target	1 st Quarter Actual	2 nd Quarter Actual	3 rd Quarter Actual	4 th Quarter Actual
Objective/Measure	2016	2017	2017	2017	2017	2017
SO9 Automate Key Processes			16 applications	7 applications	10 applications	8 applications
SM10 Creation of IT-Based system for key processes	Not applicable	The automation system is established and in place	Coordinated with Value Added Service Provider	Coordinated with Value Added Service Provider	Conducted training with a Value Added Service Provider. BOD approved the Terms of Reference for Value Added Service Provider Consultancy Engagement.	PPMC BAC conducted Small Value Procurement for Value Added Service Provider Consultancy Engagement.

PPMC requires PPFZ Locators and PPFZ Accredited Enterprises to secure the necessary permits for any article, substance, merchandise, transaction, activity, or operation in the PPFZ. The Office for Regulatory Services (ORS) issues Certificate of Registration to Registered Enterprises or locators who avail of the tax and duty free incentives and Certificate of Accreditation to Accredited Enterprises or business entities which transact business inside the zone but are located outside the zone, within thirty (30) calendar days from submission of Enterprises completed application and all required supporting documents in accordance with the governing rules and regulations inside Poro Point Freeport Zone and Customs Administrative Order No. 3 - 2001. To streamline the services offered by PPMC to stakeholders, in 2016 the Performance Agreement of PPMC with GCG has simplified the turn-around processing time to be able to fast track issuance to certificates and permits applied by PPFZ Enterprises reduced from 30 calendar days to three (3) work days for Renewal of Existing Certificate of Registration (CoR) and one (1) work day for Granting of New and Renewal of Existing Certificate of Accreditation (CA) or Permit to Operate (PTO). For CY 2017, the CoR processing was further reduced to 2.5 days and the CA or PTO into 4 hours.

regulatory services

3. Environmental Management and Health Services

It is the policy of the PPMC to promote the health and well-being of its stakeholders, thus, PPMC adopted and implemented measures and standards on environmental pollution control of all areas with its territory and enforced the same. For this purpose, the PPMC shall create an Ecology Center as prescribed by the rules and regulations governing the Poro Point Freeport Zone.

In 2013, PPMC established the Environmental Management & Health Services under the Office for Regulatory Services.

The Environmental Management and Health Services (Environment and Safety Officer/Nurse) is responsible to implement PPMC Annual Health, Occupational Safety, Physical Fitness and Mental Health Program in compliance to rule 1960, Section 1966 of the Amended Occupational Safety and Health Standards of the Department of Labor and Employment (DOLE).

Highlights are as follows:

1. Assisted in various Fun Run/Walk and activities inside the zone – KuryentIEE run, Lorma Glow Run/ Rave party, Iglesia ni Cristo Fun Cycling Activity, IVUM event, Gumil La Union Fun Run, First Baptist Fun Run, Regional Fire Olympics, Mormons Sports Olympics, Triathlon at Thunderbird, Parokya ni Edgar Concert at Thunderbird, Philippine Baguio Mission Sports Activity, Padyak Atrium 2017 “Bike for a Cause”, and BHC Fun Run.
2. Regular Monitoring of Vital Signs of all employees.
3. PPMC Medical Report for CY 2016 was submitted to Department of Labor and Employment (DOLE).
4. PPMC Annual Medical and Physical examination were conducted which included blood tests, CBC, Xray, Drug test, Psychological test and physical exam.
5. Coordination with various health care facilities and medical specialists was also done to cater employee’s medical needs.
6. Participated in International Coastal Clean-up participated by government and private line agencies through PPMC CSR Program.

7. Coordinated and implemented the Emergency Medical Services with the government and private line agencies during Sillag Poro Point Festival of Lights.
8. Implemented our fitness program ZUMBA by the BAY held at Poro Point Bay Walk which was participated by PPMC employees and visitors at baywalk area.
9. PPMC employees participated during the Friendship cup Basketball Tournament.
10. Attended Safety meetings held at San Fernando Airport and participated during Earthquake drills as scheduled by the Office for Civil Defense.
11. Assisted Enterprise Regulations in processing permit applications and inspection of articles.

business development

Business Development Efforts inside the Poro Point Freeport Zone

1. Further Development of Tourism Complex

In 2017, the landscape at the Tourism Complex was further enhanced by new developments. PPMC through its locator, Thunderbird Pilipinas Hotels and Resorts, Inc. (TPHRI), continues to develop the tourism facilities at the PPFZ.

TPHRI constructed additional 47 Santorini Villas which are now being operated as additional lodging units. Further, the expansion of TPHRI's gaming facility was completed and its grand opening was held on February 18, 2017. TPHRI likewise completed the expansion of the Agora Events Center adding 1,000 square meters event floor from the existing 500 square meters which can now accommodate up to 1,000 people.

TPHRI also completed its Ibiza-inspired beach club with infinity pool, a restaurant and a deck, called the Fira Beach Club, while the existing outdoor infinity pool was likewise expanded from 400 square meters to 1,000 square meters.

As a new attraction to Thunderbird Resorts, TPHRI also started the construction of the 3-hectare Recreational Park. The park's clubhouse with gym and lap pool has been completed while the construction of the matisse maze gardens and outdoor sports activities, fountains and chapel are already underway.

Moreover, the development of ten (10) Presidential Suites at the amphitheater area is likewise in progress and is 90% completed as of December 31, 2017.



New Santorini Villas



FIRA Brach Club with its Infinity Pool



2. Poro Point Lighthouse

PPMC continues its steadfast efforts in promoting the Poro Point Lighthouse for tourism development. Early this year, the disposition of the lighthouse through long-term lease and development was conducted but was put on hold due to recent developments and plans for the Zone. Efforts were geared towards promoting and showcasing the area as a tourist destination.



3. Poro Point Baywalk with Events Center

With its scenic view and available facilities, the baywalk is now fast becoming a popular location for events and other activities. The baywalk hosted several fun runs, team building activities, zumba sessions, sportsfest, youth camp and festivals organized by various agencies, both government and private, and civil society groups. A total of thirty-three (33) events were held at the baywalk while approximately thirty (30) groups of guests, visitors and prospective locators visited the baywalk and the whole Zone for 2017.



Department of Trade and Industry Region I Consumer Fun Run



LORMA Glow Run



Philippine Information Agency Region I Takbo para sa ASEAN



City of San Fernando Sundown Festival



Rockstar 113 Triathlon

business development

The Poropoint Baywalk also has a Commercial Area consisting of forty-four (44) cut-lots which can be leased by tourism and commercial-related enterprises and which form part of the development of the mixed-use commercial area inside the Zone. This year, PPMC welcomed its first locator at the baywalk, Adeline's House of Food & Beverages and Atrium Travel & Tours. Adeline's House of Food & Beverages and Atrium Travel & Tours is the anchor tenant to establish the first restaurant, convenience store and travel and tours office in the area.

Before the year ended, another enterprise, Lemon Hub, also signified its intent to locate at the baywalk and reserved a lot for the establishment of a Food Park.



First Baywalk Locator Adeline's House of Food and Beverage and Atrium Travel and Tours

4. San Fernando Airport

The airport remains as the leading choice of aviation schools for their cross-country training, with seventeen (17) aviation schools using the San Fernando Airport.

In 2017, PPMC entered into Contract of Lease with JS Union Oils and Trading, Inc. for the lease of a 200 square meters area to establish an Into-Plane Fuel Service at the San Fernando Airport. The Into-Plane Fuel Service is a welcome development at the San Fernando Airport as it aims to improve fuel handling and storage inside the airport.

This year, PPMC received an application from Alpha Aviation Group Philippines, Inc. for the lease of an area at the San Fernando Airport for establishment of an aviation school, hangar and other related aviation facilities. The evaluation of the proposal is ongoing and is expected to be finalized, approved and endorsed to BCDA for final approval by first quarter of 2018.

For the year 2017, efforts were also pursued towards establishing commercial and chartered flights. Leading Edge Air Services Corporation, sister company of Leading Edge International Aviation Academy, Inc., signified its intention to establish chartered flights at the San Fernando Airport. Various consultation and coordination meetings were held together with travel and tours agencies and operators in City of San Fernando, La Union for possible regular chartered flights including tour packages. Initial coordination was also made with Air Juan Corporation regarding the possibility of establishing commercial flights as well as with Camaya Coast regarding the possibility of establishing flights using seaplane aircrafts.

5. Marketing and Promotion

PPMC continuously intensified its marketing and promotional efforts through its participation in various events, tourism and trade activities, investment forums, conferences, expo and exhibits. PPMC participated in the following events:

- Philippine Economic Zone Authority (PEZA) Luzon Ecozone Summit
- Infrastructure Congress and Expo Philippines (ICEP)
- 11th People Management Association of the Philippines (PMAP) Luzon Summit
- Kabisig Philippine Government Expo and Trade Fair 2017
- NLEX "Tara na sa Norte" Tourism and Travel Fair
- North Philippines Travel and Tourism Expo 2017
- Clark International Airport Corporation (CIAC) North Luzon Roadshow
- DOT Region I Annual Tourism Convention
- ASEAN Business and Investment Summit



(ICEP) Infrastructure Congress and Expo Philippines

Kabisig Government Expo



North Philippine Expo

PEZA Luzon Ecozone Summit

Tara na sa Norte Tourism and Travel Fair

business development

Furthermore, PPMC supported and participated in the following activities as a way of strengthening its linkages with public and private sector and civil society organizations:

- Philippine Investment Promotion Plan (PIPP) TWG Meetings and Strategic Planning
- North Philippines Visitor's Bureau and La Union Conventions and Visitors Bureau Planning Session
- City Government of San Fernando, La Union 1st Negosyo Expo
- 2nd ICT Summit of the City of San Fernando, La Union ICT Council and ICT Council Meetings
- La Union Hotels, Resorts and Restaurant Association (LUHRRA) Induction Program and General Membership Meeting
- Regional Development Council I State of the Region's Development Conference and Council Meetings
- Association of Tour Guides of La Union Meetings
- Association of Tourism Industry and Networks Meetings

This year, PPMC also participated and supported the Marketing Workshop conducted by BCDA. The workshop was implemented by BCDA for its subsidiaries to help the Marketing, Communications, Public Relations and Business Development units of each subsidiary identify its positioning and therefore develop a more targeted strategy in marketing and promoting its respective zone. The informative one-day workshop was facilitated by Ms. Matec Villanueva, an advertising veteran and the woman behind the advertising campaigns of several local brands in the country.



Marketing Workshop conducted by BCDA



First San Fernando Negosyo Expo

Philippine Investment Promotion Plan (PIPP) Strategic Planning

State of the Region Development Conference

A site inspection of the Zone was also conducted by the Department of Tourism (DOT) Market Development Group together with DOT Region I and Vietnam cruise organizers and travel agents for familiarization with various sea ports and shore excursion destinations. Similarly, PPMC also assisted and provided tours to various visitors and guests of the Zone.



Sillag Poro Point Festival of Lights

PPMC staged the sixth (6th) year of SILLAG Poro Point Festival of Lights on April 7, 8 & 9, 2017. For the past six (6) years, PPMC has seen the increase in number of local and foreign tourists who flocked to the Zone during SILLAG Festival from 4,000 in 2012; 18,000 in 2013; 29,000 in 2014; 60,000 in 2015; 120,000 in 2016 to 131,000 in 2017. Over the years, the SILLAG Festival has been a significant tool in promoting not only the PPFZ but also the City of San Fernando and the rest of the Province of La Union.



airport management

A. AIRCRAFT TRAFFIC AND PASSENGER MOVEMENT

General Aviation Traffic 2017 is 45,751. Passenger Traffic 2017 is 132,268.

AIRPORT TRAFFIC 2017
JAN - DEC

SUMMARY

MONTH	TOTAL AIRCRAFT TRAFFIC									OVER ALL TRAFFIC	TOTAL PASSENGER						
	LANDING			TAKE OFF			TOUCH & GO				ARRIVAL			DEPARTURE			OVER ALL PAX
	AS	M	CF	AS	M	CF	AS	M	CF		AS	M	CF	AS	M	CF	
JAN	910	1	1	902	1	1	1943	0	0	3759	5613	5	6	5614	5	6	11249
FEB	908	6	4	910	6	4	1837	0	0	3675	5413	3	4	5458	3	40	11011
MAR	1094	6	2	1132	6	2	2632	0	0	4982	7351	14	7	7443	14	7	15110
APR	709	1	8	710	1	8	1124	5	0	2631	3762	2	3	3754	2	37	7630
MAY	998	5	1	994	5	11	2553	0	0	4577	7017	4	4	6861	2	44	14256
JUN	859	1	7	861	1	7	1416	0	0	3152	4517	1	3	4545	1	38	9158
JUL	955	4	0	975	4	0	2318	0	0	4256	6560	2	0	6544	2	0	13146
AUG	1053	0	5	1055	0	5	1407	0	0	3525	4913	0	1	4965	0	15	9908
SEP	1119	2	4	1130	2	4	1763	0	0	4024	5508	3	1	5700	3	12	11292
OCT	1446	5	2	1453	6	2	1901	8	0	4823	6631	2	8	6618	1	8	13309
NOV	1275	4	5	1200	4	5	1160	0	0	3653	4710	3	1	4606	3	16	9412
DEC	794	1	2	842	1	2	1052	0	0	2694	3385	3	5	3386	3	5	6787
TOTAL	12,120	99	51	12,164	100	51	21,106	60	0	45,751	65,390	365	228	65,494	563	228	132,268

LEGEND: AS – AVIATION SCHOOL M – MILITARY CF – CHARTERED FLIGHT

B. 4th Chartered Flight of Air Philippines(PAL Express) on February 10, 2017 with a Bombardier Q400 type of aircraft with 33 Passengers.



C. AVIATION SCHOOLS

17 Aviation Schools regularly visit the San Fernando Airport for their cross-country trainings.

- | | |
|------------------------------------------------------|--------------------------------------------------|
| 1. LEADING EDGE INTERNATIONAL AVIATION ACADEMY, INC. | 10. MASTERS FLYING SCHOOL, INC. |
| 2. OMNI AVIATION CORPORATION | 11. AVIAIR AVIATION SCHOOL |
| 3. PHILIPPINE AIRLINES AVIATION SCHOOL | 12. FLITELINE AVIATION SCHOOL, INC. |
| 4. ALPHA AVIATION GROUP(PHILS.) INC. | 13. STRIKEWING AVIATION TRAINING CENTER, INC. |
| 5. WORLD CITY COLLEGE(WCC) AVIATION CO. | 14. ASIAN INSTITUTE OF AVIATION |
| 6. FASTLINK AVIATION TRAINING CENTER | 15. AERO EQUIPT |
| 7. DELTA INTERNATIONAL AVIATION ACADEMY | 16. UNIVERSITY OF PERPETUAL HELP AVIATION SCHOOL |
| 8. FLIGHT AND SIMULATOR TRAINING, INC. | 17. ONE HORIZON SCHOOL OF AVIATION |
| 9. ALL ASIA AVIATION ACADEMY | |

D. CHARTERED FLIGHTS

23 Chartered Flights utilized the San Fernando Airport.

- | | |
|-------------------------------------------------|-------------------------------------|
| 1. LION AIR | 13. PACIFIC GLOBAL(PLDT) |
| 2. NATIONAL GRID CORPORATION OF THE PHILIPPINES | 14. CHALLENGER AERO |
| 3. ROYAL STAR AVIATION | 15. ALPHA LAND |
| 4. STA. LUCIA REALTY | 16. LEPANTO CONSOLIDATED MINING CO. |
| 5. PUREGOLD | 17. MACROASIA |
| 6. LAUS GROUP OF COMPANIES | 18. PHILJETS |
| 7. NORTH SOUTH AIRLINE | 19. SAPHIRE |
| 8. INAEC AVIATION CORPORATION | 20. SIMIRARA MINING CORPORATION |
| 9. LR SKY | 21. TECHNOAIR CORPORATION |
| 10. UNILAB | 22. UNITED LABORATORIES, INC. |
| 11. AIRJUAN | 23. ENERGY DEVELOPMENT CORPORATION |
| 12. PAL EXPRESS | |

airport management

E. MILITARY FLIGHTS

Philippine Air Force and Philippine Navy utilized the San Fernando Airport.



F. LOCATOR AT SAN FERNANDO AIRPORT

F.1 Aircraft Maintenance Technician(AMT) School. AMT-LEIAAI 3RD BATCH GRADUATION AT PRE-DEPARTURE AREA Dated April 11, 2017.



F. 2 Blessing Ceremony of the new LEIAAI Hangar II

G. Inspection of LEIAA Hangar Fire Hydrant, Fire Exits and other requirements of R. A. 9514 dated September 25, 2017.



H. AIRCRAFT RESCUE AND FIRE FIGHTING

The Aircraft Rescue and Fire Fighting (ARFF) Team provided services during the following Significant Events and Activities:

- Stand by alert during the “Sun Down” Festival at Bay Walk.
- Monitoring and supervising runway painters at night time.
- Monitoring and supervising of Dump Trucks hauling mounds of soil at both sides of the runway.
- Watering of plants at Bay Walk by Fire Truck in preparation for “Sillag Festival” 2017.
- Stand by alert during the celebration of “Sillag Festival 2017”.
- Conducted surprise Crash Drill.
- Participated in the annual competition and celebration of BFP Fire Prevention Month and Fire Olympics.

The ARFF Team responded to the following:

- Aircraft accident on-airport dated January 13, 2017.
- Grass Fire at west side of runway dated January 18, 2017.
- Grass Fire at north west side of taxi-way dated February 14, 2017.
- Grass Fire at north west side of runway dated February 23, 2017.
- Intercepted a PWD minor woman loitering at the runway during airport operations.
- Structural Fire at Barangay San Vicente, San Fernando, City La Union dated June 11, 2017.
- Stand by alert during typhoon dated July 27 to 29, 2017.
- Aircraft removal from the active runway to apron due to its brake deficiency.

internal audit and control

Employee's List

Poro Point Management Corporation (PPMC) has an independent Internal Audit Office with direct access to the Board Audit & Risk Oversight Committee.

The Internal audit function operates in accordance with a charter approved by the Audit and Risk Oversight Committee. The charter guided by the Philippine Government Internal Audit Manual formally defines the purpose, authority and responsibility of the internal audit function.

In 2017, the Internal Auditor submitted Reports on the Post Audit of Financial Records where recommendations for improvement on processes were rendered. Follow-up Report on Audit Recommendations was also submitted wherein three (3) of the four (4) internal audit recommendations were fully implemented and one (1) partially implemented. The Report on Management's Implementation of Approved Board Resolutions resulted to one hundred twenty-six (126) board resolutions accomplished by Management, two (2) resolutions ongoing and three (3) resolutions were deferred. The Audit & Risk Oversight Committee reviewed and approved the said audit reports and rendered recommendations to improve and establish sound controls in the operations of PPMC. Moreover, PPMC's financial control ensures that financial records are reliable. This was validated by the unqualified opinion of the Commission on Audit on the Financial Statements of PPMC as of December 31, 2017.

Risk Management System

The Risk Management System of PPMC is embodied in its Risk Management Procedure which is incorporated in the PPMC's Manual of Mandatory Procedures. The risk management procedure is continuous and supported by well-defined processes and guidelines that contributes greater insights into risks as well as their potential impact.

To further improve the internal processes as well as services to its stakeholders, PPMC underwent the Gap Assessment Audit by TUV Rheinland Philippines, Inc. last December 28, 2017 in preparation for its migration from ISO 9001:2008 to ISO 9001:2015. The Risk Management Procedure was one of the requirements of said assessment. PPMC updated the Risk Management Framework approved by the Board to comply with the requirements of ISO 9001:2015.

PPMC applies a practical and systematic methodology to identify, analyze, assess, treat and monitor all known risks that might affect its operation. To ensure that risks are properly identified, accurately assessed and well monitored, the PPMC Risk Register was developed.

The Risk Register of PPMC was developed through a series of discussions and meetings of the different offices. It contains various risk factors of the corporation, the severity of the risk impact, the frequency of its occurrence, the strategy and timeline to manage the risk and the responsible office tasked to implement the risk management and strategies to mitigate the risks.

Effective risk management plays a crucial role in any corporation's pursuit of financial stability and superior performance. The adoption of a risk management procedure that embeds best practices into the corporation's risk culture can be the foundation of its strong future.

Statement

Statement Confirming Adequacy of Internal Controls

The PPMC Board Audit Committee (BdAC) reviewed the findings, observations and recommendations of the Internal Audit Department for Calendar Year 2017 and found these adequate.

Mr. Michael C. Fermin

Chairperson, Board Audit Committee

OFFICE OF THE PRESIDENT & CEO

Atty. Felix S. Racadio

President & CEO

Lastina L. Baguya

Community Development Officer

Arlyn P. Tan

Corporate Planning Officer

OFFICE OF THE LEGAL COUNSEL

Pacleb, Marlou P.

Legal Counsel

OFFICE FOR REGULATORY SERVICES

Caringal, Joel G.

Vice President for Regulatory Services

Mary Jane B. Carlos

Enterprise Regulations Officer

Bautista, Jaime Joseph E.

Enterprise Regulations Assistant

Gatchalian, Harry J.

Environment and Safety Officer

Joanne P. Macagba

Nurse

Membrere, Lilito J.

Senior Security Officer

Hullana, Ronel P.

Security Officer

Panit, Florante

Security Officer

Deluyas, John Roel

Security Officer

Peralta, Geyron

Security Officer

OFFICE FOR AIRPORT MANAGEMENT

Josefa Catherine T. Bada

Vice President for Airport Management

Mendoza, Mennen C.

Terminal Operations Officer

Pacio, Allan L.

Ground Handling Officer

Opido, Roberto

Ramp Marshal

Villanueva, Edwin O.

Ramp Marshal

Hidalgo, Anthony C.

Crew Chief

Petran, Rogelio E.

Firetruck Operator/ Firefighter

Dulay, Ernie B.

Firefighter

Cariño, Rolando T.

Firefighter

Flores, Nelson M.

Firefighter

Mabutas, Greg I.

Firefighter

Tagalog, Michael H.

OFFICE FOR INFRASTRUCTURE MANAGEMENT

Cerila A. Corpuz

Vice President for Infrastructure Management

Aquino, Marc Lawrence P.

Construction & Maintenance Officer

Buccat, Saturnino L., Jr.

Land & Assets Development Officer

Difuntorum, Rene J.

Land & Assets Development Assistant

Balangue, Epifanio C.

Electro-Mechanical Officer

Marquez, Antonio D.

Electro-Mechanical Technician

Pacio, Edgardo P.

Electro-Mechanical Technician

OFFICE FOR BUSINESS DEVELOPMENT

Eliza M. Maconocido

Business Development Manager

George Victor Pasig S.

Business Development Officer

OFFICE FOR HUMAN RESOURCES AND ADMINISTRATION

Maria Victoria Redempta DG Soriano

Vice President for HR and Administration

Karie B. Gongora

Administrative Officer

Charlotte C. Bandolin

HR Officer

Michelle A. Subala

HR Assistant

Escalona, Carlo S.

Procurement Officer

Galvez, Joselito V.

Procurement Assistant

Valencia, Jay-R Heinrick A.

Property Assistant

Balagot, Iñigo T.

IT Officer

Valido, Jovito A.

Driver/Mechanic

Sarmiento, Danilo G.

Driver/Messenger

Ronquillo, Noel Y.

Driver/Messenger

Alviar, Mark Francis

Driver/Messenger

Norie V. Dequito

Cottage Attendant

Leonida G. Garcia

Cottage Attendant

OFFICE FOR FINANCE

Lenima B. Judan

Finance Manager

Anne Jubilee G. Malingan

Accountant

Abigail Q. Peralta

Budget Officer

Villareal, Franklin C.

Cashier

Runas, Rogelio, Jr.

Finance Analyst

OFFICE OF THE INTERNAL AUDITOR

Rubilyn P. Cabiles

Internal Auditor

BOARD SECRETARIAT

Felynel L. Mariano

Board Secretary