

PORO POINT
MANAGEMENT CORPORATION
A Member of The BCDA Group



ANNUAL REPORT 2014



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Annual Report 2014

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MESSAGE FROM THE PRESIDENT

BENIGNO S. AQUINO III

Our journey on the straight path has resulted in rapid, inclusive, and sustained economic growth that has bolstered local and international confidence in the Philippine market and created more jobs for our citizens.

We in government are proud to have the Poro Point Management Corporation as a partner in this endeavor. Your duty, as the implementing and operating arm of the Bases Conversion and Development Authority over the Poro Point Freeport Zone, has brought vibrancy to your locality.

I commend your continuing drive to develop Poro Point into a premiere business and leisure destination; projects such as the completion of the new Master Development Plan for 146 hectares of the PPFZ, as well as the construction of the baywalk that faces San Fernando Bay, make the area attractive and convenient for commerce and tourism.

I urge you to keep working with the administration, exploring and creating more opportunities for investment in our nation, and bequeathing to our people a dynamic society that leaves no one behind.

I look forward to your accomplishments this year.


BENIGNO S. AQUINO III
President
Republic of the Philippines



The year 2014 is very important in the history of the Poro Point Freeport Zone (PPFZ) as it highlights the unveiling of a new Master Development Plan (MDP) that is envisioned to strengthen the position of the zone as a prime mover of growth in the region—with its world-class tourism facilities and strategic infrastructure support.

Through the steadfast partnership of the Poro Point Management Corporation (PPMC) with the Bases Conversion and Development Authority (BCDA), clear goals were defined paving the way for the expansion of prime areas for investment. This move strengthened further the competitiveness and attractiveness of the zone enabling development partners to come in.

The PPMC has been a reliable member of the BCDA Group—being one of the potent forces in bringing about development not only in the region where they operate, but also in national development. The committed leadership of PPMC has enabled the organization to draw

up further the competitive edge of the region in terms of tourism and investment generation.

In 2014, upon completion of the new MDP, the PPMC pursued initiatives that are aligned with the plan starting off with the aggressive promotion of the zone as an investment destination and a prime location for commercial and tourism development.

Among the new things to look forward to is the launch of the Poro Point Baywalk Events Center—a project that is envisioned to bring together businesses and tourists all over the world. Noting its proximity to vital infrastructure such as the San Fernando Seaport, the Clark International Airport, and the Subic-Clark-Tarlac Expressway, this development will allow for business activities to rise in the area yielding significant employment opportunities for the people. And, this promise of employment is further echoed within the Poro Point's Information Technology-Business Process Outsourcing area. For 2014, two major locators formalized their desire to build their businesses within the PPFZ IT area.

Also, I am grateful to our diligent colleagues from PPMC for the successful hosting of the 3rd Sillag Poro Point Festival of Lights. The PPMC together with its invaluable partners from the local government of La Union and the private sector, successfully boosted Philippine tourism through Sillag which drew in over 29,000 tourists to Poro Point. The creation of a new Filipino tradition is far from easy but with the kind of dedication poured in for Sillag, it is certainly bound to become another known Filipino tradition with world-class proportions. No doubt that the remarkable growth in tourist arrivals in the area can be attributed to this event, not to mention the presence of five-star accommodations provided by major zone locator, Thunderbird Resorts.

I am also appreciative of the efforts made to strengthen further the strategic position of the zone in the country's tourism industry. PPMC sought to promote the zone as a place of historic significance by forging partnerships that will help realize the convergence of tourism-related facilities at the Poro Point Lighthouse area. With much optimism, I believe that the area will soon take off as another business hub that will showcase retail shopping centers, restaurants and a convention center.

Ultimately, the presence of infrastructure support such as the San Fernando Airport and Seaport makes PPFZ



not only an ideal tourist and business destination in North Luzon but also as a springboard for Southeast Asian Markets. PPMC fully embraced this advantage and carried on with its earnest efforts to upgrade the San Fernando Airport for year 2014. The years ahead will see us work together towards the privatization of the airport that will enable it to accommodate international flights.

Indeed, the able stewardship of the PPMC has been a source of pride for us—noting how they, as one family, sought to institutionalize good governance in response to quality management system standards set for government service. With this, we are confident that we are on our way to achieving the vision of making the zone self-sustaining, dependable and environmentally-sound for generations to come.

Congratulations to the PPMC family for another successful year. Kaya Natin!

ARNEL PACIANO D. CASANOVA, ESQ.



PPMC
Poro Point Management Corporation

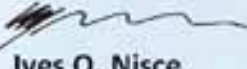


Republic of the Philippines
Office of the President



JOINT MESSAGE FROM THE CHAIRMAN AND PRESIDENT




Ives Q. Nisce
Chairman, Board of Directors

2014 has been a favorable year for the Poro Point Management Corporation (PPMC). PPMC achieved its performance targets as embodied in a Performance Agreement with the Governance Commission on Government-Owned and Controlled Corporations (GCG) and Bases Conversion and Development Authority.

Constantly keeping in mind the mission and vision in every endeavor and with the concerted efforts of the men and women of PPMC guided with our passion for excellence, PPMC continuously pursued significant undertakings in 2014 that boost investment and tourism development.

This year has been a very productive year. Revenues generated inside the Poro Point Freeport Zone (PPFZ) for CY 2014 reached PhP 74,169,783.97 compared to the PhP 68,883,740.00 in CY 2013. The 7.67% increase over revenues generated in 2013 came from lease rentals, airport fees and charges, registration and permits and gross revenue share from the casino operation. Actual cumulative investment reached PhP 1,676,170,647.61 for CY 2014, a 5.24% increase from 2013 which is PhP 1,592,710,817.90

PPMC has also been an avenue for job generation, creating seven thousand six hundred fifty two (7,652) job opportunities within CY 2014 including six thousand eighty four (6,084) estimated job opportunities from Poro Integrated Port Services, Inc. for Arraste and Stevedoring Services at the San Fernando International Seaport.

A vital player in the tourism industry for attracting guests totaling fifty one thousand nine hundred thirty seven (51,937). Twenty nine thousand (29,000) were attendees during the Sillag Poro Point Festival of Lights while twenty two thousand and nine hundred thirty seven (22,937) were guests at Thunderbird Resorts.

The PPFZ is now home to fourteen (14) locators. PPMC registered two (2) new locators this year. PPMC entered into a Contract of Lease with Poro Point Marine Enterprises Corporation (PPMEC), a company engaged in the business of designing, manufacturing, installing, importing, and marketing of marine products including fiberglass ocean-going vessels of less than 24 meters in length; fiberglass and plastic floating ducks, mini barges and floating entertainment centers and with QB Systems Asia, Inc. for the lease of an area for its general construction and development, design, assemble and install quick-build assemblies business. Another significant achievement is the registration of two (2) locators involved in IT-BPO Industry. PPMC entered into a Contract of Lease with ZOOP 3S covering an area of one thousand seven hundred seventy one (1,771) square meters. ZOOP 3S is a branch of ZOOP PTE LTD, a foreign company organized and existing under the laws of Singapore and was duly licensed by the Securities and Exchange Commission (SEC) to engage in software development, system integration and business process outsourcing. Some of its existing clients include Volkswagen, Schneider Electric and Sumitomo.

In pursuit of strategies to strengthen the position of the PPFZ in the tourism industry, PPMC started the development of the Poro Point Lighthouse with the signing of a Memorandum of Agreement (MOA) with the Philippine Coast Guard (PCG) for its "adopt-A-lighthouse Program". On September 16, 2014, the Implementing Agreement was signed by and between PPMC and PCG providing the detailed implementation of the MOA including the provision for the construction, operation and maintenance of tourism-related facilities and amenities in the Poro Point lighthouse and its reservation. With the finalization and completion of the Agreements with PCG, the disposition for the Long-Term Lease and Development of the Poro Point Lighthouse has started and is well under way.



CEO OF PORO POINT MANAGEMENT CORPORATION

To ensure that basic services are accorded to the PPFZ locators, PPMC supervised the processing and issuance of application for all transactions at the Customs Clearance Area (CCA) within the prescribed number of days, thus, resulting to 100% collection efficiency of regulatory fees. In 2014, the San Fernando Airport continued to be the leading choice of aviation schools for their cross county training. The San Fernando Airport hosted seventeen (17) CAAP Recertified Pilot schools of the Philippines. Aircraft movement at the San Fernando Airport for the CY 2014 surpassed the aircraft movement for the year 2013. Flights generated from combined general aviation and military has reached 23,360 which is 69% or 9,575 more than the aircraft movement for the CY 2013.

Contributory to the growth of the San Fernando Airport is likewise the success in the operation of the Leading Edge Aviation Academy, Inc. (LEIAAI) in its flight training at the said place. LEIAAI had expanded its operation and introduced the Aircraft Maintenance Technician Training Course to cater to Northern Luzon students. Last June 16, 2014, LEIAAI opened its first batch with twenty seven (27) students while the second batch was launched on October 2014 with twenty one (21) students. LEIAAI is targeting a total of 100 students for the next two (2) years. And before the year ended, LEIAAI also expanded its leased area, entering into another

Contract of Lease with PPMC covering an area of 1,000 square meters for the expansion of its hangar.

On the further development of the San Fernando Airport, BCDA is still keen on the privatization of the San Fernando Airport and approved the Contract Variation Order for the Visual Flight Rules (VFR) Operations Study for the San Fernando Airport through the NEDA PPP Center.

The off-site and on-site infrastructure development enhanced the zone's competitiveness with the completion of the three (3) road projects amounting to PhP 75,952,518.90 and was undertaken by the Department of Public Works and Highways (DPWH).

Another on-site development is the completion of the Lighting Project at the 50-hectare soon to be developed area (Industrial Area) and along the road leading to the Poro Point Lighthouse.

PPMC continuously intensified its marketing and promotional efforts with activities such as the Sillag Festival, Poro Point Adventure Expo and Miss Aviation Philippines Pageant.

Consistent with its mandate to deliver quality service, PPMC received its ISO Certification for its Quality Management System. PPMC passed the Stage 1 and Stage 2 of the Third Party Certification Audit conducted by TUV Rheinland Philippines, Inc. The scope of the certification is the management and administration of the PPFZ.

PPMC had been in one with the society in securing health and wellness, as showcased in the Corporate Social Responsibility Program. Our constant partnership with other civic action groups in sponsoring Medical, Dental and Optical Mission in different remote barangays and schools in the province and adjacent provinces as well.

For the years to come, we look forward with brighter optimism and greater fervor in moving towards the realization of its vision of making the Poro Point Freeport Zone (PPFZ) an international gateway for trade, business and tourism.



Florante S. Gerdan
President and CEO



BOARD OF DIRECTORS



Hon. Ives Q. Nisce
Chairman



Hon. Florante S. Gerdan
President & CEO / Director



Hon. Nicolas R. Tabora
Treasurer



Hon. Jorge L. Banal
Director



Hon. Elmer NA. Cadano
Director



Hon. Louis Funay-ay Claver, Jr.
Director



Hon. Celia V. Guzman
Director



Hon. Manolito S. Hidalgo
Director



Hon. Vladimir S. Rodriguez
Director



Hon. Mitchel I. Verzosa
Director



Atty. Howard Randy Arzadon
Corporate Secretary



BOARD OF DIRECTORS



HUMAN RESOURCES AND ADMINISTRATION

COMPLIANCE WITH GOOD GOVERNANCE CONDITIONS

As a strong index and concrete manifestation of PPMC's sustained commitment to good governance, it has consistently complied with good governance conditions required of all government agencies and government owned and controlled corporations ensuring transparency, accountability and integrity in all aspects of its operations.

Pursuant to Section 91, General Provisions of the FY 2014 General Appropriations Act or Republic Act No. 10633, PPMC adhered to the posting of the Transparency Seal on PPMC's website. The Transparency Seal includes information on PPMC's mandates and functions, names of officials with their position and designation. It also covers PPMC's annual report detailing its operational and financial reports, its corporate approved budget and targets, major programs and projects as well as their status of implementation. Likewise included are PPMC's Annual procurement Plan, contracts awarded and names of contractors, suppliers and consultants.

In addition to the aforesaid Transparency Seal, PPMC observed the posting requirements using the Philippine Government Electronic Procurement System (PhilGEPS) in accordance with Republic Act No. 9184, otherwise known as the Government Procurement Reform Act (GPRA) and its Revised Implementing Rules and Regulations (IRR) to promote transparency in all procurement activities and ensure widest dissemination of procurement opportunities. Procurement Monitoring Reports were regularly submitted to the Government Procurement Policy (GPPB) and likewise posted on PPMC's website.

In compliance with Republic Act No. 9485, otherwise known as the Anti-Red Tape Act of 2007, PPMC's frontline services have been embodied in a Citizen's Charter published on PPMC's website and posted in Bulletin Boards within PPMC premises. PPMC reviewed and published the 4th revision of its Citizen's Charter in September 2014 reflecting streamlined operational processes and procedures.

To meet the requirements under Executive Order No. 605, PPMC established its Government Quality Management System Standards and has been ISO 9001:2008 Certified.

In accordance with the Code of Conduct and Ethical Standards for Public Officials and Employees or Republic Act No. 6713, the Board of Directors and employees of PPMC complied with the submission of Statement of Assets, Liabilities and Net Worth and Disclosure of Business Interests and Financial Connections (SALN).

In addition to the aforesaid good governance conditions required of government agencies and GOCCs, PPMC met the conditions required by the Governance Commission for Government Owned or Controlled Corporations.

PPMC has satisfied all its statutory liabilities including payment of taxes and has complied with government accounting and audit rules and regulations on cash advances and liquidations.

PPMC has adopted and implemented its Manual of Corporate Governance and No Gift Policy pursuant to the Code of Corporate Governance for GOCCs and has complied with the Disclosure Requirements pursuant to the Governance Act of 2011 or Republic Act No. 10149.



HUMAN RESOURCES AND ADMINISTRATION

HUMAN RESOURCE MANAGEMENT AND DEVELOPMENT

Poro Point Management Corporation (PPMC) puts premium on the development of its employees and values their contribution in achieving corporate goals and objectives, thus, an integrated Human Resource Development Program is provided by PPMC.

The annual Job and Competency Analysis served as the basis in the formulation and implementation of twenty three (23) Human Resource Development interventions for CY 2014. Interventions were aligned with the employees' needs and job requirements.

Among these interventions were the trainings in preparation for PPMC's ISO 9001:2008 Certification. These were conducted by PPMC's partner institution, Development Academy of the Philippines. A series of orientation on PPMC's established Quality Management System was also conducted for the employees and third party providers by the Quality Management Representative with the Training and Development Team. PPMC engaged the services of the Civil Service Commission in providing Basic Customer Service Skills Training to provide employees with the required knowledge, skills and attitudes in providing excellent customer service and achieve customer satisfaction.

Selected employees were sent to various technical trainings to further enhance their professional competencies. Topics covered were corporate governance, strategic planning, Balanced Scorecard, operational auditing, preparing quality work paper, business writing, among others.

To ensure a timely and effective response during emergencies through the use of communication and to comply with the prescribed standards and procedures in maintaining safety in airport operations, PPMC employees underwent Aerodrome Radio Phraseology Training which was conducted by the Civil Aviation Authority of the Philippines. This training led to the establishment of standard radio procedures with the Air Traffic Controllers (ATC).

As a venue for dialogue between management and employees, an Employees Hour was held quarterly. This proved an effective tool in communicating corporate plans and programs as well as in addressing employees' concerns. In recognition of the need for work-life balance, PPMC implemented its health and wellness program which included a sports festival and zumba sessions. The annual Family Day was both an opportunity to strengthen camaraderie among employees as well as to emphasize the importance of family support in the employees' holistic development.



HUMAN RESOURCES AND ADMINISTRATION

ISO 9001:2008 CERTIFICATION

Poro Point Management Corporation (PPMC) passed the certification audit for ISO 9001:2008 conducted by TÜV Rheinland Philippines, Inc. The 1st stage audit was conducted on October 31, 2014, while the 2nd stage was held on November 27 and 28, 2014. PPMC was awarded its ISO 9001:2008 Certification on March 3, 2015 with validity period until February 27, 2018.

PPMC is the first subsidiary of the Bases Conversion Development Authority to be conferred its ISO 9001:2008 Certification.

ISO 9001:2008 Certification is aligned with the government-wide Quality Management Program and a globally recognized mark of quality.

The scope of the certification is the Management and Administration of the Poro Point Freeport Zone and covers PPMC's management, core and support processes. Included in the certification audit are the frontline services provided by PPMC to its investors and locators such as business registration, accreditation and permit application.

The certification is a strong indication of PPMC's commitment towards performance excellence and delivery of quality service to its stakeholders. With the certification, prospective investors and locators are assured that PPMC has adopted international standards inside the zone and stakeholder satisfaction is of paramount importance.

As part of PPMC's quality management system, PPMC streamlined its processes and procedures to reduce turn-around and processing time. It has also institutionalized feedback mechanisms as basis for the continual improvement of its quality management system.

With numerous investment areas around the world, the certification is a move towards the right direction to make the Poro Point Freeport Zone globally competitive.

During the Stage 1 and Stage 2 Audit





HUMAN RESOURCES AND ADMINISTRATION

PARTNERSHIP WITH PEOPLE MANAGEMENT ASSOCIATION OF THE PHILIPPINES-LA UNION CHAPTER

Poro Point Management Corporations (PPMC) renewed its partnership with the People Management Association of the Philippines-La Union Chapter (PMAP-LUC) through a Memorandum of Agreement approved by the PPMC Board of Directors on August 5, 2014.

The partnership is pursuant to PPMC's Corporate Social Responsibility Program particularly on Labor Center Operations and employment generation.

PMAP-LUC is the local chapter of the People Management Association of the Philippines, the premier organization of human resource and industrial relations professionals in the country.

Under the said partnership, the following programs were undertaken:

- a. Three (3) learning sessions with the following themes and number of participants:**
- ASEAN Integration: Opportunities and Threats – Its Impact on People Managers with 122 participants;
 - Leading and Managing People through Employee Discipline with 124 participants;
 - Towards Financial Independence – Managing Personal Finances, and Pay Only for Creating Customer Value – Developing Cost Effective Compensation System with 117 participants.

The roster of speakers included leaders in the field of people management such as Atty. Josephus B. Jimenez, PMAP National President for 2014 and former Undersecretary of the Department of Labor and Employment, and Mr. Ernie O. Cecilia, President & CEO of EC Business Solutions and Career Center and Chairman of Human Capital Committee of the American Chamber of Commerce of the Philippines.

The learning sessions benefitted locators inside the Poro Point Freeport Zone and companies/organizations/agencies/schools in the government and private sectors in the province.



During the training on Leading and Managing People Through Employee Discipline.



HUMAN RESOURCES AND ADMINISTRATION



b. Collaboration with other government agencies and the academe

- Organized two (2) Pre-jobs Fair Coaching and Learning Sessions with the Theme: "Essentials for Successful Career Preparation" in partnership with the Department of Labor and Employment and Public Employment Service Office of the City Government of San Fernando, La Union;
- Provided services as Resource Speaker during the Regional Employment Multi-Sectoral Summit for Graduating College Students organized by the Commission on Higher Education
- Collaborated with Saint Louis College, Lorma Colleges and Sea and Sky College
-PPMC has been a partner institution of these institutions for the On-the-Job Training Program for graduating students.
-Provided services as Resource Speaker and discussed the Essentials for Successful Career Preparation

c. Provided technical assistance and advice to locators and other companies doing business inside the Poro Point Freeport Zone on matters concerning human resource management and industrial relations

• MONITORING OF COMPLIANCE OF PORO POINT FREEPORT ZONE REGISTERED ENTERPRISES WITH LABOR LAWS

One of the functions of the Labor Center is to ensure that registered enterprises are compliant with labor laws and standards. To determine the compliance of registered enterprises with general labor standards

and occupational standards, a number of inspections were conducted by the Department of Labor and Employment and Poro Point Management Corporation.

The following registered enterprises were assessed and were found to be compliant:

1. Thunderbird Pilipinas Hotels and Resorts Inc.;
2. COVA Services and Consulting;
3. Leading Edge International Aviation Academy, Inc.;
4. Wallace Fuel Storage, Inc.; and
5. Forerunner Multi-Resources, Inc.

The results of the assessment were furnished to the aforesaid registered enterprises.



AIRPORT MANAGEMENT

REGIONAL CHAMPION- INDUSTRIAL FIRE BRIGADE CATEGORY

Bureau of Fire Protection La Union CINSP Samuel G. Abenes awarded the Plaque of Appreciation to PPMC for the valuable support and active participation during the Fire Olympics 2014 - Regional level held at Paradiso Beach Resort, Samara, Aringay, La Union on September 18 - 20, 2014 declaring the PPMC Fire Brigade as Champion for the Industrial Fire Brigade Category.



AIRCRAFT AND PASSENGER MOVEMENT FOR 2014

Total Aircraft Traffic Movement from January 1 to December 31, 2014 is 23,360 which is equivalent to 169.46% increase over the same period in 2013. 2014 target is 13,595.

1. Aircraft Traffic Statistics

	Take-Off	Landing	Touch & Go	Total
Commercial	0	0	0	0
General Aviation	7,150	7,157	8,971	23,278
Military	34	34	14	82
Total	7,184	7,191	8,985	23,360

2. Passenger Traffic Statistics

	Departure	Arrival	Total
Commercial	0	0	0
General Aviation	13,279	13,266	26,545
Military	582	275	857
Total	13,861	13,541	27,402



AIRPORT MANAGEMENT

AIRPORT USERS FOR 2014

1. List of Active Flying Schools

1. Omni Aviation Corporation
2. Philippine Airlines Aviation School
3. Alpha Aviation Group (Phils.), Inc.
4. APG International Aviation Academy, Inc.
5. WCC Aviation Company, Inc.
6. Leading Edge International Aviation Academy, Inc.
7. Airlink International Aviation School
8. Fast Link Aviation Training Center
9. Delta International Aviation Academy, Inc.
10. Fly Fast Aviation School
11. All Asia Aviation Academy
12. Masters Flying School, Inc.
13. AviAir Aviation School
14. Fliteline Aviation School, Inc.
15. Asia Aero Space Academy
16. Strike Wing Aviation Training Center Inc.
17. Challenger Aero Academy

2. List of Active Aviation Companies (Air Taxis/Chartered Flights)

1. J. Boyd
2. Lion Air
3. National Grid Corp. of the Phil. (NGCP)
4. Royal Air
5. Lepanto Mines Corp.
6. Exec Helijet
7. PLDT Corp.
8. LGC Air Transport, Inc.
9. Cargo Haulz
10. Manhattan
11. Helitrend
12. Asia Aeronautics Services Inc.
13. INAEC Aviation Corp.
14. Subic Air International Air Charters Inc.
15. FFCruz & Company Inc.

AMT SCHOOL OF LEADING EDGE INTERNATIONAL AVIATION ACADEMY INC.

Leading Edge International Aviation Academy Inc. inaugurated the AMT School Building and introduced Aviation Maintenance Training Courses which include Airframe Rating, Power Plant Rating, Airframe and Power Plant Rating, and Avionics Rating for the School Year 2014-2015.



FIRST BATCH AMT STUDENTS WITH OFFICERS OF LEIAA- FIRST SEMESTER 2014





AIRPORT MANAGEMENT

MARKET STUDY MISSION TO TAOYUAN AEROTROPOLIS: GATEWAY OF TAIWAN TO ASIA

Taoyuan is the fastest growing city in Taiwan. Capitalizing on the sea-and air intermodal advantages of its airport and Taipei Harbor, Taoyuan Aerotropolis will be developed as the Gateway of Taiwan and to Asia, aggregating flow of people, logistic, capital and information, constructing a new Asia Pacific trading hub and internationally rising city.



NATIONAL ASEAN SINGLE AVIATION MARKET CONFERENCE

Leading Edge International Aviation Academy, Inc. marketed its services at the National Asean Single Aviation Market Conference held last September 17, 2014 at the Philippine International Convention Center, Cultural Center Complex, Roxas Boulevard, Pasay City



VISIT OF CAAP DIRECTOR GENERAL WILLIAM K. HOTCHKISS III AFP (Ret)

On December 13-14, 2014, CAAP Director General William K. Hotchkiss III AFP (Ret) shared insights on how to maintain the ICAO Standards required for the height of grasses at the San Fernando Airport.



BCDA President and CEO Arnel Paciano D. Casanova and CAAP Deputy General William Hotchkiss III inspect the Airport and the Control Tower of the San Fernando Airport



BUSINESS DEVELOPMENT

COMPLETION OF THE MASTER DEVELOPMENT PLAN OF THE 146 HECTARES OF THE PPFZ

Mindful of its vital role in transforming the PPFZ into a premiere business and leisure destination, PPMC continuously pursued significant undertakings in 2014 that boost investment and tourism development.

With the completion of the new Master Development Plan of the 146 hectares of the PPFZ, PPMC set its sight in promoting the leasable areas inside the zone.

The new Master Development Plan of the remaining 146 hectares of the PPFZ is clustered into four (4) districts: District 1: Business Hub and Lighthouse Area which will feature developments such as bed and breakfast hotel, convention center, al fresco restaurants, shopping malls, commercial establishments for BPO/ICT and retail shopping center; District 2: Commercial Marina and Transit Hub which will include cruise ships terminal with yacht club and commercial marina mall; District 3: Sports Town Center that will feature sport entertainment and recreation town, medical hospital, plaza with track and field and al fresco restaurants; and District 4: Cliff-side Homes which will showcase mixed-use residential component, walk-up apartments, shop houses and condominiums hotels.



Artist's Perspective of the Master Development Plan

NEW LOCATORS AT THE MIXED-USE COMMERCIAL AREA

PPMC has identified an area of three (3) hectares inside the Poro Point Freeport Zone as Mixed-Use Commercial Area, which can cater to commercial enterprises and businesses and also to the growing Information Technology (IT)-Business Process Outsourcing (BPO) Industry.



BUSINESS DEVELOPMENT

Early this year, two (2) new locators were registered in this area. PPMC entered into Contract of Lease with Poro Point Marine Enterprises Corporation (PPMEC) which is engaged in the business of designing, manufacturing, installing, importing and marketing of marine products including fiberglass ocean-going vessels of less than 24 meters in length; fiberglass and plastic floating docks, mini barges and floating entertainment centers and other marine hardware, covering an area of 1,000 square meters. Likewise, PPMC entered into Contract of Lease with QB Systems Asia, Inc. for the lease of 500 square meters area. QB Systems Asia, Inc. is engaged in the business of general construction and development, design, assemble and install quick-build assemblies. They also provide construction/contracting services, engineering, procurement, maintenance and other related services which include the following: Architectural and Site Engineering Design; Planning & Property Development; Interior Design and Fit-out of modular review and Landscape design.

Another significant accomplishment this year in the development of the IT-BPO inside the PPFZ is the registration of two (2) locators that cater to this industry. PPMC entered into a Contract of Lease with ZOOP 3S covering an area of 1,771 square meters. ZOOP 3S is a branch office of ZOOP PTE LTD, a foreign company organized and existing under the laws of Singapore and was duly licensed by the Securities and Exchange Commission (SEC) to engage in software development, system integration and business process outsourcing. Some of its existing clients include Volkswagen, Schneider Electric and Sumitomo.

Ending the year right, PPMC also entered into Contract of Lease with COVA Construction and Consulting Services Philippines, Inc. for the lease of 5,912 square meters area for the construction of a building for Business Process Outsourcing (BPO), office, and/or retail/commercial use.



Contract Signing between PPMC and ZOOP 3S

PORO POINT LIGHTHOUSE

In 2012, PPMC started the development of the Poro Point Lighthouse with the signing of a Memorandum of Agreement (MOA) with the Philippine Coast Guard (PCG) for its "Adopt-a-Lighthouse Program." This year, on September 16, 2014, the Implementing Agreement was signed by and between PPMC and PCG providing the detailed implementation of the MOA including the provision for the construction, operation and maintenance of tourism-related facilities and amenities in the Poro Point Lighthouse and its reservation. The finalization and completion of the Agreements with PCG paved the way for the bidding for the Long-Term Lease and Development of the Poro Point Lighthouse.



Signing of the Implementing Agreement by and between PPMC and Philippine Coast Guard.



BUSINESS DEVELOPMENT

SAN FERNANDO AIRPORT

With the successful operation of Leading Edge International Aviation Academy, Inc. (LEIAAI) in its flight training at the San Fernando Airport, LEIAAI expanded its leased area, entering into another Contract of Lease with PPMC covering an area of 1,000 square meters for the expansion of its hangar.

On the further development of the San Fernando Airport, BCDA is still keen on the Privatization of the San Fernando Airport and approved the Contract Variation Order for the Visual Flight Rules (VFR) Operations Study for the San Fernando Airport. A meeting was held between PPP Center and BCDA wherein the details and timetable of the VFR Operations study were discussed.



Contract signing between PPMC and Leading Edge International Aviation Academy, Inc.

HOUSE OF REPRESENTATIVES SPECIAL COMMITTEE ON BASES CONVERSION PUBLIC HEARING

The House of Representatives Special Committee on Bases Conversion in the exercise of its oversight function conducted a public hearing and ocular inspection of the Poro Point Freeport Zone. PPMC and BCDA presented updates on the developments inside the zone including ongoing programs and projects. The hearing was also attended by all concerned stakeholders.



During the Public Hearing



BUSINESS DEVELOPMENT

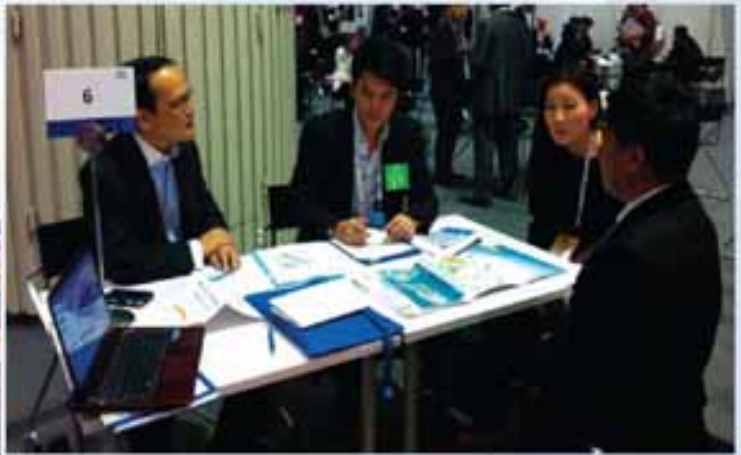
MARKETING AND PROMOTION

On January 13-14, 2014, Poro Point Management Corporation (PPMC) together with the member-agencies of the Philippine Investments Promotion Plan (PIPP) Group participated in the Asian Financial Forum (AFF) at Hong Kong Convention and Exhibition Centre. The Philippine Delegation includes representatives from the Board of Investment (BOI), Bases Conversion and Development Authority (BCDA), John Hay Management Corporation (JHMC), Poro Point Management Corporation (PPMC), Authority of the Freeport Area of Bataan (AFAB) and Cagayan Economic Zone Authority (CEZA).

The Asian Financial Forum (AFF) is a global financial event participated in by government officials, prominent business leaders, key financial players and business executives around the world. The forum provided participants with an opportunity to discuss developments and trends in the markets of Asia and explore business opportunities in the Chinese mainland. PPMC attended plenary sessions and panel discussions during the two (2)-day forum and participated in the Deal Flow Matchmaking Session, which is a pre-arranged deal-sourcing and matchmaking session for project owners, private equity firms, investors, service providers and intermediaries.



Chairman Nisce interviewed by foreign press in the Asian Financial Forum (AFF).



Deal Flow Matchmaking session during AFF.

Alongside the efforts of participating in various international expositions, focus was also given on inviting investors and developers through inbound missions. Through the marketing arm of the BCDA Group, PPMC participated in the BCDA Group Presentation to Taiwan Business Delegation in Clark. While in the last quarter of the year, a Chinese group of investors - Red Coral Group visited the zone and considered the PPFZ for its proposed Beach Resort Project in the Philippines

Similarly, PPMC intensified its marketing activities by participating in numerous exhibitions, tourism events and meetings with various companies and agencies for the promotion of the Zone, locally.

PPMC participated in the La Union Travel and Tourism Expo organized by the Provincial Government of La Union in partnership with the La Union Tourism Officers Association, La Union Hotels, Resorts and Restaurants Association and La Union Conventions and Visitors Bureau. Further, through the marketing arm of the BCDA Group, PPMC participated in the Meetings, Incentives, Conventions & Exhibitions (MICE) Conference 2014. PPMC also participated in the 23rd North Luzon Area Business Conference, an annual event organized by the Philippine Chamber of Commerce and Industry in cooperation with North Luzon Chamber of Commerce and Industries. PPMC is a member-agency of the Chamber of Commerce and Industry of La Union.



BUSINESS DEVELOPMENT



Inbound Mission: Red Coral Group of China



MICE Conference 2014.



23rd North Luzon Area Business Conference.

As one of the newest member-agencies of the Philippine Investment Promotion Plan (PIPP) Group, PPMC participated in the various activities of the PIPP that further strengthen the initiatives of the Investment Promotion Agencies (IPAs) in pursuing an integrated, collaborative and harmonized investment promotion programs for the Philippines. This year, the PIPP Steering Committee headed by its Chairman and BCDA President and CEO Arnel Paciano D. Casanova conducted the Strategic Planning for the PIPP Group in Zamboanga City. The planning session was facilitated by Dr. Manuel Jose C. Dioquino.

PPMC participated in the monthly PIPP Technical Working Group (TWG) meetings.



PIPP Technical working Group (TWG) Meeting.

PIPP Steering Committee Strategic Planning held in Zamboanga City

As part of strengthening our linkages with various agencies in promoting the zone, PPMC discussed the development plans and programs inside the PPFZ and provided briefing and tour to National Economic and Development Authority (NEDA) Development Information Officers and NEDA Beat Reporters inside the PPFZ. PPMC also participated in the City Government of San Fernando, La Union's Performance Governance System (PGS) Mini Boot Camp.



During the City of San Fernando, La Union PGS Mini Boot Camp



TOURISM EVENTS

SILLAG PORO POINT FESTIVAL OF LIGHTS

Tens of thousands attended the 3rd Sillag Poro Point Festival of Lights held at the Poro Point Freeport Zone on March 7 and 8, 2014. The festival was spearheaded by PPMC in partnership with the Provincial Government of La Union and integrated in the Foundation Anniversary celebration of the province.

Sillag is an annual summer festival inspired by the Poro Point Lighthouse. It aims to promote the lighthouse area as an integral component of the Poro Point Tourism Complex. Through the festival, more foreign and domestic tourists are expected to visit the Poro Point Freeport Zone, City of San Fernando, La Union and the rest of the Province. This will create a mass market that would encourage more business and economic activities that would redound to the creation of more jobs. The festival was highlighted by the unveiling of the scale model of the Master Development Plan of the 146-hectare Tourism Complex which was prepared by Palafox Associates.



Sillag Golf Cup



Unveiling of the Master Development Plan

The growing success of the festival is a result of the concerted efforts of the Sillag Festival Executive Committee chaired by PPMC Chairman Ives Q. Nisce, co-chaired by

Ms. Jennifer-Ortega Manguiat and participated by PPMC's development partners from the national and local government agencies, the BCDA Group, Poro Point Freeport Zone locators, private companies, media infrastructures, civic organizations, schools and volunteers.

Every year, the number of tourists and guests increases remarkably, from 4,000 in 2012; 18,000 in 2013 to 29,000 in 2014.



Streetdancing Competition



Releasing of Hope Lanterns



TOURISM EVENTS

ASIAN AIR SAFARI

The PPFZ, City of San Fernando, La Union and the Province of La Union were featured in Asian Air Safari, the only aviation and travel-adventure show in Asia. The shoot inside the Zone also featured the Miss Aviation Philippines Pageant.



During the Miss Aviation Philippines Swimsuit Competition





TOURISM EVENTS

AMAZING RACE PHILIPPINES

The PPFZ, particularly the Poro Point Lighthouse, was chosen as one of the race locations for the Amazing Race Philippines – a reality television game show.



During the Amazing Race Philippines Shoot

PORO POINT ADVENTURE EXPOSITION

This year, PPMC together with the Philippine Confederation of ROTC Associations, Inc. and in partnership with government agencies and non-government organizations launched a Gamification Event in the Zone dubbed as “Poro Point Adventure Exposition”.

Gamification is the process of using Game Mechanics and Practice to educate and instill real life lessons and meet objectives in a fun and creative way.

The Poro Point Freeport Zone was the venue of the Poro Point Adventure Expo held on November 28-30, 2014.

Under the leadership of Chairman Ives Q. Nisce and President & CEO Florante S. Gerdan, the event was spearheaded by Poro Point Management Corporation (PPMC).

Delivering the Welcome Remarks during the Opening Ceremonies, PPMC Chairman Nisce said that the event was organized to highlight the potential of the 3 hectare area of the Poro Point Freeport Zone fronting the San Fernando Bay as mixed –use-tourism and commercial investment area.

The Poro Point Adventure Expo was a new experience for the guest and locals who were regaled by the exhilarating performances by the Philippine Army during the opening ceremonies. Heightening the excitement of the audience, the Army Special Operations Command Sky Diving Team dropped from a military chopper bearing the welcome banner. The cannons were fired as part of the military static during the military operations demonstrations also by the Philippine Army.

During the 3 – day event, various competitions were held which catered to adventure sports enthusiasts such as airsoft, fun shoot, mountain bike challenge, fun run and ultra marathon. A military static display, disaster rescue competition and 4 x 4 off-road exhibitions were also held. The car show was a crowd drawer with various car models competing in various categories such as best in audio, body paint and body kit. Adding color to the event was a world –class performance of the Philippine Military Academy Silent Drill Company accompanied by the PMA Band. The beach party featuring the band “Siakol” gathered families and friends who enjoyed the music, wide selection of food provided by the food exhibitors and the cool breeze from the San Fernando. The expo precedes the Sillag Poro Point Festival of Lights, an annual summer festival organized by PPMC.



CORPORATE PLANNING

Corporate Planning Workshop at Kamana Sanctuary, Subic Bay Freeport Zone on July 07, 2014



Chairman Ives Q. Nisce welcomes guests and participants and sets the vision and mission of the company.



Chairman Rolando P. Gosiengfiao of BCDA, Chairman Roberto Garcia of SBMA and Chairman Ives Q. Nisce listen to BCDA's direction presented by its President and CEO Atty. Arnel Paciano D. Casanova



Signing of Performance Agreement with GCG



LEGAL SERVICES

The former Wallace Air Station located at Poro, San Fernando City, La Union including the San Fernando Seaport and Airport comprise the Poro Point Freeport Zone (PPFZ) pursuant to Republic Act No. 9400 which amended Republic Act No. 7227. Compared to other former US base lands, Wallace Air Station is the smallest in terms of metes and bounds which is 236.5 hectares. Considering that land is the prime commodity of the freeport zone, PPMC in coordination with BCDA embarked a Master Development Plan for the optimum utilization of the land which shall maximize economic growth to reach out the marginalized sector of the society especially the local populace to benefit progress and development.

To carve out the Wallace Air Station and the seaport and airport as a separate Freeport zone is not without a challenge especially dispute on land ownership inside and outside the former US base land. One would hardly imagine that a certain parcel of land within a military reservation was titled to private individuals. These lot owners alleged that before the advent of US, the land was already titled to their names. Some claimed that



they surrendered their land because the US military authorities promised compensation. Several cases were being heard and pending in court whether or not these individual claims are legally tenable.

Recently, BCDA in coordination with PPMC filed an application for Special Patent involving lots in the Wallace Air Station with the DENR.

In addition to the case involving land dispute, there are pending cases for expropriation filed in court against Lepanto and Shippside involving lots at the seaport area. There are also private claimants who have received payments in a voluntary sale transaction involving titled lots. The government through BCDA recognized only titled lots to be paid after thorough verification and submission of pertinent documents. There are other cases where PPMC is the party litigant especially collection suits against delinquent accounts previously incurred by aviation schools operating in the San Fernando airport.

As collaborating counsel by virtue of the authority given by the Office of the Government Corporate Counsel (OGCC), we will be able to fast track coordination in litigation work to protect the interest of PPMC in particular and BCDA as a whole.

INFRASTRUCTURE MANAGEMENT

RELOCATION OF THE PHILIPPINE AIR FORCE FENCE AND CONSTRUCTION OF NEW GUARDHOUSE

In 2010, the Bases Conversion and Development Authority (BCDA), Poro Point Management Corporation (PPMC) and Department of National Defense-Armed Forces of the Philippines (DND-AFP) signed a Memorandum of Agreement (MOA) transferring the 25-hectare Philippine Air Force (PAF) Area to BCDA/PPMC, retaining a 30-hectare property for the operation of PAF's radar and communication station. One of the provisions of the MOA provides for the transfer or relocation of the existing PAF fence together with the construction of a new guardhouse.

PPMC, through the PPMC 2014 Corporate Operating Budget, allocated the sum of Three Million Six Hundred Ten Thousand Pesos only (Php3,610,000.00) being the Approved Budget for the Contract (ABC) for the proposed transfer or relocation of the existing PAF fence and for the construction of a new guardhouse. The project will be completed within ninety (90) calendar days.

A Public Bidding was conducted wherein JD Madrid Construction was declared the winning bidder. The contract cost as awarded was Three Million Five Hundred Ninety Eight Thousand Nine Hundred Thirty Seven Pesos and 01/100 (Php3,598,937.01).

Subsequently, the Contract was signed on October 13, 2014 and the Notice to Proceed was issued on October 15, 2014.



INFRASTRUCTURE MANAGEMENT



CONSTRUCTION OF ROADS WITHIN THE PORO POINT FREEPORT ZONE

Pursuant to Republic Act No. 7917, 27.5% of the revenue generated by Bases Conversion and Development Authority (BCDA) is appropriated to government agencies such as the Department of Public Works and Highways (DPWH) which in turn is used for developmental projects inside the zone.

BCDA and Poro Point Management Corporation (PPMC) identified three (3) road projects to be undertaken by DPWH as follows: Construction of Road leading to the Poro Point Lighthouse, Rehabilitation/Repair of Main Access Road leading to Poro Point Management Corporation (PPMC) and Rehabilitation/Repair of Mayor Lorenzo L. Dacanay Avenue, (formerly California Avenue), San Vicente - Pagudpud Road and road in front of the San Fernando Airport with a total project cost of PhP75, 952,518.90.

On October 15, 2013, BCDA & PPMC together with DPWH and local officials held a symbolic groundbreaking ceremony of the three (3) projects.

On March 7, 2014, BCDA and PPMC together with DPWH and local Officials inaugurated the completed road projects.

CONSTRUCTION OF BAYWALK WITH EVENTS CENTER



In order to attract more tourists and potential investors, Poro Point Management Corporation (PPMC), supported by the Bases Conversion and Development Authority (BCDA) came up with the Poro Point Baywalk Project. The Poro Point Baywalk Project is approximately 1.302 kilometers Baywalk with Events Center, which includes an Amphitheater, Parks and Playground at the Poro Point Freeport Zone, Poro, City of San Fernando, La Union. The project cost is Fifty Eight Million Nine Hundred Eleven Thousand Seventeen Pesos and Thirteen Centavos only (PhP58,911,017.13).

Adjacent to the Poro Point Baywalk are forty four (44) commercial lots with an area of four hundred (400) square meters each which will be available for lease.

PPMC will conduct a Public Bidding for the proposed project. The completion of the proposed project is One Hundred Eighty (180) calendars days from the issuance of the Notice to Proceed.



Architectural Perspectives of the Project



CORPORATE SOCIAL RESPONSIBILITY

PPMC HELPS PROGRAM

The success of the Poro Point Freeport Zone (PPFZ) development projects largely depends on the support and participation of the various stakeholders from both private and public sectors.

Poro Point Management Corporation (PPMC) as a socially responsible corporate citizen, has continually pursued community projects to improve the quality of life of the communities affected by the development of the Poro Point Freeport Zone and has been supporting projects identified by the host local government units and other partner agencies. Community projects are pursued through the "PPMC HELPS Program". HELPS stands for the various components of the program which are as follows: Health, Education and Environment, Livelihood Program, and Strengthening Linkages/ Sports.

Health Program

PPMC collaborated with private organizations and the academe in providing medical and dental services benefitting communities in the Province.



Medical professionals attend to patients during separate Medical-Dental Missions spearheaded by Bombo Radyo-La Union and Saint Louis College.

Education Program

'Araw ng Pagbasa': Promoting Literacy Campaign Through Story Telling Session

PPMC supported the 'Araw ng Pagbasa' Story Telling Activities at San Agustin (Poro) Elementary School on November 27, 2015 to commemorate the birth of former Senator Benigno S. Aquino, Jr. The Araw ng Pagbasa is held every 27th day of November by virtue of a law signed by President Benigno S. Aquino III which aims to promote reading as a tool of learning and a channel of hope for the millions of pupils and students in the country.



This year, PPMC initiated reading the Life Story of the late DILG Secretary Jesse Robredo to sixty pupils of the San Agustin (Poro) Elementary School headed by Ms. Emerencia Mique. The activity aims to raise the awareness of schoolchildren on Philippine history, culture and heritage through reading and in support of the initiative of the Aquino Administration to achieve universal literacy in the Philippines.

Youth Leadership Formation

Under the Education Program, PPMC supported the participation of fifty (50) Union Christian College Student Leaders in the Gawad Kalinga (GK) Child & Youth Development Camp held on April 15-16, 2014 guided by GK National Facilitators Ms. Kalayaan Sta. Barbara and Mr. Herbert Reymundo. This program aims to help the youth through various formation, team building and leadership activities. With its theme: "Solidarity Drives Teamwork and Servanthood Drives Leadership," the youth camp likewise aims to promote volunteerism.



CORPORATE SOCIAL RESPONSIBILITY

Environment Program

On September 21, 2015, PPMC joined the City Environment and Natural Resources Office, Barangay Poro residents and agencies inside the Poro Point Freeport Zone that include Philippine Air Force, Philippine Navy in the observance of the International Coastal Clean up Day held at Barangay Poro, City of San Fernando, La Union.

International Coastal Clean up is the worlds largest volunteer effort to promote the ocean's health. In the City of San Fernando, La Union, it is held every year to engage people to remove trash and debris from the San Fernando Bay. This activity is spearheaded by the City Government of San Fernando, La Union.



Livelihood Program

One of the major goals of the bases conversion and development program is the creation of jobs to benefit the local communities.

Since the creation of then Poro Point Special Economic and Freeport Zone and eventually the Poro Point Freeport Zone, livelihood opportunities have been generated for the impact areas. Thousands have been directly employed by the locators doing business inside the zone, not to mention the indirect employment generated through the contractors, suppliers, transport groups, among others. Residents of the Province of La Union have been prioritized in hiring constituting 98.75% of the total number of employment generated inside the zone.

Strengthening Linkages

Promoting the Poro Point Freeport Zone thru "Kapihan Sa Ilocos"

PPMC President & CEO Florante S. Gerdan gave updates to the public on the present development programs, proposed plans and other activities of Poro Point Freeport Zone during the Kapihan sa Ilocos. This project is organized by the Philippine Information Agency in partnership with the Regional Development Communication Support Committee and the RDC Press Corporation. It is held every 2nd and 4th Wednesday of the month where various government agencies and local government units in the region inform the people about their different programs and projects including their accomplishments.



In addition to the City of San Fernando, La Union, the impact areas of the Poro Point Freeport Zone include the neighboring municipalities of Bauang and San, Juan, La Union. PPMC assisted the said municipalities in partnership with Gawad Kalinga La Union. GK sites are located in Barangay Acao in Bauang and Barangay Talogtog in San Juan.



In support of these GK sites, PPMC, through President & CEO Florante S. Gerdan, inspired the communities during their Christmas celebration through a simple gift-giving program.

PPMC President & CEO Florante S. Gerdan gives orientation to guests visiting the zone



Joining PPMC President & CEO Florante S. Gerdan during the gift-giving program were GK Kapitbahayan Caretakers, Mr & Mrs. Philip Garduque, PPMC President Florante S. Gerdan, Miss Philippines Air 2014 Dianne Carmela Querer, Bb. Pilipinas International 2011 Dianne Elaine Necio and Bb. Pilipinas World 2010 Czarina Gatbonton who hails from La Union.



REGULATORY SERVICES

DELIVERY OF QUALITY FRONTLINE AND SUPPORT SERVICES

The Office for Regulatory Services (ORS) is committed to implement and enforce all applicable legal issuances pertaining to locator registration and licensing, enterprise operations and monitoring, security and public safety, environmental management and occupational safety & health. The ORS oversees and maintains the zone operations and security at the Poro Point Freeport Zone (PPFZ).

It is worthy to note that in 2014, the ORS completed the following endeavors, to wit:

- 1) Relocation of Informal Settler Families at the Philippine Air Force (PAF) Area;
- 2) Review, update and implementation of Rules and Regulations Governing the PPFZ;
- 3) Implementation of the PPFZ Unified Monitoring System (UMS);
- 4) Operation of the Internal One-Stop Action Center (OSAC);
- 5) Conduct of Quarterly Locators' Meeting;
- 6) 100% Collection of Regulatory Fees;
- 7) Processing, Issuance and Inspection of Permits/ Articles passing through the Customs Clearance Area (CCA);
- 8) Establishment and conduct of the Locators' Satisfaction Survey (now termed as "Stakeholder Feedback");
- 9) Provision of Security, Support and Health Services during the SILLAG Poro Point Festival of Lights 2014; and
- 10) Provision of Security and Health Services inside the PPFZ.

In 2014, the ORS played a vital role in PPMC's pursuit for ISO 9001:2008 Certification. The provision of eight (8) out of eleven (11) frontline services and 24/7 support service (zone security and public safety logistics) to all the PPFZ stakeholders has been fundamental in the achievement of this objective.



The ORS participated during the Internal Quality Audit of its Zone Security and Public Safety Office



Quarterly Locator's Meeting

Likewise, the ORS conducted and prepared the agenda for the quarterly locators' meeting and the locators' satisfaction survey as well as its review and endorsement to be included in the agenda of the periodic Management Committee meeting.

This is organized to monitor product/ service outcomes in terms of meeting the stakeholder requirements and expectations at different stages of the operations of the frontline services. The different PPFZ Registered Enterprises are able to meet one another, announce any company updates and share a common goal for harmonious industry relationships in the Freeport Zone.



REGULATORY SERVICES

Thus, the ORS strengthened the PPFZ Unified Monitoring System (UMS) in the preparation of plans and programs, guidelines and systems pertaining to locator registration and licensing, and enterprise operations and monitoring. The UMS has been utilized during the quarterly locators' meeting and the onsite inspection with the Subsidiaries, Affiliates and Projects Monitoring Department (SAPMD) of the Bases Conversion and Development Authority (BCDA). Alongside with this is the operationalization of the internal OSAC to cater to stakeholder requirements. Furthermore, the ORS supervised the processing and issuance of application for all transactions at the CCA such as but not limited to the following: 3,257 out of 3,257 permits to bring in local articles, 236 out of 236 gate passes, 40 out of 40 transshipments, and 54 out of 54 import permits within the prescribed number of days.

The ORS also endorsed 4 out of 4 Certificates of Registration for approval of the President and CEO, ensured the renewal of the CR of 6 out of 6 PPFZ Registered Enterprises, and ensured the approval of Certificates of Accreditation of 27 out of 27 business enterprises upon receipt of complete documentary requirements, thus, resulting to 100% collection efficiency of regulatory fees.



Inspection of Local Articles



Verification of Imported Articles

The ORS also delivered excellent zone security and public safety through the exercise of the exclusive jurisdiction and sole police authority over all areas administered by PPMC, including the San Fernando Airport and San Fernando International Seaport; formulation, implementation and monitoring of security and public safety program as it implemented the Land Transportation Office (LTO) rules and regulations as deputized officers; supervision of the contracted security agency; and coordination with law enforcement agencies and other government line agencies; therefore, promoting peace and order at the PPFZ. The ORS observed International Civil Aviation Organization (ICAO) standards thru setting up operating units to implement PPFZ rules and regulations on Security & Public Safety; Environmental Management; and, Occupational Safety and Health.

The ORS likewise implemented the Fire Code of the Philippines, proposed PPFZ Fire Code and the issuance of a Fire Safety Report and Fire Safety Inspection Certificate for the PPFZ via PPMC Board Resolution No. 2014-04-41.



Approval of Gate Pass

Delivery of Occupational Health and Safety Services

Monitoring at the San Fernando International Seaport

Monitoring at the San Fernando Airport




2014 TREASURER'S REPORT



In 2014, PPMC achieved a string of gargantuan accomplishments as the Company reported the highest Net Income ever since its creation in 2003. A breakthrough from its consecutive losses in the past years, PPMC posted a Net Income of PhP7.8 million for the year 2014, compared to a restated net income of PhP1.08 million in 2013 or a significant increase of PhP6.7 million. The second achievement was the correction made in the unbudgeted Depreciation Expense which contributed largely to the losses incurred by PPMC in the previous years. To effect this correction, PPMC finally turned over to BCDA several airport equipment in the aggregate amount of PhP14.7 million and their corresponding accumulated depreciation of PhP7.6 million on July 2014. Thirdly, the biggest

ticket towards PPMC's road to recovery was BCDA's agreement for the reversal of PhP23.9 million Operational Expense in 2003 which was inadvertently charged to the Capital Account due to the absence of an Estate Management Contract between BCDA and PPMC at the time PPMC was separated from John Hay Poro Point Development Corporation. It was on August 2014, that BCDA finally approved the reversal of said account to Management Fee thereby offsetting the enormous negative balances. Another major contributory event in PPMC's recovery was the revision of the revenue and expenditure sharing mechanism embodied in the Performance Agreement by and between BCDA and PPMC signed on 05 April 2013. This Agreement has changed the landscape of Mother Company and Subsidiary relations which ultimately aims to move towards a more equitable and viable operations of both Companies. All the foregoing accomplishments have brought a very substantial positive impact on the Retained Earnings account of PPMC by dramatically reducing the Company's Accumulated Deficit from PhP60.5 million in 2013 to only PhP19.6 million in 2014.

PPMC's performance in managing the operations of the PPFZ is being assessed by both BCDA and GCG based on set measures, targets and criteria. In order to have a share in the revenues to be generated from the zone, PPMC's remittance of zone revenues to BCDA has to exceed the estate management fee given by BCDA and meet the set revenue target of PhP76.6 million for 2015. On the other hand, one of the requirements for PPMC's eligibility for the grant of Performance-Based Bonus is to increase its operating profitability by attaining a target of at least six (6) percent earnings before interest, taxes, depreciation and amortization (EBITDA), ninety seven (97) percent zone revenue collection efficiency and PhP76 million zone revenues for 2015. Focused on its vision and mission, PPMC is hopeful to achieve its operational and financial targets in 2015.


NICOLAS R. TABORA
Treasurer



2014 TREASURER'S REPORT

Statement of Financial Position December 31, 2014 and 2013

	2014 (Audited)	2013 (As restated)	Variance
ASSETS			
Current Assets			
Cash and Cash Equivalents	37,496,973.46	27,718,365.90	9,778,607.56
Receivables	13,051,237.93	8,968,825.06	4,082,412.87
Prepayments	1,729,336.69	3,292,204.73	(1,562,868.04)
Other Current Assets	1,573,014.97	945,475.49	627,539.48
Total Current Assets	53,850,563.05	40,924,871.18	12,925,691.87
Non-Current Assets			
Investments	15,015,000.00	15,015,000.00	-
Property, Plant and Equipment – net	13,621,916.48	15,943,735.10	(2,321,818.62)
Assets Held in Trust	27,511,452.20	19,105,138.19	8,406,314.01
Total Non-Current Assets	56,148,368.68	50,063,873.29	6,084,495.39
TOTAL ASSETS	109,998,931.73	90,988,744.47	19,010,187.26
LIABILITIES AND EQUITY			
Current Liabilities			
Accounts Payable – Trade	6,455,131.91	6,904,974.72	(449,842.81)
Inter-Agency Payables	4,344,872.87	1,441,927.74	2,902,945.13
Intra-Agency Payables	14,218,976.00	5,710,909.00	8,508,067.00
Other Payables	3,048,134.52	3,487,479.84	(439,345.32)
Total Current Liabilities	28,067,115.30	17,545,291.30	10,521,824.00
Non-Current Liabilities			
Due to BCDA	18,437,109.76	18,437,109.76	-
Equity	63,494,706.67	55,006,343.41	8,488,363.26
TOTAL LIABILITIES AND EQUITY	109,998,931.73	90,988,744.47	19,010,187.26

Statement of Financial Performance For the Years Ended December 31, 2014 and 2013

	2014 (Audited)	2013 (As restated)	Variance
REVENUES			
Estate management fee	59,852,137.00	68,515,475.51	(8,663,338.51)
Permits and other fees	-	1,028,869.75	(1,028,869.75)
Miscellaneous	626,181.24	554,424.87	71,756.37
GROSS INCOME	60,478,318.24	70,098,770.13	(9,620,451.89)
	60,711,609.91	70,252,624.89	
OPERATING EXPENSES			
Personal Services	19,334,876.73	22,774,636.93	(3,439,760.20)
Maintenance and Other Operating Expenses	24,026,212.77	39,176,784.66	(15,150,571.89)
TOTAL EXPENSES	43,361,089.50	61,951,421.59	(18,590,332.09)
OPERATING INCOME (LOSS)	17,117,228.74	8,147,348.54	8,969,880.20
OTHER INCOME (EXPENSES)			
Interest income	233,291.67	153,854.76	79,436.91
Special projects	(6,192,450.76)	(6,360,566.10)	168,115.34
NET OTHER INCOME (EXPENSES)	(5,959,159.09)	(6,206,711.34)	247,552.25
EBITDA	13,728,391.47	4,975,174.48	8,753,216.99
EBITDA MARGIN	22.61%	7.08%	15.53%
NET PROFIT BEFORE INCOME TAX	11,158,069.65	1,940,637.20	9,217,432.45
PROVISION FOR INCOME TAX	3,277,433.39	856,679.11	2,420,754.28
NET INCOME (LOSS)	7,880,636.26	1,083,958.09	6,796,678.17



2014 TREASURER'S REPORT

Statement of Changes in Equity For the Years Ended December 31, 2014 and 2013

	2014 (Audited)	2013 (As restated)	Variance
CAPITAL STOCK - P100.00 par value			
Authorized, issued and fully paid - 800,000 shares	80,000,000.00	80,000,000.00	-
Adjustments/Reclassifications	(11,856,279.77)	(12,464,006.77)	607,727.00
Balance at end of year	68,143,720.23	67,535,993.23	607,727.00
DEPOSIT FOR FUTURE SUBSCRIPTIONS			
Balance at beginning of year	26,285,931.22	21,980,994.69	4,304,936.53
Additional Equity	607,727.00	4,304,936.53	(3,697,209.53)
Adjustments/Reclassifications	(26,893,658.22)	(26,285,931.22)	(607,727.00)
Balance at end of year	-	-	-
EQUITY IN JOINT VENTURE			
	15,000,000.00	15,000,000.00	-
DEFICIT			
Balance at beginning of year as previously reported	(60,514,787.47)	(49,289,245.90)	(11,225,541.57)
Correction of prior years' errors	32,985,137.65	20,675,637.99	12,309,499.66
As restated	(27,529,649.82)	(28,613,607.91)	1,083,958.09
Net Income (Loss)	7,880,636.26	1,083,958.09	6,796,678.17
Balance at end of the year	(19,649,013.56)	(27,529,649.82)	7,880,636.26
TOTAL EQUITY	63,494,706.67	55,006,343.41	8,488,363.26

Statement of Cash Flows For the Years Ended December 31, 2014 and 2013

	2014 (Audited)	2013 (As restated)	Variance
CASH FLOWS FROM OPERATING ACTIVITIES			
OPEX funds received from BCDA	76,252,373.00	71,447,386.21	4,804,986.79
Collections of Accounts Receivable-Trade in behalf of BCDA	46,123,136.34	40,870,205.00	5,252,931.34
Collection of Receivables	1,309,595.20	2,291,387.89	(981,792.69)
Collection of Permits at CCA in behalf of BCDA	676,682.45	-	676,682.45
Collection of Miscellaneous Income	664,107.82	1,190,183.00	(526,075.18)
Payment to Employees and Suppliers	(64,178,672.05)	(70,392,656.75)	6,213,984.70
Remittance of Collections to BCDA	(46,067,502.02)	(40,870,205.00)	(5,197,297.02)
Payment of Taxes	(3,638,697.28)	(1,486,471.23)	(2,152,226.05)
Net Cash Provided by (used in) Operating Activities	11,141,023.46	3,049,829.12	8,091,194.34
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received	198,951.07	119,175.04	79,776.03
Capital Expenditure projects	(2,539,621.44)	-	(2,539,621.44)
Acquisition of Land	(4,742,645.63)	(50,250,000.00)	45,507,354.37
Net Cash Provided by Investing Activities	(7,083,316.00)	(50,130,824.96)	43,047,508.96
CASH FLOWS USED IN FINANCING ACTIVITIES			
CAPEX from BCDA	7,731,200.96	-	7,731,200.96
NET INCREASE (DECREASE) ON CASH AND CASH EQUIVALENTS	11,788,908.42	(47,080,995.84)	58,869,904.26
CASH AND CASH EQUIVALENTS, BEGINNING OF THE YEAR	25,708,065.04	74,799,361.74	(49,091,296.70)
CASH AND CASH EQUIVALENTS, END OF THE YEAR	37,496,973.46	27,718,365.90	9,778,607.56



LIST OF OFFICERS AND STAFF

OFFICE OF THE PRESIDENT & CEO

President & CEO	Hon. Florante S. Gerdan
Executive Secretary	Ms. Maria Christina M. Yaranon
PR & Community Development Officer	Ms. Lastina L. Baguya
Corporate Planning Officer	Ms. Arlyn P. Tan

OFFICE OF THE LEGAL COUNSEL

Legal Counsel	Atty. Mariou P. Pacieb
Legal Researcher	Ms. Mary Jane B. Carlos

OFFICE OF THE VICE PRESIDENT FOR REGULATORY SERVICES

Vice President for Regulatory Services	Mr. Joel G. Carlingal
Enterprise Regulations Officer	Ms. Abigail R. Balanon
Enterprise Regulations Assistant	Mr. Jaime Joseph E. Bautista
Environment and Safety Officer	Mr. Harry J. Gatchalian
Nurse	Ms. Joanne P. Macagba
Senior Security Officer	Mr. Lilito J. Membrene
Security Officer	Mr. Ronel P. Hullana
Security Officer	Mr. Danilo B. Aguilar
Security Officer	Mr. Florante E. Panit

OFFICE OF THE VICE PRESIDENT FOR AIRPORT MANAGEMENT

Vice President for Airport Management	Ms. Josefa Catherine T. Bada
Terminal Operations Officer	Engr. Mennen C. Mendoza
Ground Handling Officer	Mr. Allan L. Pacio
Ramp Marshal	Mr. Ernie B. Dulay
Ramp Marshal	Mr. Roberto J. Opido
Crew Chief	Mr. Anthony C. Hidaigo
Firetruck Operator/ Firefighter	Mr. Rogelio E. Petran
Firefighter	Mr. Rolando T. Cariño
Firefighter	Mr. Nelson M. Flores
Firefighter	Mr. Jonathan B. Hufana
Firefighter	Mr. Greg I. Mabutas
Firefighter	Mr. Garry A. Navidad
Firefighter	Mr. Michael H. Tagalog
Firefighter	Mr. Michael A. Tangalin

OFFICE OF THE VICE PRESIDENT FOR INFRASTRUCTURE MANAGEMENT

Vice President for Infrastructure Management	Engr. Cerila A. Corpuz
Construction & Maintenance Officer	Arch. Marc Lawrence P. Aquino
Land & Assets Development Officer	Engr. Saturnino L. Baccat, Jr.
Land & Assets Development Assistant	Mr. Richard A. Rimorin
Electro-Mechanical Officer	Engr. Epifanio C. Balangue
Electro-Mechanical Technician	Mr. Antonio D. Marquez
Electro-Mechanical Technician	Mr. Edgardo P. Pacio

OFFICE OF THE BUSINESS DEVELOPMENT MANAGER

Business Development Manager	Ms. Eliza M. Maconocido
Business Development Officer	Mr. George Victor S. Pasig

OFFICE OF THE VICE PRESIDENT FOR HUMAN RESOURCES AND ADMINISTRATION

Vice President for HR and Administration	Ms. Maria Victoria Redempta De Guzman Soriano
Administrative Officer	Ms. Karle B. Gongora
HR Officer	Ms. Charlotte D. Colcol
HR Assistant	Ms. Michelle A. Subala
Procurement Officer	Mr. Carlo S. Escalona
Procurement Assistant	Mr. Joselito V. Galvez
Property Assistant	Mr. Jay-R Heinnick A. Valencia
IT Officer	Mr. Ifrigo T. Balagot
Driver/Mechanic	Mr. Jovito A. Valido
Driver/Messenger	Mr. Danilo G. Sarmiento
Driver/Messenger	Mr. Noel Y. Ronquillo
Cottage Attendant	Ms. Norie V. Dequito
Cottage Attendant	Ms. Leonida G. Garcia

OFFICE OF THE FINANCE MANAGER

Finance Manager	Ms. Lenima B. Judan
Accountant	Ms. Christine Joy T. Vergara
Budget Officer	Ms. Anne Jubilee G. Malingan
Finance Analyst	Mr. Roger C. Crisostomo, Jr.
Cashier	Mr. Franklin C. Villareal

OFFICE OF THE INTERNAL AUDITOR

Internal Auditor	Ms. Rubilyn P. Cabiles
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BOARD SECRETARIAT

Board Secretary	Ms. Abigail Q. Peralta
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The 2014 Annual Report is a project of
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Vision

“By 2020, the Poro Point Freeport Zone is an international gateway for trade, business and tourism.”

Mission

“To develop and manage the Poro Point Freeport Zone in order to promote the economic and social development of Northern Luzon in particular and the country in general while ensuring the conservation and protection of our natural resources.”

PORO POINT MANAGEMENT CORPORATION A Member of The BCDA Group

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