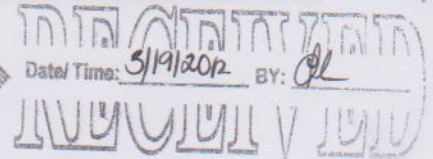




Republic of the Philippines
COMMISSION ON AUDIT

**Regional Office No. 1
San Fernando City**

PORO POINT MANAGEMENT CORPORATION
A Subsidiary of the Bases Conversion and Development Authority



FINANCE DIVISION

March 14, 2012

The President and CEO
Poro Point Management Corporation
San Fernando City, La Union

**ANNUAL AUDIT REPORT
ON THE YEAR-END AUDIT
OF THE**

Pursuant to Section 2, Article IX-B of the 1987 Constitution and Section 43 of the Presidential Decree No. 1445, otherwise known as the "Government Auditing Code of the Philippines", we transmit herewith our report on the results of audit of the accounts and operations of the Poro Point Management Corporation (PPMC) for the year ended December 31, 2011.

The audit was aimed at expressing an opinion on the fairness of presentation of the Corporation's financial statements. In view of the conditions discussed in the comments and observations, we expressed an unqualified opinion on the financial statements of the Corporation.

The audit was also aimed at determining the Corporation's compliance with pertinent laws, rules and regulations, as well as efficiency and effectiveness in its operations.

PORO POINT MANAGEMENT CORPORATION

(A wholly-owned subsidiary of the Bases Conversion Development Authority)

San Fernando City, La Union

We acknowledge with appreciation the cooperation and assistance rendered to our Audit Team by the officials and employees of the Poro Point Management Corporation, San Fernando City, La Union.

Very truly yours,

FOR THE COMMISSION ON AUDIT:

SARILIANO G. CARATUAN
Regional Director

For the Year Ended December 31, 2011



Republic of the Philippines
COMMISSION ON AUDIT
Regional Office No. I
San Fernando City, La Union

March 14, 2012

The President and CEO
Poro Point Management Corporation
San Fernando City, La Union

Sir:

Pursuant to Section 2, Article IX-D of the Philippine Constitution and Section 43 of the Presidential Decree No. 1445, otherwise known as the "Government Auditing Code of the Philippines", we transmit herewith our report on the results of audit of the accounts and operations of the Poro Point Management Corporation (PPMC) for the year ended December 31, 2011.

The audit was aimed at expressing an opinion on the fairness of presentation of the Corporation's financial statements. In view of the conditions discussed in the comments and observations, we expressed an unqualified opinion on the financial statements of the Corporation.

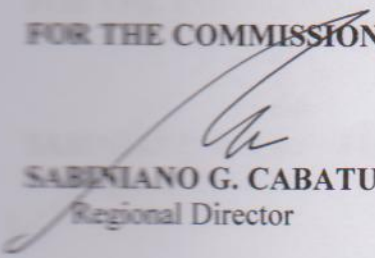
The audit was also aimed at determining the Corporation's compliance with pertinent laws, rules and regulations, as well as efficiency and effectiveness in its operations.

We request that appropriate action be taken on the comments and observations contained in the report and to inform us of the actions taken thereon within one month from receipt hereof.

We acknowledge with thanks the support and cooperation extended to our Audit Team by the officials and employees of the Poro Point Management Corporation, San Fernando City, La Union.

Very truly yours,

FOR THE COMMISSION ON AUDIT:


SABENIANO G. CABATUAN
Regional Director



Republic of the Philippines
COMMISSION ON AUDIT
Regional Office No. I
San Fernando City, La Union

March 14, 2012

The Board of Directors
Poro Point Management Corporation
San Fernando City, La Union

Sirs:

Pursuant to Section 2, Article IX-D of the Philippine Constitution and Section 43 of the Presidential Decree No. 1445, otherwise known as the "Government Auditing Code of the Philippines", we transmit herewith our report on the results of audit of the accounts and operations of the Poro Point Management Corporation (PPMC) for the year ended December 31, 2011.

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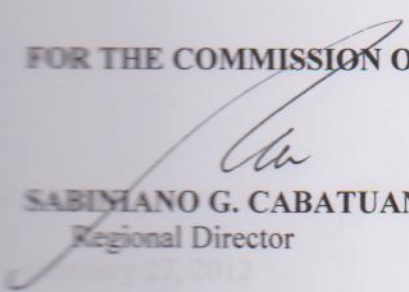
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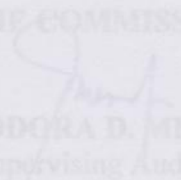
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We acknowledge with thanks the support and cooperation extended to our Audit Team by the officials and employees of the Poro Point Management Corporation, San Fernando City, La Union.

Very truly yours,

FOR THE COMMISSION ON AUDIT:


SABINIANO G. CABATUAN
Regional Director

FOR THE COMMISSION ON AUDIT:

RHODORA D. MENDOZA
Supervising Auditor



Republic of the Philippines
COMMISSION ON AUDIT
Regional Office No. I
San Fernando City, La Union

STATE AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS

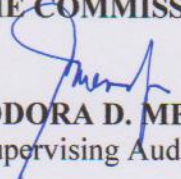
The Board of Directors
Poro Point Management Corporation
San Fernando City, La Union

We have audited the accompanying balance sheet of Poro Point Management Corporation, a wholly-owned subsidiary of the Bases Conversion and Development Authority as of December 31, 2011, and the related statements of income, changes in stockholder's equity and cash flows for the year then ended. These financial statements are the responsibility of the Corporation's Management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted state auditing standards in the Philippines. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit also includes assessing the accounting principles used and significant estimates made by Management, as well as evaluating the overall financial statement presentation. We believe that our audits provide reasonable bases for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Poro Point Management Corporation as of December 31, 2011 and the results of its operations and its cash flows for the year then ended in conformity with generally accepted state accounting principles in the Philippines.

FOR THE COMMISSION ON AUDIT:


RHODORA D. MENDOZA
Supervising Auditor

February 27, 2012

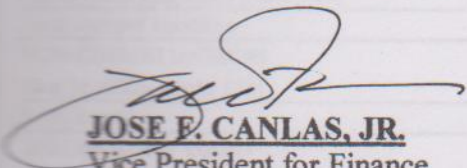



PORO POINT MANAGEMENT CORPORATION
A Subsidiary of Bases Conversion Development Authority

**STATEMENT OF MANAGEMENT'S RESPONSIBILITY
FOR FINANCIAL STATEMENTS**

The management of PORO POINT MANAGEMENT CORPORATION is responsible for all information and representations contained in the accompanying Balance Sheet as of December 31, 2011 and the related Statement of Income and Expenses and Cash Flow for the year then ended. The financial statements have been prepared in conformity with generally accepted state accounting principles and reflect amounts that are based on the best estimates and informed judgment of management with an appropriate consideration to materiality.

In this regard, management maintains a system of accounting and reporting which provides for the necessary internal controls to ensure that transactions are properly authorized and recorded, assets are safeguarded against unauthorized use of disposition and liabilities are recognized.


JOSE F. CANLAS, JR.
Vice President for Finance


FLORANTE S. GERDAN
President & CEO

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Pennsylvania Avenue, Poro Point
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63 (072) 8885954 - 56, 700 4540
Fax No. : 63 (072) 2420683

SAN FERNANDO AIRPORT OFFICE
California Avenue, Canaoay
City of San Fernando 2500, La Union
Philippines
Tel. Nos.: 63 (072) 2425638
Fax No. : 63 (072) 2425637

PORO POINT MANAGEMENT CORPORATION

(A wholly-owned subsidiary of the Bases Conversion Development Authority)

BALANCE SHEETS

As of December 31, 2011

(With comparative figures as of December 31, 2010)

	2011	2010	Increase(Decrease)	
			Amount	%
ASSETS				
CURRENT ASSETS				
Cash & Cash Equivalents (Note 3)	29,472,047.28	18,604,503.72	10,867,543.56	
Account Receivables (Note 4)	22,725,592.57	27,711,612.44	(4,986,019.87)	
Inventories (Note 5)	1,028,778.00	761,577.77	267,200.23	
Prepaid Expenses (Note 6)	2,333,736.70	2,158,898.35	174,838.35	
Total current assets	55,560,154.55	49,236,592.28	6,323,562.27	12.84%
NON-CURRENT ASSETS				
Investments (Note 7)	15,015,000.00	15,015,000.00	-	
Properties and Equipments (Note 8)	559,861,380.17	548,620,680.32	11,240,699.85	
Other Assets (Note 9)	16,887,728.00	48,388,747.61	(31,501,019.61)	
Total non-current assets	591,764,108.17	612,024,427.93	(20,260,319.76)	-3.31%
TOTAL ASSETS	647,324,262.72	661,261,020.21	(13,936,757.49)	-2.11%
LIABILITIES AND STOCKHOLDERS' EQUITY				
CURRENT LIABILITIES				
Accounts Payable - Trade (Note 10a)	12,418,710.67	21,983,863.40	(9,565,152.73)	
Misc./Other Liabilities (Note 10b)	549,044,756.44	522,800,833.05	26,243,923.39	
Total current liabilities	561,463,467.11	544,784,696.45	16,678,770.66	3.06%
NON-CURRENT LIABILITIES				
Due To BCDA (Note 10c)	18,437,109.76	49,938,129.37	(31,501,019.61)	
Total liabilities	579,900,576.87	594,722,825.82	(14,822,248.95)	-2.49%
STOCKHOLDERS' EQUITY				
Capital Stocks				
Authorized (800,000 shares @ P100.00 par)				
Subscribed & Paid up (Note 11)	80,000,000.00	80,000,000.00	-	
Deposits for future subscriptions (Note 12)	18,674,554.60	14,050,032.60	4,624,522.00	
Donated Capital (Note 13)	692,362.00	692,362.00	-	
Equity in Joint Venture (Note 14)	15,000,000.00	15,000,000.00	-	
Deficit	(46,943,230.75)	(43,204,200.21)	(3,739,030.54)	
Total stockholders' equity	67,423,685.85	66,538,194.39	885,491.46	1.33%
TOTAL LIABILITIES AND CAPITAL	647,324,262.72	661,261,020.21	(13,936,757.49)	-2.11%

See accompanying Notes To Financial Statements.

PORO POINT MANAGEMENT CORPORATION

(A wholly-owned subsidiary of the Bases Conversion Development Authority)

STATEMENT OF INCOME AND RETAINED EARNINGS

For the Year Ended December 31, 2011

(With comparative figures for the year ended December 31, 2010)

	2011	2010	Variance
REVENUES:			
Operating & Service Income:			
Estate Management Fees (Note 2)	55,923,798.58	49,912,138.08	6,011,660.50
Miscellaneous Revenues:			
Permits & other fees	992,027.97	951,441.84	40,586.13
Rentals	913,170.18	379,373.32	533,796.86
Others	20,281.69	53,126.21	(32,844.52)
TOTAL REVENUES	57,849,278.42	51,296,079.45	6,553,198.97
EXPENSES:			
Personal Services			
Salaries & wages	11,441,736.53	10,550,363.52	891,373.01
Overtime	523,025.12	620,641.92	(97,616.80)
SSS/Medicare contributions	765,582.90	725,944.70	39,638.20
Pag-ibig contributions	64,550.00	60,700.00	3,850.00
Insurance Prem-Life & Health	608,634.07	743,624.95	(134,990.88)
Commutable allowances	1,742,805.32	1,670,500.00	72,305.32
Bonuses & Incentives	3,948,906.08	3,681,604.37	267,301.71
Other employee benefits	2,875,508.77	2,383,656.03	491,852.74
Total Personnel services	21,970,748.79	20,437,035.49	1,533,713.30
Maintenance & Other Operating Expenses			
Travelling expenses	970,696.53	1,246,267.80	(275,571.27)
Communication expenses	997,146.64	1,059,888.89	(62,742.25)
Repairs & Maintenance	2,687,577.31	1,881,392.23	806,185.08
Insurance & registration	2,057,211.16	1,893,425.66	163,785.50
Gasoline & Oils	1,740,075.37	1,937,435.36	(197,359.99)
Supplies & materials	2,002,950.84	1,506,780.25	496,170.59
Auditing services	958,435.02	795,060.95	163,374.07
Rents	93,327.62	120,237.03	(26,909.41)
Board expense	3,500,734.23	3,660,903.32	(160,169.09)
Depreciation expense	5,907,425.06	3,109,017.49	2,798,407.57
Bad Debts	2,363.19	298.32	2,064.87
Water, illumination & power	2,227,101.68	2,339,184.14	(112,082.46)
Training & seminar	887,347.93	587,124.39	300,223.54
Security & janitorial	10,628,725.12	9,369,422.01	1,259,303.11
Extraordinary & miscellaneous	490,503.73	462,355.19	28,148.54
Marketing & Promotions	292,540.54	431,049.72	(138,509.18)
Taxes, duties & fees	236,800.14	194,681.04	42,119.10
Representations	392,101.00	528,950.21	(136,849.21)
Subscriptions	84,538.89	75,826.57	8,712.32
Professional & consultancy fees	315,000.00	600,000.00	(285,000.00)
Project allowance - ATO	830,900.00	-	830,900.00
Fees for outside services	301,000.00	368,048.25	(67,048.25)
TOTAL OPERATIONAL COSTS	59,575,250.79	52,604,384.31	6,970,866.48
INCOME FROM OPERATIONS	(1,725,972.37)	(1,308,304.86)	(417,667.51)
OTHER INCOME(EXPENSE):			
Interest Income	437,352.69	493,564.55	(56,211.86)
Special Projects	(636,323.98)	(1,326,348.83)	690,024.85
	(198,971.29)	(832,784.28)	633,812.99
NET PROFIT(LOSS) BEFORE INCOME TAX	(1,924,943.66)	(2,141,089.14)	216,145.48
Less: Provision for income tax	(1,118,475.97)	(998,242.76)	(120,233.21)
NET PROFIT(LOSS)	(3,043,419.63)	(3,139,331.90)	336,378.69
DEFICIT, BEGINNING	(43,204,200.21)	(39,767,561.67)	(3,436,638.54)
Prior period adjustment	(695,610.91)	(297,306.64)	(398,304.27)
DEFICIT, END	(46,943,230.75)	(43,204,200.21)	(3,498,564.12)

See accompanying Notes To Financial Statements.

PORO POINT MANAGEMENT CORPORATION

(A wholly-owned subsidiary of the Bases Conversion Development Authority)

STATEMENT OF CASH FLOWS

For the year ended December 31, 2011

(With comparative figures for the year ended December 31, 2010)

	2011	2010	INC(DEC)
CASH FLOWS FROM OPERATING ACTIVITIES			
Miscellaneous income received	1,559,428.12	1,383,941.37	175,486.75
Opex funds received from BCDA	70,542,292.20	57,276,640.33	13,265,651.87
Collections of receivables, others	1,215,176.32	1,828,686.48	(613,510.16)
Cash payment to employees & suppliers	(62,364,566.34)	(63,779,030.39)	1,414,464.05
Income taxes paid	(519,069.97)	(2,045,213.83)	1,526,143.86
Net Cash used in operating activities	<u>10,433,260.33</u>	<u>(5,334,976.04)</u>	<u>15,768,236.37</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received	434,283.20	501,124.78	(66,841.58)
Purchases of PPE	(26,037,574.40)	(1,430,010.72)	(24,607,563.68)
Net Cash used in Investing activities	<u>(25,603,291.20)</u>	<u>(928,885.94)</u>	<u>(24,674,405.26)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Capex funds from BCDA	26,037,574.43	174,842.33	25,862,732.10
Net Cash from financing activities	<u>26,037,574.43</u>	<u>174,842.33</u>	<u>25,862,732.10</u>
NET INC(DEC) IN CASH AND CASH EQUIVALENTS	10,867,543.56	(6,089,019.65)	16,956,563.21
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	18,604,503.72	24,693,523.37	(6,089,019.65)
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>29,472,047.28</u>	<u>18,604,503.72</u>	<u>10,867,543.56</u>

See accompanying Notes to Financial Statements.

PORO POINT MANAGEMENT CORPORATION

(A wholly-owned subsidiary of the Bases Conversion Development Authority)

STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY

December 31, 2011

(With comparative figure as of December 31, 2010)

(In 1000 pesos)

	2011	2010	INC(DEC)
CAPITAL STOCK			
Balance at beginning of the year	80,000,000.00	80,000,000.00	-
Procurement of furniture, fixtures & equipment	-	-	-
Site development of PPMC Admin Bldg.	-	-	-
Balance at end of the year	80,000,000.00	80,000,000.00	-
DEPOSITS FOR FUTURE SUBSCRIPTION			
Balance at beginning of the year	14,050,032.60	10,083,167.19	3,966,865.41
Additions/Deductions	4,624,522.00	3,966,865.41	657,656.59
Balance at end of the year	18,674,554.60	14,050,032.60	4,624,522.00
DONATED CAPITAL			
Balance at beginning of the year	692,362.00	692,362.00	-
Additions/Deductions	-	-	-
Balance at end of the year	692,362.00	692,362.00	-
EQUITY IN JOINT VENTURE			
Balance at beginning of the year	15,000,000.00	15,000,000.00	-
Additions/Deductions	-	-	-
Balance at end of the year	15,000,000.00	15,000,000.00	-
DEFICIT			
Balance at beginning of the year	(43,204,200.21)	(39,767,561.67)	(3,436,638.54)
Net income(loss)	(3,043,419.63)	(3,139,331.90)	95,912.27
Correction of prior years' error	(695,610.91)	(297,306.64)	(398,304.27)
Balance at end of the year	(46,943,230.75)	(43,204,200.21)	(3,739,030.54)
	67,423,685.85	66,538,194.39	(3,739,030.54)

See accompanying Notes To Financial Statements.

The PPMC net income is directly being remitted to and is recognized as income by BCDA, as owner (representing the Republic of the Philippines) of the properties situated in PPSEFZ (see Note No.15).

Executive Order No. 132 dated October 3, 2003, renamed the John Hay Poro Point Development Corporation (JPDC) as the John Hay Management Corporation (JPMC) and authorized the creation of the Poros Point Management Corporation (PPMC) as the implementing arm of the BCDA over the PPFZ.

2. SIGNIFICANT ACCOUNTING POLICIES

PORO POINT MANAGEMENT CORPORATION
(A wholly-owned Subsidiary of the Bases Conversion Development Authority)
NOTES TO FINANCIAL STATEMENTS
December 31, 2011

1. AGENCY BACKGROUND

The Bases Conversion Development Authority (BCDA) was created under Republic Act No. 7227 dated March 13, 1993. The main objective is to accelerate the sound and balanced conversion of former military reservations, specially the American Military Bases into alternative productive civilian uses for the benefit of the Filipino people. Pursuant to this Act, Presidential Proclamation No. 216 was issued creating and designating the area covered by the former Wallace Air Station, the San Fernando Seaport and Airport, and contiguous areas in Poro Point as Poro Point Special Economic and Freeport Zone (PPSEFZ). On June 29, 1993, Executive Order No. 103 was issued, establishing the John Hay Development Corporation (JHDC) as a subsidiary and implementing arm of BCDA.

On February 1, 1997, John Hay Poro Point Development Corporation (Poro Point unit), started its operations as a separate entity with independent financial budget from the JPDC (Baguio unit). The turn-over of the San Fernando Seaport and Airport from the Philippine Ports Authority and the Air Transportation Office, respectively, to the BCDA through the JPDC -Poro, marked a milestone for the implementation of the PPSEFZ.

On September 21, 1999, BCDA and JPDC entered into a joint venture agreement with Bulk Handlers Inc. (BHI) for the management development and operation of the seaport of San Fernando, which is part of PPSEFZ. The agreement provides that BHI shall guarantee, for the duration of the agreement of no less than 25 years, minimum annual revenue to BCDA/ JPDC of P50M. BCDA/ JPDC shall be entitled to the P50M revenue even if the company incurs a net loss after tax, in which case BHI shall pay the minimum annual revenue. This amount shall be adjusted upward by 10% on the 10th year and by 10% every five years thereafter until the end of the term, including the 25-year renewal period.

The P50.0 million income is directly being remitted to and is recognized as income by BCDA, as owner (representing the Republic of the Philippines) of the properties situated at PPSEFZ (see Note No.15).

Executive Order No. 132 dated October 3, 2003, renamed the John Hay Poro Point Development Corporation (JPDC) as the John Hay Management Corporation (JHMC) and authorized the creation of the Poro Point Management Corporation (PPMC) as the implementing arm of the BCDA over the PPFZ.

2. SIGNIFICANT ACCOUNTING POLICIES

Cash and Cash Equivalents

The Corporation considers as cash equivalents all short-term, highly liquid investments with original maturities of three months or less from dates of purchase.

Materials and Supplies

This account carries the value of unused supplies and materials in stock using FIFO inventory method.

Property and Equipment

Property and Equipment are stated at cost less accumulated depreciation. Depreciation is measured using the straight-line method with composite rates ranging from 5% to 20%. In accordance with COA Circular Letter NO. 2004-3 dated October 4, 2004, the computation of depreciation expense shall start on the following month after the purchase/ completion of the PPE, irrespective of date within the month. The current and subsequent month depreciation expense shall be computed as follows:

$$\text{Monthly Depreciation Expense} = \frac{\text{Carrying Amount} - \text{Residual Value}}{\text{Remaining Useful Life}}$$

Maintenance and repairs are charged to operations. Improvements and/ or major repairs that considerably extend assets life or if the repair costs are material in amount are charged to the appropriate asset account.

Assets acquired with value of not more than P10,000 are recorded under supplies and materials expense upon withdrawal from the stockroom.

Revenue Recognition

Operating expenditures (OPEX) releases from BCDA are reflected as a source of income in the Statements of Income to satisfy the matching principle. All OPEX releases are booked as revenues by dividing the total yearly Corporation's approved budget in equal monthly amounts prior to actual receipt of the funds and subsequent adjustments are made upon receipt thereof.

Collections received in Trust

Income as well as collections from the San Fernando Airport and Thunderbird Filipinas Hotel & Resorts have been recognized and recorded in the books of the Corporation since January 2002 & April 2006 respectively as "Cash or Receivables Accruing to BCDA" and credited to account "Due To BCDA". Collections are deposited daily to BCDA Account No. 0202-0177-54 at Land Bank of the Philippines, San Fernando City. Results from these activities are being reported to BCDA on a regular basis and audit of accounts for this purpose, is being undertaken by the resident Corporate Auditors of BCDA. To date, however, a total of P254.24 million pertaining lease rentals of Poro Point Industrial Corporation (PPIC) remain uncollected. However, there are on-going negotiations for the settlement of the above and it is being undertaken by top-level management.

CAPEX Releases

The Performance Agreement executed between BCDA and PPMC provides that CAPEX releases made by BCDA shall be treated as Advances from BCDA. These funds shall be liquidated upon the completion of the projects.

3. CASH & CASH EQUIVALENTS

	<u>2011</u>	<u>2010</u>
Cash on hand & in banks	10,826,488.85	5,431,299.39
Short-term Placements	18,645,558.43	13,173,204.33
Total	29,472,047.28	18,604,503.72

4. ACCOUNT RECEIVABLES

Accounts Receivables(net)	4,700,223.32	5,709,800.20
Advances to officers & employees	14,500.00	0.00
Advances – Others	8,073,144.64	1,968,627.14
Interest receivables	16,968.72	12,712.22
Due from BCDA/Others	9,920,755.90	20,020,472.88
Total	22,725,592.58	27,711,612.44

5. INVENTORIES

Supplies & Materials	456,423.20	444,961.52
Supplies In-transit	572,354.80	316,616.25
Total	1,028,778.00	761,577.77

6. PREPAYMENTS

Prepaid expenses	2,333,736.70	2,158,898.35
Total	2,333,736.70	2,158,898.35

Prepaid expenses include payments of expenses with minimum coverage period of at least one (1) year like premiums paid on insurance policies, motor vehicle registration fees and other similar expenses. These expenses are amortized over a period of one (1) year.

7. INVESTMENTS

Investment at PPIC	15,000,000.00	15,000,000.00
PLDT shares of stocks	15,000.00	15,000.00
Total	15,015,000.00	15,015,000.00

8. PROPERTY & EQUIPMENT

This account consists of the following:

	In-progress	Vehicles	Equipment	Structures	Total
At December 31, 2010					
Cost	523,829,458.56	15,405,500.61	19,202,782.02	9,771,297.85	568,209,039.04
Accum. Deprec.	-	9,422,408.27	7,773,134.85	2,392,815.60	19,588,358.72
Net book value	523,829,458.56	5,983,092.34	11,429,647.17	7,378,482.25	548,620,680.32
Month ended					
December 31, 2011					
Opening book value	523,829,458.56	5,983,092.34	11,429,647.17	7,378,482.25	548,620,680.32
Additions	-	-	6,680,371.44	-	6,680,371.44
Assets turned-over to					
BCDA	-	-	-	-	-
Cost	-	-	-	-	-
Accum Deprec	-	-	-	-	-
Disposal of assets					
Cost	-	(2,710,000.00)	(48,700.00)	-	(2,758,700.00)
Accum Deprec	-	2,405,000.00	27,759.00	-	2,432,759.00
Depreciation for the year	-	(1,992,075.93)	(3,317,254.97)	(598,094.16)	(5,907,425.06)
Adjustments	(493,754,722.65)	-	-	504,548,417.12	10,793,694.47
Closing net book value	30,074,735.91	3,686,016.41	14,771,822.64	511,328,805.21	559,861,380.17
At December 31, 2011					
Cost	30,074,735.91	12,695,500.61	25,834,453.46	514,319,714.97	582,924,404.95
Accum Depreciation	-	(9,009,484.20)	(11,062,630.82)	(2,990,909.76)	(23,063,024.78)
Net book value	30,074,735.91	3,686,016.41	14,771,822.64	511,328,805.21	559,861,380.17

- *Construction in progress account* constitute Capex funded projects by BCDA like the Road Network, Upgrading of the San Fernando Airport and such other similar projects, which when completed and while awaiting transfer to BCDA, are temporarily transferred to the Finished Project Account. BCDA book these projects as their assets upon receipts from PPMC and will similarly reverse the corresponding advances made to PPMC.

9. OTHER ASSETS

Land acquisition	16,718,844.00	48,219,863.61
Deferred Expenses	0	893.53
Guaranty deposits	168,884.00	168,884.00
Total	16,887,728.00	48,388,747.61

This account includes the following:

- *Land acquisition* refers to all validated land claims within the Wallace area with a total area of 47,668 square meters, more or less. Acquisition cost was valued at P 1,250.00 per square meter. Costs include documentary stamp taxes & other similar incidental charges.

There are now forty seven (47) original land titles already forwarded to BCDA out of the seventy three (73) land titles covering 5.43 hectares, more or less. Titles of the remaining lots are still subject to reconstitution as a result of the fire that gutted the Register of Deeds building sometimes in August 26, 2000. The matter is being pursued with the Office of the Land Registration Authority (LRA) in

Manila and PPMC has moved for the filing of "Lis pendens" in order to secure PPMC's rights to the properties.

10. ACCOUNTS PAYABLE 2011 2010

Trade payables	12,418,710.67	21,983,863.40
Misc./other liabilities	549,044,756.44	522,800,833.05
Due to BCDA	18,437,109.76	49,938,129.37
Total liabilities	579,900,576.87	594,722,825.82

A. Trade Payables

This account represents the outstanding payables for purchases made from local suppliers and contractors accrued at the end of the month.

B. Miscellaneous Payables

This account includes the following:

Withheld taxes	1,847,298.73	2,529,801.11
Provident fund premiums	166,134.67	172,190.71
Advances from BCDA	538,958,570.57	512,920,996.14
Due to BCDA (note 1)	3,615,737.33	4,035,414.10
Trust liabilities	3,375,106.53	2,579,779.00
Miscellaneous	1,081,908.61	562,651.99
Total	549,044,756.44	522,800,833.05

- *Withheld taxes* refer to the taxes withheld from employees' salaries and wages and withholding of value added taxes (VAT) & expanded withholding taxes (EWT) from suppliers and contractors to be remitted to the BIR.
- *Provident Fund premiums* involve the contribution of PPMC employees a part of their monthly salary (2.5%) and the contribution of a counterpart amount by PPMC (5%) as provided for under PPMC Policy No.011-2003. This will pool their funds together which could serve as a financial facility to be utilized at some time in the future at more favorable terms and conditions. Total premiums as of December 31, 2011 amounted to P 3.63 million. This is deposited in a separate PNB account and a separate book is maintained to keep records of all transactions.

The Board of Trustees approved the implementing guidelines for the Employees Provident Fund Loan Program on October 20, 2005. Loan receivables as of the Balance Sheet date, December 31, 2011, amounted to P 3.53 million.

- *Advances from BCDA* represents funds released by BCDA intended for Capex projects. Upon completion of these construction projects, PPMC has to liquidate the advances made by turning over the completed projects to BCDA. As of December 31, 2011, this account involves funds received from BCDA for the Road Network and Upgrading of the San Fernando Airport.

- *Trust liabilities to contractors & other creditors* consists of bid bonds, retentions (10%) & performance securities either received from Contractors or deducted from progress billings. Other trust liabilities involve funds held in trust for the Bureau of Fire Protection, unused balance of bid fees collected by PPMC and SSS, Medicare & Pag-ibig premiums.
- *Miscellaneous liabilities* involve payable to various suppliers, officers and employees and other miscellaneous items.

C. Due To BCDA

This account refers to the unliquidated advances forwarded by BCDA that were intended for lot purchases within the Wallace area. As at Balance Sheet date, December 31, 2011, total advances from BCDA were reduced to P18.44 million from P49.94 million on account of the liquidation made in the amount of P 31.50 million corresponding to seventeen (17) new titles forwarded to BCDA on June 28, 2011.

11. CAPITAL STOCKS P 80,000,000.00 P 80,000,000.00

The company was authorized to issue 800,000 shares at P100.00 cost per share. BCDA funds for PPMC Capital projects were initially recorded into the Capital account. BCDA Funds intended for the Corporation's capital expenditures were initially recorded into this account. However, under article III (Undertaking of BCDA), paragraph 3.1 specifically, under Capex Funds of the Performance Agreement, a provision states that all BCDA funding for Capital expenditures will now be taken up as Advances from BCDA. Hence, these funds shall be fully liquidated by PPMC upon the completion of the project.

On the other hand, properties such as buildings, furniture, fixtures and equipment and motor vehicles which were funded by BCDA and are being utilized and directly benefits PPMC shall be recorded as assets of the latter including the depreciation expenses. As such, corresponding stock certificates, valued at par, shall be delivered by PPMC to BCDA.

12. DEPOSITS FOR FUTURE SUBSCRIPTIONS P18,674,554.60 P 14,050,032.60

This account represents the excess of authorized capital stocks on account of funding received from BCDA intended for the acquisitions of furniture; fixtures and equipment (see Note No.11).

13. DONATED CAPITAL P 692,362.00 P 692,362.00

This represents the assigned value of used furniture and equipment taken from Bataan Technology Park, Inc. with a nominal value of ₱1.00 per item and the donation made by the Voice of America on 18 October 1999 for the Furniture & Fixtures to PPMC. Valuation was based on the appraisal made by CUERVO APPRAISERS, INC. on 06 June 2000 less applicable accumulated depreciation.

14. EQUITY IN JOINT VENTURE P15,000,000.00 P15,000,000.00

This account represents the equity contribution of PPMC (15%) at PPIC which was funded by Bulk Handlers Inc., in exchange for the leasehold rights over the Project area.

15. PPMC REVENUES

Total revenues generated within the Poro Point Freeport Zone (PPFZ) consisting of lease rentals and miscellaneous airport fees for the year 2011 in the amount of P103.07 million were slightly higher by 7.69% as compared to the revenues last year at P95.71 million. The entry of Thunderbird Pilipinas Hotels and Resorts, Inc who's Casino opened for business in April 28, 2006 provided a significant share of the increase in revenues. Total percentage share in net winnings for the month ended December 31, 2011 amounted to P16.77 million. This represents variable income for BCDA/PPMC on top of the monthly fixed lease rentals amounting to P18.11 million at balance sheet date (see Note No.2 "collections received in trust").

However, a significant portion of these revenues in the total amount of P281.73 million representing unpaid lease rentals of Poro Point Management Corporation (PPMC) from August 2006 up to December 31, 2011, remains outstanding as at the Balance Sheet date. This is the subject of a Civil Case with reference No. 7188 (see Note No.16).

16. PENDING CASES

1. Civil Case No. Q-00-40637
 - In Re : Petition for Voluntary Insolvency
 - Petitioners : Spouses Reynaldo Q. Dyquiango and Yolanda V. Dyquiango
 - Court : RTC, National Capital Judicial Region, Branch 87, Quezon City
 - Presiding Judge: Hon. Teodoro A. Bay
 - Date Filed : June 28, 2000
 - Status : Still Pending. JPDC thru the Office of the Government Corporate Counsel filed a motion to exclude JPDC from among the list of Creditors of Mr. Dyquiango in order to be able to retrieve the Mercedes Van issued to him under the JPDC Car Plan Program.

On January 27, 2010, OGCC received a letter from Mr. Dyquiango where he manifested his willingness to return the vehicle to PPMC.

2. Expropriation Cases (For Eminent Domain)
 - The unwillingness of the registered owner of the following lots located at the seaport area to sell their properties to the government thru BCDA, whereby such refusal is adversely affecting the planned development at the PORO Point

Special Economic and Free Port Zone, prompted the government thru the Bases Conversion Development Authority (BCDA) to file expropriation cases to:

a.) Lepanto Consolidated Mining Co.

This has reference to the Civil Case No.6516 for eminent domain involving 29,778.06 square meters, more or less, with approximate value at P31,345,298.25

b.) Shiplside Incorporated

This involves Civil Case No. 6515 for about 55,534.80 square meters at approximately P 57,615,218.75.

A Certificate of Deposit with the Development Bank of the Philippines was presented to the Court representing 100% of the zonal value of the properties under expropriation.

A deposit has likewise been made by BCDA to the Development Bank of the Philippines in May 12, 2003 corresponding to the value of the improvements in the area amounting to P15,827,500.00.

However, RTC Branch 29 of the First Judicial Region, San Fernando City, La Union in it's ruling on July 15, 2003 denied the issuance of Writ of Possession in favor of BCDA on the following grounds:

- No immediate payment was made to the owner of the properties corresponding to 100% of the value of the properties plus improvements or structures as determined under Sec.7.
- A Certificate of Availability of Funds from proper official concerned was not also presented

On July 24, 2003 BCDA thru the Office of the Government Corporate Counsel (OGCC) filed a Motion for Reconsideration. This was again denied by the Court in its decision dated, 12 September 2003. A Notice of Appeal was earlier denied but later given due course so that the records of the case were transmitted to the Court of Appeals. The OGCC said that all cases are now in the Court of Appeals. But if there is finding that the Judge erred in denying the issuance of the writ of possession, and/or in dismissing the cases, then the cases will be remanded to the Regional Trial Court for further hearing.

On December 10, 2003 a decision was again rendered by the Court dismissing the cases filed on the grounds that Plaintiff has no authority to expropriate the lands subject of the instant dispute. Subsequently, thru Counsel (the Office of the Government Corporate Counsel), Plaintiff filed Motion for Reconsideration on January 5, 2004.

Meantime, the main cases were heard in the Regional Trial Court, where after the Pre-Trial, Judge Cawed ordered the parties to submit Memoranda on the issue of whether or not BCDA has the authority to expropriate the lands which supposedly have mining claims. After respective Memoranda were filed by the parties, Judge

Cawed issued a decision dismissing all three (3) main cases on the ground that BCDA cannot expropriate the lands with existing mining claims.

In the meantime, the OGCC received another Petition for Certiorari, this time filed by Lepanto/Shipside, questioning why the appeal was allowed to go to the Court of Appeals. This is now the third case pending with the Court of Appeals. Lepanto/Shipside claims that it was an error for the Judge to reverse himself and allow the case to be sent to the Court of Appeals, when the appeal should have been made to the Supreme Court.

PPMC filed a Motion for Early resolution dated March 5, 2008. On April 1, 2008, PPMC thru Counsel received a Resolution from the Court of Appeals dated March 17, 2008: "The Motion for Early resolution dated March 5, 2008 filed by counsel for plaintiff-appellant is NOTED. The case shall be duly attended to according to the order of priorities in resolving cases laid down in the Court's internal rules."

Per Decision dated 14 December 2010 received on 10 January 2011, the dispositive portion: "Accordingly, the appeal is GRANTED. The consolidated Decision dated December 10, 2003 and Order dated April 1, 2004 of the Regional Trial Court, Branch 29, San Fernando City, La Union, in Civil Cases Nos. 6515, 6516 and 6771 are REVERSED AND SET ASIDE. These civil cases are reinstated in the docket of the trial court and the latter is directed to proceed with the hearing therein immediately and with dispatch. No costs, SO ORDERED."

Plaintiff-Appellants is required to comment on the Defendants-Appellees' Motion for Reconsideration of the Decision dated 14 December 2010 with ten (10) days from notice hereof as per Resolution dated 17 January 2011.

3. Civil Case No. 7188

Title: BHI, Moran, Tan, Venturina and PPIC vs. BCDA and PPMC

Nature: Petition for Injunction brought under the Interim Rules of Procedure Governing Intra-Corporate Controversies (to prevent implementation of PPMC Resolution No.2006-01-10 declaring the Pre-Incorporation Agreement null and void *ab initio*)

Venue: Branch 29, RTC SFLU

Status: Judgment dated December 17, 2009 was received by the OGCC on January 5, 2010 by the Branch 29 of the Regional Trial Court, SFLU

The dispositive portion of which provides:

- a. Declaring the Pre-Incorporation Agreement among the parties valid and effective;
- b. Declaring plaintiff PPIC's right under the Pre-Incorporation Agreement to utilize, develop, operate, manage and administer the 15.3 hectare area of the Poro Point Seaport which it currently occupies. Conversely, the defendants shall be relieved from complying with the stipulated undertakings to deliver the remainder of about 64.7 of the seaport and industrial areas of PPSEFZ to the plaintiffs.

- c. Declaring the amount of P9,562,500.00 as the guaranteed minimum annual revenue corresponding to the 15.3 hectare seaport area actually delivered to PPIC to retroact to November 1999 subject to the escalation clause as stated in the Pre-Incorporation Agreement; the overpayments previously made by BHI/PPIC shall be applied to the succeeding revenues beginning 2006 until the same has been fully consumed; and
- d. Declaring PPIC's right to the renewal of its registration as a PPSEFZ enterprise.

A Motion for Reconsideration dated January 19, 2010 was filed the next day, January 20, 2010.

Plaintiffs filed Opposition (to the Motion for Reconsideration filed by PPMC) on February 10, 2010 which was received by the Office of the Government Corporate Counsel (OFCC) on February 18, 2010; OGCC filed a reply (to the Opposition filed by Plaintiffs) on February 24, 2010.

4. BULK HANDLER'S INC., vs JUDGE ROBERT T. CAWED, in his official capacity as the Presiding Judge of Branch 29 of the regional Trial Court of the First Judicial Region, San Fernando City, La Union and BCDA/PPMC (CA-GR.SP No.100816) pending before the 11th Division of the Court of Appeals, Manila.

In this case, the Court of Appeals ruled (thru its Decision promulgated on the 13th November 2008) that Bulk Handler's should deposit its obligation to BCDA/PPMC in the form of annual guaranteed revenues pursuant to the Pre-Incorporation Agreement; to the Trial Court or to an institution chosen by the Trial Court as depository of said revenues, pending the final resolution of Civil Case No.7188. Moreover the Court of Appeals also ruled that said amount will be released to either BHI, on one hand, or BCDA/PPMC, on the other hand depending on the outcome of Civil Case No.7188.

PPMC filed a Petition for Review on Certiorari under Rule 45 assailing the decision of the Court of Appeals where BHI was ordered to deposit the amount due to PPMC and BCDA (pursuant to the Pre-Incorporation Agreement) to the RTC of La Union or to its designated depository, on 15 July 2009. We filed our reply dated January 17, 2010 on January 18, 2010 to BHI's Comment to our Petition.

We filed a manifestation and motion dated March 19, 2010 on March 22, 2010 reiterating that our counsel has not yet received a copy of the respondent's Motion for Leave to Admit Supplemental Comment on the Petition for Review on Certiorari as shown by the certification issued by the OGCC's Records Section. A reply was filed (to Respondent's Supplemental Comment dated 14 January 2010) on 16 July 2010. PPMC is still awaiting further notice/resolution from the Honorable Court.

COMMENTS AND OBSERVATIONS

1. A portion of the Road Network Project with a total project cost of P65,474,831.73 had already been completed (Phase I) since August 28, 2005 but this was still carried in the books as Construction in Progress account and has not been transferred to BCDA, thus overstating the asset account on the Corporation.

This is a reiteration of last year's audit observation.

One of the main objectives of the Bases Conversion and Development Authority (BCDA) was to transform thru its subsidiary Poro Point Management Corporation (PPMC), the Poro Point Special Economic Freeport Zone (PPSEFZ) into a destination of choice for tourism, recreation and commercial purposes. In line with its thrust of developing its Tourism Complex, PPMC implemented various infrastructure projects. Part of the framework plan of the Zone is the construction of road network to provide access to areas of development within the Tourism Complex.

On March 31, 2005, PPMC entered into contract with Satrap Construction Company, Inc. for the construction of the road network. The contract in the total amount of P65,474,831.73 was approved by the PPMC Board of Directors. On April 15, 2005, the Notice to Proceed was issued to Satrap and the project was started on May 1, 2005 and should have been completed on August 28, 2005.

Management decided to forego the construction of internal road segments within the Tourism Complex because the responsibility of completing the road network was passed on to the TPHRI and the plans for the development of the Tourism Complex might not jive with the road network to be completed by Satrap. It was also for economic and practical reasons that they decided to suspend part of the project. Phase I of the access road was completed though.

We recommended that the Finance Division should coordinate with the Operations Division as to the actual cost of the completed project (Phase I) and make the necessary adjustment on the Construction in Progress account and transfer the said account to the BCDA as per agreement.

During the exit conference, the Audit Team was informed that on November 16, 2011, a meeting with Satrap was held for the closure of the said project. The Board of Directors of Poro Point Management Corporation in its Special Board meeting on December 5, 2011 unanimously approved Board Resolution No. 2011-12-21:

"RESOLVED, That the Board of Directors of Poro Point Management Corporation (PPMC), adopt the recommendation of Management in its letter dated 18 February 2011 to former President Felix S. Racadio, to terminate

the Contract with SATRAP for the construction of roads without prejudice to negotiations for the payment by PPMC of the proper amount of demurrage due to SATRAP, if any.”

On December 21, 2011, PPMC wrote the BCDA President informing BCDA that PPMC Board of Directors in its Special Board Meeting on December 5, 2011 unanimously approved Board Resolution No. 2011-12-21. On January 10, 2012, PPMC wrote Satrap formally terminating and closing the contract dated March 31, 2005 entered into between PPMC and Satrap. Documents needed for the closure of the account are now being prepared.

- 2. The Accounts Receivable – Trade account amounting to P1,591,676.93 remained outstanding for more than two years hence, should be classified as non –current asset so as to be consistent with the provision of Paragraph 10, SFAS No. 3.**

Paragraph 10, SFAS No. 3 states that receivables arising from the ordinary transactions of business, which may be reasonably expected to be collected within the next twelve months following the balance sheet date, are classified under current assets, usually following cash and marketable securities.

In the analysis of the Accounts Receivable – Trade, we found the amount of P1,591,676.93 (Annex A), an increase of P81,143.48 from last year’s P1,510,333.45 has not moved for the last two years and no collections has been made but were still included under current receivables which is inconsistent with the above stated provision. Most of these were due from airport users like flying schools. Among these receivables is due from ACE Pilots Aviation Academy, Inc. represented by Capt. Paramjit S. Hehar in the amount of P1,009,724.50 and Flight School International in the amount of P449,470.50.

We recommend that Management reclassify the account from current to non-current receivables for fair presentation of the financial statements. We also recommended that Management formulate strategies like sending collection/demand letters to enforce collections of these long overdue receivables.

In the exit conference, the Vice President for Finance has informed the Audit Team that he has already referred to and transmitted to Atty. Marlou P. Pacleb, Legal Counsel of PPMC the documents pertaining to these accounts for proper legal action.

3. Gender and Development

The Corporation has implemented RA No. 7192 otherwise known as the “Women in Development and Nation Building Act” and Executive Order No. 273 –Approving and Adopting the Philippine Plan for Gender-Responsive Development, 1995-2025.

Executive Order No. 273 dated September 8, 1995 directed all government agencies, departments, bureaus, offices and instrumentalities including government-owned and controlled corporations to incorporate Gender and Development (GAD) concerns in their agency performance commitments, annual agency budget and work and financial plans.

For CY 2011, the Corporation implemented its gender and development program. GAD awareness was incorporated in the various trainings they conducted. A Gender Sensitivity and Anti-Sexual Harassment Seminar was conducted by the Civil Service Commission on March 28-31, 2011 which coincided with the celebration of Women's Month. It held a Family Day and team building activities on June 2, 2011 at Kaykayo, Bauang, La Union. A Gender Analysis and Planning Workshop was also conducted on November 9-10, 2011. It spent a total amount of P168,733.83 for these activities.

We recommended that management should prepare a program of activities and budget to implement RA No. 7192.

4. Compliance with Tax Laws

The Corporation collected a total of P3,209,035.97 in taxes during the year, in consonance with Executive Order No. 651 as implemented under BIR-DOF-DBM Joint Regulation 1-2001.

For the year 2011, the Corporation had a withholding taxes payables beginning balance of P2,529,801.11. During the year, it withheld and remitted to the Bureau of Internal Revenue the amount of P3,209,035.97 and P3,891,538.35 respectively. These represent taxes withheld from employees' salaries and wages and value added tax (VAT) and expanded withholding taxes (EWT) from suppliers and contractors. The balance at year end was P1,847,298.73.

The Corporation remitted to the Bureau of Internal Revenue on January 5, 2012 and February 8, 2012 the amount of P659,961.31 and P254,637.41 respectively. The balance is attributed to the assessment made by BIR on fringe benefits not subject to tax which PPMC is contesting. The BIR officials and PPMC officials have continuing dialogue to settle this issue.

5. Linkage to Statement of Audit Suspensions, Disallowances and Charges (SASDC)

Post audit of the Corporation's disbursements using the Test Audit Days Sampling Methods (TADS) showed minor deficiencies and were immediately corrected by management hence, these did not necessitate the issuance of Notice of Suspensions or Notice of Disallowance. Likewise, in the post audit of

revenue/income using the Test Audit Months Sampling (TAMS), all transactions were passed in audit and no Notice of Charge was issued. For CY 2011, the agency received a clean SASDC.

We commend Management particularly the Finance Division for their compliance to accounting and auditing rules and regulations. However, Management should always observed prudence in all their financial transactions to avoid audit exceptions.

6. Procurement of Supplies through the Procurement Service, Department of Budget and Management

The Corporation has substantially complied with the provision of Section 53.5 of the Revised Implementing Rules and Regulations (IRR) of Republic Act 9184 simplified as “purchase of commonly used goods from the Procurement Service.

Based on our post audit of the Corporation’s transactions and verification of related documents, it has substantially complied with Section 53.5, (IRR) of RA 9184. Purchases of commonly used goods was made with the Procurement Service and for CY 2011 it purchased a total of P311,217.35.

STATUS OF IMPLEMENTATION OF PRIOR YEAR’S AUDIT RECOMMENDATION

Audit Observations	Audit Recommendations	Status of Implementation	Remarks
The Road Network Project with a total project cost of P65,474,831.73 had already been completed (Phase I) but this was still carried in the books as Construction in Progress account and has not been transferred to BCDA thus, overstating the asset account of the Corporation.	We recommended that the Finance Division should coordinate with the Operations Division as to the actual cost of the completed project (Phase I) and make the necessary adjustments.	On Going	We have reiterated this observation. The contractor was already informed by PPMC thru a letter dated January 10, 2012 that it is formally terminating and closing the contract dated March 31, 2005. Documents needed for the closure of the account are now being prepared.
The annual minimum guaranteed revenue of P50M totaling P171.67M as of Dec. 31,2009 was not paid by BHI in violation of Sec. 2.201 of the Pre- Incorporation Agreement.	We recommended and Management agreed to explore all avenues to ensure that guaranteed revenues are collected and eventually remitted to BCDA	On-Going	The status of this case is fully disclosed on the Notes to Financial Statements under No. 17 (4) – Pending Cases

<p>The Accounts Receivable – Trade account amounting to P1,510,333.45 remained outstanding for more than two years hence, should be classified as non-current asset so as to be consistent with the provision of Paragraph 10, SFAS No. 3</p>	<p>We recommended that the account be reclassified from current to non-current for fair presentation of the financial statements. We also recommended that management formulate strategies to enforce collections of these long overdue receivables.</p>	<p>Not yet Implemented</p>	<p>Our recommendation to reclassify the account from current to non-current has yet to be implemented. However, the VP for Finance has already transmitted to their Legal Counsel the documents pertaining to these receivables for proper action.</p>
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Item	Description	Amount	Balance	Remarks
1	Accounting Department	1,250.00	1,250.00	
2	Admin. Personnel	12,285.00	12,285.00	
3	Admin. Equipment	37,620.00	37,620.00	
4	Admin. Miscellaneous	5,574.00	5,574.00	
5	Administrative Services	81,312.00	81,312.00	
6	Aviation Services	2,383.00	2,383.00	
7	Aviation	591.00	591.00	
8	Aviation	653.00	653.00	
9	Aviation	10,275.00	10,275.00	
10	Aviation	1,025.00	1,025.00	
11	Aviation	597.00	597.00	
12	Aviation	1,530.00	1,530.00	
13	Aviation	782.00	782.00	
14	Aviation	2,590.00	2,590.00	
15	Aviation	533.00	533.00	
16	Aviation	1,022.00	1,022.00	
17	Aviation	12,104.00	12,104.00	
18	Aviation	164.00	164.00	
19	Aviation	2,542.00	2,542.00	
20	Aviation	250.00	250.00	
21	Aviation	1,264.00	1,264.00	
22	Aviation	473.00	473.00	
23	Aviation	200.00	200.00	
24	Aviation	2,113.00	2,113.00	
25	Aviation	156,911.00	156,911.00	
26	Aviation	873.00	873.00	
27	Aviation	1,630,324.00	1,630,324.00	
28	Aviation	1,000.00	1,000.00	
29	Aviation	10,276.00	10,276.00	
30	Aviation	1,272.00	1,272.00	
31	Aviation	550.00	550.00	
32	Aviation	1,148.00	1,148.00	
33	Aviation	42,790.00	42,790.00	
34	Aviation	200.00	200.00	
35	Aviation	1,330.00	1,330.00	
36	Aviation	1,000.00	1,000.00	
37	Aviation	2,383.00	2,383.00	
38	Aviation	591.00	591.00	
39	Aviation	653.00	653.00	
40	Aviation	10,275.00	10,275.00	
41	Aviation	1,025.00	1,025.00	
42	Aviation	597.00	597.00	
43	Aviation	1,530.00	1,530.00	
44	Aviation	782.00	782.00	
45	Aviation	2,590.00	2,590.00	
46	Aviation	533.00	533.00	
47	Aviation	1,022.00	1,022.00	
48	Aviation	12,104.00	12,104.00	
49	Aviation	164.00	164.00	
50	Aviation	2,542.00	2,542.00	
51	Aviation	250.00	250.00	
52	Aviation	1,264.00	1,264.00	
53	Aviation	473.00	473.00	
54	Aviation	200.00	200.00	
55	Aviation	2,113.00	2,113.00	
56	Aviation	156,911.00	156,911.00	
57	Aviation	873.00	873.00	
58	Aviation	1,630,324.00	1,630,324.00	
59	Aviation	1,000.00	1,000.00	
60	Aviation	10,276.00	10,276.00	
61	Aviation	1,272.00	1,272.00	
62	Aviation	550.00	550.00	
63	Aviation	1,148.00	1,148.00	
64	Aviation	42,790.00	42,790.00	
65	Aviation	200.00	200.00	
66	Aviation	1,330.00	1,330.00	
67	Aviation	1,000.00	1,000.00	
68	Aviation	2,383.00	2,383.00	
69	Aviation	591.00	591.00	
70	Aviation	653.00	653.00	
71	Aviation	10,275.00	10,275.00	
72	Aviation	1,025.00	1,025.00	
73	Aviation	597.00	597.00	
74	Aviation	1,530.00	1,530.00	
75	Aviation	782.00	782.00	
76	Aviation	2,590.00	2,590.00	
77	Aviation	533.00	533.00	
78	Aviation	1,022.00	1,022.00	
79	Aviation	12,104.00	12,104.00	
80	Aviation	164.00	164.00	
81	Aviation	2,542.00	2,542.00	
82	Aviation	250.00	250.00	
83	Aviation	1,264.00	1,264.00	
84	Aviation	473.00	473.00	
85	Aviation	200.00	200.00	
86	Aviation	2,113.00	2,113.00	
87	Aviation	156,911.00	156,911.00	
88	Aviation	873.00	873.00	
89	Aviation	1,630,324.00	1,630,324.00	
90	Aviation	1,000.00	1,000.00	
91	Aviation	10,276.00	10,276.00	
92	Aviation	1,272.00	1,272.00	
93	Aviation	550.00	550.00	
94	Aviation	1,148.00	1,148.00	
95	Aviation	42,790.00	42,790.00	
96	Aviation	200.00	200.00	
97	Aviation	1,330.00	1,330.00	
98	Aviation	1,000.00	1,000.00	
99	Aviation	2,383.00	2,383.00	
100	Aviation	591.00	591.00	

POHO POINT MANAGEMENT CORPORATION
Aging of Accounts Receivable-Trade
As of December 31, 2011

Srl #	Name	Balance as of 12/31/11	Current	NO. OF DAYS						Over 2 Yrs
				31-60	61-90	91-120	Over 120 days	1 Yr to 2 Yrs	Over 2 Yrs	
1	Aboitz and Company	1,252.50	-	330.00	922.50	-	-	-	-	-
2	Adrian Rathmell	12,235.00	463.00	-	383.00	2,313.00	-	-	5,507.00	3,569.00
3	Aero Equipment	37,539.00	2,619.00	9,894.00	1,746.00	2,328.00	5,529.00	-	15,423.00	-
4	Aero International Aviation School	4,074.00	-	-	873.00	-	3,201.00	-	-	-
5	Aeroflite Aviation Corporation	52,317.00	-	-	-	-	2,910.00	-	49,407.00	-
6	Air Aviation Cooperative	3,333.00	-	-	-	-	-	-	3,333.00	-
7	Airgurus	660.00	-	-	330.00	-	-	-	-	-
8	Al Malcolm	650.00	-	-	-	-	-	-	-	650.00
9	All Asia Air Central, Inc.	39,289.00	3,492.00	11,058.00	7,275.00	-	17,464.00	-	-	-
10	Allied Bank Corp.	3,226.00	-	-	660.00	-	-	-	-	1,906.00
11	Asia Pacific Planning Co.	527.00	-	-	-	-	-	-	-	527.00
12	Asian Aeronautics Services, Inc.	1,528.50	499.50	662.00	367.00	-	-	-	-	-
13	Asian Aero Space Corporation	792.00	-	-	-	-	438.00	-	354.00	-
14	Asian Spirit	2,560.00	-	-	-	-	-	-	-	2,560.00
15	Astro Air	533.00	-	-	-	-	-	-	-	533.00
16	Aviation Flight Training Academy	8,822.50	-	-	-	-	-	-	291.00	8,531.50
17	Aviation Source Group	12,804.00	-	-	-	-	1,455.00	-	11,349.00	-
18	Avlink	582.00	-	-	-	-	-	-	-	582.00
19	Ayala Aviation Corp.	2,640.00	-	-	354.00	-	-	-	1,850.00	436.00
20	Bali Hai	330.60	-	-	-	-	-	-	-	330.60
21	Boyd, Jimmy	1,284.00	-	-	-	-	-	-	-	1,284.00
22	Capt. Alex Rodante	873.00	-	-	-	-	-	-	-	873.00
23	Capt. Ed Mijares	700.00	-	-	-	-	-	-	-	700.00
24	Capt. Gary Alzona	2,116.00	-	-	-	-	-	-	-	2,116.00
25	Capt. Michael Z. Mandilag	155,511.00	291.00	30,264.00	6,111.00	4,656.00	47,724.00	-	66,465.00	-
26	Capt. Manuel Cortez	873.00	-	-	-	-	-	-	-	873.00
27	Capt. Paramjit S. Hehar	1,009,724.50	-	-	-	-	-	-	-	1,009,724.50
28	Challenger Aero	1,320.00	-	330.00	-	-	330.00	-	660.00	-
29	Clark Aviation Corporation/Ronald Diche	16,878.00	1,455.00	13,095.00	2,037.00	291.00	-	-	-	-
30	Corporate Air	1,372.00	-	-	-	-	-	-	-	1,372.00
31	Cris Parker	650.00	-	-	-	-	-	-	-	650.00
32	Cyclone Airways Inc.	8,148.00	-	-	582.00	291.00	3,201.00	-	4,074.00	-
33	Delta Air Aviation School Inc.	43,750.00	-	-	-	-	582.00	-	43,168.00	-
34	Edmund Montanes	291.00	-	-	-	-	-	-	-	291.00
35	Fast Link Aviation	2,910.00	-	-	291.00	-	-	-	2,619.00	-
36	FF Cruz Aviation	4,270.00	-	1,930.00	1,340.00	-	-	-	-	1,000.00
37	First Private Power Corporation	1,866.00	-	-	-	-	-	-	1,866.00	-
38	Flight School International	453,835.50	-	-	3,201.00	-	1,164.00	-	-	449,470.50

Srl #	Name	Balance as of 12/31/11	NO. OF DAYS						
			Current	31-60	61-90	91-120	Over 120 days	1 Yr to 2 Yrs	Over 2 Yrs
39	Flight Simulator Training Inc.	43,961.50	13,968.00	17,169.00	5,820.00	-	7,004.50	-	-
40	Filifline Aviation School Inc.	18,070.00	873.00	2,037.00	4,389.00	-	5,238.00	5,533.00	-
41	FPPC	1,834.00	-	-	-	-	1,834.00	-	-
42	Galeo Equip./AirAdsCorp.	660.00	-	-	660.00	-	-	-	-
43	Galileo Aviation Company	1,374.00	-	-	-	-	1,374.00	-	-
44	Gordo Aviation Corp.	1,017.00	-	-	-	-	-	1,017.00	-
45	Grant Aviators Aviation Corp.	664.00	-	-	-	-	664.00	-	-
46	Helitrend	330.00	-	-	-	-	-	330.00	-
47	Inaec Aviation Corp.	4,349.00	-	516.50	1,436.50	1,033.00	516.50	846.50	-
48	Jaka Transport	626.33	-	-	-	-	-	-	626.33
49	Jean David Harris	582.00	291.00	291.00	-	-	-	4.00	-
50	KMC Realty, Inc.	4.00	-	-	-	-	-	-	-
51	Leading Edge International Academy	792,978.50	72,270.50	187,653.50	130,036.00	142,635.00	260,383.50	-	-
52	Lepanto Consolidated Mining Corp.	2,610.00	-	-	1,734.00	-	-	876.00	-
53	Macroasia Corporation	330.00	-	-	-	-	-	330.00	-
54	Mapua, Rhene	403.00	-	-	-	-	-	-	403.00
55	Masters Flying School	6,879.00	-	1,455.00	1,164.00	291.00	2,328.00	1,641.00	-
56	Misibis Aviation	1,320.00	-	660.00	660.00	-	-	-	-
57	Mora Air Services Inc.	582.00	-	-	582.00	-	-	-	-
58	National Grid Corporation	5,440.00	-	2,310.00	-	-	-	3,130.00	-
59	Navarro, Davy Crisel R.	2,328.00	-	-	-	-	-	-	2,328.00
60	Omni Aviation Corp.	224,146.00	24,788.00	50,409.00	14,259.00	-	134,690.00	-	-
61	One Horizon	64,215.50	-	-	-	291.00	291.00	2,910.00	60,723.50
62	Orient Aviation Corp.	291.00	-	-	-	-	-	291.00	-
63	Orient Pearl Entertainment & Mgmt. Inc.	354.00	-	-	-	-	354.00	-	-
64	Pacific Airways	4,661.00	-	-	-	-	-	4,661.00	-
65	Paul Norie	291.00	-	-	-	-	-	-	291.00
66	Philippine Airlines	5,369.68	-	-	-	-	-	5,369.68	-
67	Philippine Pilots Academy, Inc.	4,074.00	-	-	-	-	-	2,619.00	1,455.00
68	PLDT	2,614.00	-	1,906.00	708.00	-	-	-	-
69	Robert McNatt	1,213.00	-	-	-	-	1,213.00	-	-
70	Royal Air Aviation	963.00	-	-	-	-	-	672.00	291.00
71	Royal Star Aviation	2,354.00	-	1,070.00	-	-	-	-	1,284.00
72	Sapphire	352.00	-	-	-	-	-	-	352.00
73	Singson, Chavit	816.00	-	-	-	-	-	-	816.00
74	SM Prime Holdings	330.00	-	-	-	-	-	-	330.00
75	SM Mall of Asia	1,969.50	-	-	-	-	-	616.50	1,353.00
76	Southern Pioneer Corp.	392.00	-	-	-	-	-	-	392.00
77	South East Asian Airline	1,497.06	-	-	-	-	-	1,497.06	-
78	Southwind Aviation Center	582.00	-	-	-	-	-	582.00	-
79	Sta. Lucia Realty & Dev't. Corp.	1,938.00	-	-	660.00	-	-	474.00	804.00
80	Starborne Chartered Corporation	498.00	-	-	-	498.00	-	-	-

Srl #	Name	Balance as of 12/31/11	NO. OF DAYS						Over 2 Yrs
			Current	31-60	61-90	91-120	Over 120 days	1 Yr to 2 Yrs	
81	Steve Briganza	650.00	-	-	-	-	-	650.00	
82	Strikewing Aviation	1,164.00	-	-	-	-	-	1,164.00	
83	Subic Air Charter	2,127.27	-	-	-	-	2,127.27		
84	Techno Air Corporation	3,471.50	-	1,746.00	-	-	1,725.50		
85	Thompson, Angie S.	2,382.00	-	-	-	-	1,157.00	1,225.00	
86	Transco/ National Grid Corp. of the Phils.	1,764.88	-	-	-	1,764.88	-		
87	United Laboratories	1,686.00	-	-	-	-	1,124.00	562.00	
88	Victoria Air, Inc.	11,400.00	-	-	-	-	-	11,400.00	
89	Yokota Aviation Corp.	12,513.00	-	-	-	-	-	12,513.00	
90	World Aviation Corporation	7,717.00	-	-	-	-	4,620.00	3,097.00	
91	WCC Aviation Company	330.00	-	-	-	-	330.00		
92	Zest Air	299,653.50	-	-	57,608.00	50,461.00	158,054.50	33,530.00	
93	Zotter, Helmut	359.00	-	-	-	-	-	359.00	
	Total	3,442,548.32	121,010.00	333,040.00	247,275.00	206,738.00	655,835.88	286,972.51	1,591,676.93

Republic of the Philippines
COMMISSION ON AUDIT
Office of the Auditor

Puro Point Management Corporation
San Fernando City, La Union

The Annual Audit Report on the audit of the Puro Point San Fernando City, La Union in compliance with Section 2, Constitution of the Philippines and pertinent provisions of Presidential

in accordance with applicable laws, rules and regulations and standards. Those standards require that we plan and perform basis for our conclusions.

the Bases Conversion and Development Authority (BCDA) did not specific accounts shall be audited for PPMC. However, as part of the audit the following financial accounts and transactions:

Audit Action	Results of Audit
Audited	No significant audit findings. Balances per books are reconciled with bank balances as per bank statements. Interest income on short-term placements are recorded.
Audited	No significant audit findings.
Audited	No significant audit findings. Physical inventory of

Republic of the Philippines
COMMISSION ON AUDIT
 Office of the Auditor
Poro Point Management Corporation
 San Fernando City, La Union

February 27, 2012

The Regional Director
 Commission on Audit
 Regional Office No. I
 San Fernando City, La Union

Thru: **The Supervising Auditor**
 CGS – Audit Group C

Sir:

We are pleased to submit the Annual Audit Report on the audit of the Poro Point Management Corporation, San Fernando City, La Union in compliance with Section 2, Article IX-D of the Constitution of the Philippines and pertinent provisions of Presidential Decree No. 1445.

The audit was conducted in accordance with applicable laws, rules and regulations and generally accepted auditing standards. Those standards require that we plan and perform audit to obtain a reasonable basis for our conclusions.

The Supervising Auditor of the Bases Conversion and Development Authority (BCDA) did not have instruction on what specific accounts shall be audited for PPMC. However, as part of our regular audit, we have audit the following financial accounts and transactions:

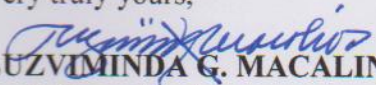
Accounts/Transactions	Audit Action	Results of Audit
Cash and Cash Equivalent	Audited	No significant audit findings. Balances per books are reconciled with bank balances as per bank statements. Interest income on short-term placements are recorded.
Accounts Receivables	Audited	No significant audit findings.
Property and Equipment	Audited	No significant audit findings. Physical inventory of

		properties was conducted during the year and property acknowledgement receipts are updated.
Accounts Payable	Audited	No significant audit findings. Payables are valid and legal.
Revenues/Income	Audited	No significant audit findings. Income of PPMC collected in cash are recorded and deposited intact, while those that accrue to/or held in trust for BCDA are remitted/deposited to the BCDA bank account.
Purchased of Airport Equipment	Audited	No significant audit findings. We have observed/witnessed their bidding procedures and the Bids and Awards Committee strictly follows the provisions of RA 9184.
Compliance to Tax Laws	Audited	No significant audit findings. Taxes on current transactions were withheld and remitted to the BIR on schedule. However, there were tax assessments on previous years' transactions that are being contested by PPMC.

Deficiencies noted in the course of audit and observations in our review of the agency's financial statements were discussed with concerned PPMC officials and employees in an exit conference on February 24, 2012. Their comments were incorporated in this report.

We appreciate the cooperation extended to us by Management during the audit.

Very truly yours,


LUZVIMINDA G. MACALINO
 Audit Team Leader