

**PORO POINT MANAGEMENT CORPORATION**  
**(A Member of The BCDA Group)**  
**Condensed Statement of Financial Position**  
**As of June 30, 2023**

	Note	2023	2022	Variance
<b>ASSETS</b>				
<b>Current Assets</b>				
Cash and Cash Equivalents	3	23,254,052.37	13,485,133.97	9,768,918.40
Investments	4	100,387,677.53	100,662,982.61	(275,305.08)
Receivables	5	7,489,311.93	5,283,630.14	2,205,681.79
Inventories	6	762,111.64	804,885.81	(42,774.17)
Other Current Assets	7	3,856,658.56	4,057,115.35	(200,456.79)
<b>Total Current Assets</b>		<b>135,749,812.03</b>	<b>124,293,747.88</b>	<b>11,456,064.15</b>
<b>Non-Current Assets</b>				
Investments in Joint Ventures	8	15,000,000.00	15,000,000.00	-
Other Investments		15,000.00	15,000.00	-
Investment Property	9	82,165,633.06	114,830,766.55	(32,665,133.49)
Property, Plant and Equipment	10	8,391,764.83	10,435,008.75	(2,043,243.92)
Intangible Assets		0.00	20,476.90	(20,476.90)
Other Non-Current Assets		0.00	1,254,265.39	(1,254,265.39)
<b>Total Non-Current Assets</b>		<b>105,572,397.89</b>	<b>141,555,517.59</b>	<b>(35,983,119.70)</b>
<b>TOTAL ASSETS</b>		<b>241,322,209.92</b>	<b>265,849,265.47</b>	<b>(24,527,055.55)</b>
<b>LIABILITIES</b>				
<b>Current Liabilities</b>				
Financial Liabilities	11	8,085,887.64	5,897,386.19	2,188,501.45
Inter-Agency Payables	12	66,098,117.61	95,463,109.25	(29,364,991.64)
Intra-Agency Payables		9,700.00	12,039.62	(2,339.62)
Trust Liabilities	13	8,623,169.96	10,266,207.86	(1,643,037.90)
Deferred Credits	14	38,926,071.00	35,103,104.51	3,822,966.49
Other Payables	15	378,102.48	34,986.55	343,115.93
<b>Total Current Liabilities</b>		<b>122,121,048.69</b>	<b>146,776,833.98</b>	<b>(24,655,785.29)</b>
<b>Non-Current Liabilities</b>				
Inter-Agency Payables	16	13,411,809.51	18,437,109.76	(5,025,300.25)
<b>Total Non-Current Liabilities</b>		<b>13,411,809.51</b>	<b>18,437,109.76</b>	<b>(5,025,300.25)</b>
<b>TOTAL LIABILITIES</b>		<b>135,532,858.20</b>	<b>165,213,943.74</b>	<b>(29,681,085.54)</b>
<b>EQUITY</b>				
Stockholders' Equity	17	83,143,720.23	83,143,720.23	-
Retained Earnings/(Deficit)		22,645,631.49	17,491,601.50	5,154,029.99
<b>Total Equity</b>		<b>105,789,351.72</b>	<b>100,635,321.73</b>	<b>5,154,029.99</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>241,322,209.92</b>	<b>265,849,265.47</b>	<b>(24,527,055.55)</b>

See Accompanying Notes to Financial Statements.

**PORO POINT MANAGEMENT CORPORATION**  
**(A Member of The BCDA Group)**  
**Detailed Statement of Financial Position**  
**As of June 30, 2023**

	Notes	2023	2022	Variance
<b>ASSETS</b>				
<b>Current Assets</b>				
<b>Cash and Cash Equivalents</b>				
	3			
Petty Cash Fund		20,000.00	0.00	20,000.00
Cash in Bank-Local Currency				
Cash in Bank-Local Currency, Current Account		23,234,052.37	13,485,133.97	9,748,918.40
Time Deposits-Local Currency		0.00	0.00	0.00
Total		23,254,052.37	13,485,133.97	9,768,918.40
<b>Other Investments</b>				
Investments in Time Deposits-Local Currency	4	100,387,677.53	100,662,982.61	(275,305.08)
<b>Receivables</b>				
	5			
Loans and Receivables Account				
Accounts Receivables		388,046.55	1,632,651.84	(1,244,605.29)
Interest Receivable		0.00	0.00	0.00
Inter-Agency Receivables				
Due from National Government Agencies		605,912.61	0.00	605,912.61
Due from Government Corporations		147,058.82	0.00	147,058.82
Intra-Agency Receivables				
Due from Parent Corporation		4,217,146.49	3,344,904.21	872,242.28
Other Receivables				
Due from Officers and Employees		891,330.26	306,074.09	585,256.17
Other Receivables		1,239,817.20	0.00	1,239,817.20
Total		7,489,311.93	5,283,630.14	2,205,681.79
<b>Inventories</b>				
	6			
Inventory Held for Consumption				
Supplies and Materials Inventory		501,460.59	804,885.81	(303,425.22)
Construction Materials Inventory		167,651.46	0.00	167,651.46
Other Supplies and Materials Inventory		92,999.59	0.00	92,999.59
Total		762,111.64	804,885.81	(42,774.17)
<b>Other Current Assets</b>				
	7			
Advances				
Advances to Officers and Employees		335,535.42	36,850.00	298,685.42
Prepayments				
Advances to Contractors		2,023,867.90	2,319,569.60	(295,701.70)
Prepaid Insurance		38,379.23	71,626.19	(33,246.96)
Other Prepayments		48,579.01	0.00	48,579.01
Deposits				
Guaranty deposits		168,884.00	168,884.00	0.00
Withholding Tax at Source				
Withholding Tax at Source		1,241,413.00	1,139,434.46	101,978.54
Other Assets				
Other Assets		0.00	320,751.10	(320,751.10)
Total		3,856,658.56	4,057,115.35	(200,456.79)
<b>Total Current Assets</b>		<b>135,749,812.03</b>	<b>124,293,747.88</b>	<b>11,456,064.15</b>
<b>Non-Current Assets</b>				
	8			
Investments in Joint Venture				
Investments in Joint Venture		15,000,000.00	15,000,000.00	0.00
Other Investments				
Investment in Stocks		15,000.00	15,000.00	0.00

	Notes	2023	2022	Variance
Total		15,015,000.00	15,015,000.00	0.00
<b>Investment Property</b>	9			
Land and Buildings				
Investment Property, Land		16,416,169.40	21,441,469.65	(5,025,300.25)
Investment Property, Buildings		0.00	13,821,515.95	(13,821,515.95)
Construction in Progress				
Construction in Progress-Investment Property, Buildings		65,749,463.66	79,567,780.95	(13,818,317.29)
Total		82,165,633.06	114,830,766.55	(32,665,133.49)
<b>Property, Plant and Equipment</b>	10			
Land Improvements				
Other Land Improvements		276,082.12	276,082.12	0.00
Accumulated Depreciation-Other Land Improvements		(262,278.01)	(262,278.01)	0.00
Infrastructure Assets				
Power Supply Systems		516,605.02	516,605.02	0.00
Accumulated Depreciation-Power Supply Systems		(490,774.77)	(490,774.77)	0.00
Buildings and Other Structures				
Buildings		9,386,403.90	9,386,403.90	0.00
Accumulated Depreciation-Buildings		(5,580,525.98)	(5,058,165.47)	(522,360.51)
Other Structures		2,669,275.51	2,669,275.51	0.00
Accumulated Depreciation-Other Structures		(2,482,771.32)	(2,482,771.32)	0.00
Machinery and Equipment				
Office Equipment		2,847,485.91	6,469,498.13	(3,622,012.22)
Accumulated Depreciation-Office Equipment		(2,266,803.88)	(5,299,439.20)	3,032,635.32
Information and Communication Technology (ICT) Equipment		2,992,733.81	4,916,130.66	(1,923,396.85)
Accumulated Depreciation-ICT Equipment		(1,774,042.53)	(3,595,591.71)	1,821,549.18
Communication Equipment		60,000.00	377,262.20	(317,262.20)
Accumulated Depreciation-Communication Equipment		(57,000.00)	(363,572.95)	306,572.95
Technical and Scientific Equipment		413,387.52	413,387.52	0.00
Accumulated Depreciation-Technical and Scientific Equipment		(392,718.14)	(366,259.65)	(26,458.49)
Furniture, Fixtures and Books				
Furniture and Fixtures		901,045.01	2,834,393.10	(1,933,348.09)
Accumulated Depreciation-Furniture and Fixtures		(836,047.37)	(2,453,058.22)	1,617,010.85
Transportation Equipment				
Motor Vehicle		8,681,939.06	13,723,397.02	(5,041,457.96)
Accumulated Depreciation-Motor Vehicle		(6,210,231.03)	(10,775,515.13)	4,565,284.10
Fixed Asset Accrual		0.00	0.00	0.00
Total		8,391,764.83	10,435,008.75	(2,043,243.92)
<b>Intangible Assets</b>				
Computer Software		0.00	851,469.58	(851,469.58)
Accumulated Amortization-Computer Software		0.00	(830,992.68)	830,992.68
Total		0.00	20,476.90	(20,476.90)
<b>Other Non-Current Assets</b>				
Other Assets				
Other Assets		0.00	1,254,265.39	(1,254,265.39)
<b>Total Non-Current Assets</b>		<b>105,572,397.89</b>	<b>141,555,517.59</b>	<b>(35,983,119.70)</b>
<b>TOTAL ASSETS</b>		<b>241,322,209.92</b>	<b>265,849,265.47</b>	<b>(24,527,055.55)</b>
<b>LIABILITIES AND EQUITY</b>				
<b>Current Liabilities</b>				
<b>Financial Liabilities</b>	11			
Accounts Payable		5,741,700.21	3,570,093.04	2,171,607.17
Due to Officers and Employees		2,344,187.43	2,327,293.15	16,894.28
Total		8,085,887.64	5,897,386.19	2,188,501.45

	Notes	2023	2022	Variance
<b>Inter-Agency Payables</b>	12			
Due to BIR		571,290.14	1,075,017.89	(503,727.75)
Due to Pag-ibig		298,190.92	600.00	297,590.92
Due to Philhealth		60,092.19	387.38	59,704.81
Due to SSS		115,365.98	630.00	114,735.98
Due to Parent Corporation		63,472,827.03	93,107,189.73	(29,634,362.70)
Income Tax Payable		1,580,351.35	1,279,284.25	301,067.10
Total		66,098,117.61	95,463,109.25	(29,364,991.64)
<b>Intra-Agency Payables</b>				
Due to Other Funds		9,700.00	12,039.62	(2,339.62)
Total		9,700.00	12,039.62	(2,339.62)
<b>Trust Liabilities</b>	13			
Trust Liabilities		1,738,665.02	1,778,905.02	(40,240.00)
Customer's Deposit Payable		35,000.00	44,000.00	(9,000.00)
Guaranty/Security Deposits Payable		6,849,504.94	8,443,302.84	(1,593,797.90)
Total		8,623,169.96	10,266,207.86	(1,643,037.90)
<b>Deferred Credits</b>	14			
Deferred Credits/Unearned Income		38,926,071.00	35,103,104.51	3,822,966.49
<b>Other Payables</b>	15			
Other Payables		378,102.48	34,986.55	343,115.93
<b>Total Current Liabilities</b>		<b>122,121,048.69</b>	<b>146,776,833.98</b>	<b>(24,655,785.29)</b>
<b>Non-Current Liabilities</b>				
<b>Inter-Agency Payables</b>	16			
Due to Parent Corporation		13,411,809.51	18,437,109.76	(5,025,300.25)
<b>Total Non-Current Liabilities</b>		<b>13,411,809.51</b>	<b>18,437,109.76</b>	<b>(5,025,300.25)</b>
<b>TOTAL LIABILITIES</b>		<b>135,532,858.20</b>	<b>165,213,943.74</b>	<b>(29,681,085.54)</b>
<b>Equity</b>				
<b>Stockholders' Equity</b>	17			
Share Capital		68,143,720.23	68,143,720.23	0.00
Other Equity Instruments		15,000,000.00	15,000,000.00	0.00
<b>Total</b>		<b>83,143,720.23</b>	<b>83,143,720.23</b>	<b>0.00</b>
<b>Retained Earnings/(Deficit)</b>				
Retained Earnings/(Deficit)		22,645,631.49	17,491,601.50	5,154,029.99
<b>Total</b>		<b>22,645,631.49</b>	<b>17,491,601.50</b>	<b>5,154,029.99</b>
<b>Total Equity</b>		<b>105,789,351.72</b>	<b>100,635,321.73</b>	<b>5,154,029.99</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>241,322,209.92</b>	<b>265,849,265.47</b>	<b>(24,527,055.55)</b>

See Accompanying Notes to Financial Statements

**PORO POINT MANAGEMENT CORPORATION**  
**(A Member of The BCDA Group)**  
**Condensed Statement of Comprehensive Income**  
**As of June 30, 2023**

	Note	2023	2022	Variance
<b>Income</b>				
<b>Service and Business Income</b>	18	<b>46,220,841.70</b>	<b>40,452,735.75</b>	<b>5,768,105.95</b>
<b>Expenses</b>				
Personnel Services	19	28,859,258.83	28,018,404.86	840,853.97
Maintenance and Other Operating Expenses	20	6,715,489.33	4,921,159.59	1,794,329.74
Non-Cash Expenses	21	730,931.62	747,304.28	(16,372.66)
<b>Total Expenses</b>		<b>36,305,679.78</b>	<b>33,686,868.73</b>	<b>2,618,811.05</b>
<b>Profit/(Loss) Before Tax</b>		<b>9,915,161.92</b>	<b>6,765,867.02</b>	<b>3,149,294.90</b>
Income Tax Expense/(Benefit)		2,452,032.95	1,680,365.28	771,667.67
<b>Comprehensive Income/(Loss)</b>		<b>7,463,128.97</b>	<b>5,085,501.74</b>	<b>2,377,627.23</b>

*See Accompanying Notes to Financial Statements.*

**PORO POINT MANAGEMENT CORPORATION**  
**(A Member of The BCDA Group)**  
**Detailed Statement of Comprehensive Income**  
**As of June 30, 2023**

	Notes	2023	2022	Variance
<b>Income</b>				
<b>Service and Business Income</b>	18			
<b>Service Income</b>				
Permit Fees		3,865,492.95	979,108.88	2,886,384.07
<b>Business Income</b>				
Management Fees		42,222,143.81	39,429,221.00	2,792,922.81
Interest Income		107,030.16	44,405.87	62,624.29
Other Business Income		26,174.78	0.00	26,174.78
<b>Total Income</b>		<b>46,220,841.70</b>	<b>40,452,735.75</b>	<b>5,768,105.95</b>
<b>Expenses</b>				
<b>Personnel Services</b>	19			
<b>Salaries and Wages</b>				
Salaries and Wages-Regular		18,547,476.16	17,982,260.22	565,215.94
<b>Total Salaries and Wages</b>		<b>18,547,476.16</b>	<b>17,982,260.22</b>	<b>565,215.94</b>
<b>Other Compensation</b>				
Personnel Economic Relief Allowance (PERA)		699,423.43	684,000.00	15,423.43
Representation Allowance (RA)		405,000.00	405,000.00	0.00
Transportation Allowance (TA)		405,000.00	405,000.00	0.00
Clothing/Uniform Allowance		330,000.00	342,000.00	(12,000.00)
Overtime and Night Pay		551,034.28	555,249.36	(4,215.08)
Cash Gift		148,437.49	142,500.00	5,937.49
Mid-year Bonus		3,006,275.00	2,997,419.00	8,856.00
Year-End Bonus		1,550,812.24	1,498,709.51	52,102.73
OBA-Anniversary Bonus		168,000.00	0.00	168,000.00
Directors and Committee Members' Fees		1,216,000.00	1,114,000.00	102,000.00
<b>Total Other Compensation</b>		<b>8,479,982.44</b>	<b>8,143,877.87</b>	<b>336,104.57</b>
<b>Personnel Benefit Contributions</b>				
Pag-ibig Contributions		28,700.00	34,200.00	(5,500.00)
Philhealth Contributions		263,348.66	220,058.36	43,290.30
Employees Compensation Insurance Premiums		8,450.00	9,900.00	(1,450.00)
Retirement and Life Insurance Premiums		784,842.50	700,995.00	83,847.50
<b>Total Personnel Benefit Contributions</b>		<b>1,085,341.16</b>	<b>965,153.36</b>	<b>120,187.80</b>
<b>Other Personnel Benefits</b>				
Terminal Leave Benefits		746,459.07	927,113.41	(180,654.34)
<b>Total Other Personnel Benefits</b>		<b>746,459.07</b>	<b>927,113.41</b>	<b>(180,654.34)</b>
<b>Total Personnel Services</b>		<b>28,859,258.83</b>	<b>28,018,404.86</b>	<b>840,853.97</b>
<b>Maintenance and Other Operating Expenses</b>				
<b>Travelling Expenses</b>	20			
Travelling Expenses-Local		1,240,141.01	912,476.52	327,664.49
<b>Training and Scholarship Expenses</b>				
Training Expenses		122,123.27	76,580.47	45,542.80
<b>Supplies and Materials Expenses</b>				
Office Supplies Expenses		719,295.63	858,516.34	(139,220.71)
Fuel, Oil and Lubricants Expenses		213,225.70	153,437.72	59,787.98
Drugs and Medicines Expenses		71,773.50	134,410.00	(62,636.50)
Other Office Supplies and Materials		260.00	11,235.00	(10,975.00)
Semi-Expendable Machinery & Equipment Expenses		27,460.00	0.00	27,460.00
<b>Utility Expenses</b>				
Electricity Expenses		346,294.08	360,888.16	(14,594.08)
<b>Communication Expenses</b>				
Postage and Courier Services		17,402.80	14,153.18	3,249.62

	Notes	2023	2022	Variance
Telephone Expenses		349,415.88	312,522.93	36,892.95
Internet Subscription Expenses		36,631.60	30,390.29	6,241.31
<b>Confidential, Intelligence and Extraordinary Expenses</b>				
Extraordinary and Miscellaneous Expenses		119,519.31	204,317.10	(84,797.79)
<b>Professional Services</b>				
Auditing Services		446,660.99	28,373.65	418,287.34
<b>General Services</b>				
Janitorial Services		150,911.22	0.00	150,911.22
Security Services		445,643.49	388,660.53	56,982.96
<b>Repair and Maintenance</b>				
Repair and Maintenance- Buildings & Other Structures		122,041.00	69,865.29	52,175.71
Repair and Maintenance- Transportation Equipment		91,080.60	55,688.50	35,392.10
Repair and Maintenance-Furnitures and Fixtures		31,690.00	62,496.00	(30,806.00)
<b>Taxes, Insurance Premiums and Other Fees</b>				
Taxes, Duties and Licenses		49,578.00	41,057.81	8,520.19
Insurance Expenses		110,443.40	130,401.61	(19,958.21)
<b>Other Maintenance and Operating Expenses</b>				
Advertising, Promotional and Marketing Expenses		397,821.08	215,950.58	181,870.50
Representation Expenses		777,685.39	604,991.34	172,694.05
Subscription Expenses		10,741.00	8,878.00	1,863.00
Other Maintenance and Operating Expenses		817,650.38	245,868.57	571,781.81
<b>Total Maintenance and Other Operating Expenses</b>		<b>6,715,489.33</b>	<b>4,921,159.59</b>	<b>1,794,329.74</b>
<b>Non-Cash Expenses</b>				
<b>Depreciation Expense</b>	21			
Depreciation-Building and Other Structures		234,660.06	234,660.05	0.01
Depreciation-Machinery and Equipment		214,111.42	190,981.01	23,130.41
Depreciation-Transportation Equipment		277,114.44	277,114.44	0.00
Depreciation-Furniture, Fixtures and Books		5,045.70	44,548.78	(39,503.08)
<b>Total Depreciation Expense</b>		<b>730,931.62</b>	<b>747,304.28</b>	<b>(16,372.66)</b>
<b>Total Non-Cash Expenses</b>		<b>730,931.62</b>	<b>747,304.28</b>	<b>(16,372.66)</b>
<b>Total Expenses</b>		<b>36,305,679.78</b>	<b>33,686,868.73</b>	<b>2,618,811.05</b>
<b>NET INCOME/(LOSS) BEFORE TAX</b>		<b>9,915,161.92</b>	<b>6,765,867.02</b>	<b>3,149,294.90</b>
<b>Income Tax Expense/(Benefit)</b>		<b>2,452,032.95</b>	<b>1,680,365.28</b>	<b>771,667.67</b>
<b>NET PROFIT/(LOSS) AFTER TAX</b>		<b>7,463,128.97</b>	<b>5,085,501.74</b>	<b>2,377,627.23</b>
		-	-	0.00

See Accompanying Notes to Financial Statements

**PORO POINT MANAGEMENT CORPORATION**  
**(A Member of The BCDA Group)**  
**Statement of Changes in Equity**  
**As of June 30, 2023**

	Note	2023	2022	Variance
<b>Share Capital</b>				
<b>Balance at Beginning of the Period</b>				
Authorized, issued and fully paid		68,143,720.23	68,143,720.23	0.00
800,000 shares, Php100.00 par value				0.00
<hr/>				
<b>Balance at End of the Period</b>		<b>68,143,720.23</b>	<b>68,143,720.23</b>	<b>0.00</b>
<b>Other Equity Investments</b>				
<b>Balance at Beginning of the Period</b>				
Additions		15,000,000.00	15,000,000.00	0.00
Deductions		-	-	0.00
<hr/>				
<b>Balance at End of the Period</b>		<b>15,000,000.00</b>	<b>15,000,000.00</b>	<b>0.00</b>
<b>Retained Earnings</b>				
	22			
<b>Balance at Beginning of the Period</b>				
Correction of prior year's errors		17,976,225.57	22,181,794.09	(4,205,568.52)
As restated		1,012,431.11	-	2,163,774.19
Dividends		18,988,656.68	21,030,451.01	(2,041,794.33)
Net Income (Loss)	23	-	-	4,818,197.09
		7,463,128.97	5,085,501.74	2,377,627.23
<hr/>				
<b>Balance at End of the Period</b>		<b>22,645,631.49</b>	<b>17,491,601.50</b>	<b>5,154,029.99</b>
<hr/>				
<b>TOTAL EQUITY</b>		<b>105,789,351.72</b>	<b>100,635,321.73</b>	<b>5,154,029.99</b>

*See Accompanying Notes to Financial Statements.*



**PORO POINT MANAGEMENT CORPORATION**  
**(A Member of The BCDA Group)**  
**Condensed Statement of Cash Flows**  
**As of June 30, 2023**

	Notes	2023	2022	Variance
<b>Cash Flow from Operating Activities</b>				
Cash Inflow				
Collection of Income/Revenue		83,435,432.52	75,589,701.72	7,845,730.80
Collection of Receivables		3,395,149.83	18,237,502.05	- 14,842,352.22
Receipt of Inter-Agency Fund Transfers	24	2,001,319.05	18,634,902.30	- 16,633,583.25
Receipt of proceeds from termination of investment acct.		20,030,311.11	-	20,030,311.11
Total Cash Inflow		108,862,212.51	112,462,106.07	- 3,599,893.56
Cash Outflow				
Payment of Expenses		-35,574,748.16	-31,974,411.09	- 3,600,337.07
Purchase of Inventories		-612,246.45	-265,010.82	- 347,235.63
Payment of Accounts Payable		-2,980,993.42	-15,459,672.66	12,478,679.24
Remittance of Personnel Benefit Contributions and Mandatory Deductions		-4,798,516.25	-3,109,429.95	- 1,689,086.30
Adjustments		-60,000,000.00	-60,000,000.00	-
Total Cash Outflow		-103,966,504.28	-110,808,524.52	6,842,020.24
<b>Net Cash Provided by (used in) Operating Activities</b>		<b>4,895,708.23</b>	<b>1,653,581.55</b>	<b>3,242,126.68</b>
<b>Cash Flow from Investing Activities</b>				
Cash Inflow				
Receipt of Interest Earned		107,030.16	44,405.87	62,624.29
Cash Outflow				
Purchase/Construction of Investment Property	-	2,356,843.55	17,932,277.14	15,575,433.59
Purchase/Construction of Property, Plant and Equipment		-	-	-
Total Cash Outflow	-	2,356,843.55	17,932,277.14	15,575,433.59
<b>Net Cash Provided by (used in) Investing Activities</b>	-	<b>2,249,813.39</b>	<b>17,887,871.27</b>	<b>15,638,057.88</b>
<b>Cash Flow from Financing Activities</b>				
Cash Inflow				
Payment of Dividends	-	3,806,154.16	8,624,351.25	4,818,197.09
<b>Net Cash Provided by (used in) Financing Activities</b>	-	<b>3,806,154.16</b>	<b>8,624,351.25</b>	<b>4,818,197.09</b>
<b>Net Increase in Cash and Cash Equivalents</b>		<b>-1,160,259.32</b>	<b>-24,858,640.97</b>	<b>23,698,381.65</b>
<b>Add: Cash and Cash Equivalents, Beginning</b>		<b>24,414,311.69</b>	<b>38,343,774.94</b>	<b>-13,929,463.25</b>
<b>Cash and Cash Equivalents, Ending</b>		<b>23,254,052.37</b>	<b>13,485,133.97</b>	<b>9,768,918.40</b>

**PORO POINT MANAGEMENT CORPORATION**  
**(A Member of The BCDA Group)**  
**Detailed Statement of Cash Flows**  
**As of June 30, 2023**

	Notes	2023	2022	Variance
<b>Cash Flow from Operating Activities</b>				
<b>Cash Inflow</b>				
Collection of Income/Revenue				
Collection of service and business income		83,435,432.52	75,589,701.72	7,845,730.80
Collection of Receivables				
Collection of receivables		3,395,149.83	18,237,502.05	-14,842,352.22
Receipt of Inter-Agency Fund Transfers				
Receipt of funds for other inter-agency transactions	24	2,001,319.05	18,634,902.30	- 16,633,583.25
Adjustments				
Receipt of proceeds from termination of investment account		20,030,311.11	-	20,030,311.11
<b>Total Cash Inflow</b>		<b>108,862,212.51</b>	<b>112,462,106.07</b>	<b>- 3,599,893.56</b>
<b>Cash Outflow</b>				
Payment of Expenses				
Payment of personnel services		-28,859,258.83	-27,053,251.50	-1,806,007.33
Payment of maintenance and other operating expenses		-6,715,489.33	-4,921,159.59	-1,794,329.74
Purchase of Inventories				
Payment of inventories		-612,246.45	-265,010.82	-347,235.63
Payment of Accounts Payable		-2,980,993.42	-15,459,672.66	12,478,679.24
Remittance of Personnel Benefit Contributions and Mandatory Deductions				
Remittance of taxes withheld		-3,713,175.09	-2,144,276.59	-1,568,898.50
Remittance of SSS/Pag-ibig/Philhealth		-1,085,341.16	-965,153.36	-120,187.80
Adjustments				
Other adjustments-Investment in time deposit acct.		-40,000,000.00	-60,000,000.00	20,000,000.00
Other adjustments-Termination of time deposit acct.		-20,000,000.00	0.00	-20,000,000.00
<b>Total Cash Outflow</b>		<b>-103,966,504.28</b>	<b>-110,808,524.52</b>	<b>6,842,020.24</b>
<b>Net Cash Provided by (used in) Operating Activities</b>		<b>4,895,708.23</b>	<b>1,653,581.55</b>	<b>3,242,126.68</b>
<b>Cash Flow from Investing Activities</b>				
<b>Cash Inflow</b>				
Receipt of Interest Earned		107,030.16	44,405.87	62,624.29
<b>Cash Outflow</b>				
Purchase/Construction of Investment Property				
Construction of Investment Property	-	2,356,843.55	17,932,277.14	15,575,433.59
Purchase/Construction of Property, Plant and Equipment				
Construction of Buildings and Other Structures		-	-	-
Purchase of Machinery and Equipment		-	-	-
Purchase of Furniture, Fixtures and Books		-	-	-
Purchase of Transportation Equipment		-	-	-
<b>Total Cash Outflow</b>	-	<b>2,356,843.55</b>	<b>17,932,277.14</b>	<b>15,575,433.59</b>
<b>Net Cash Provided by (used in) Investing Activities</b>	-	<b>2,249,813.39</b>	<b>17,887,871.27</b>	<b>15,638,057.88</b>
<b>Cash Flow from Financing Activities</b>				
<b>Cash Outflow</b>				
Payment of Dividends	-	3,806,154.16	8,624,351.25	4,818,197.09
<b>Net Cash Provided by (used in) Financing Activities</b>	-	<b>3,806,154.16</b>	<b>8,624,351.25</b>	<b>4,818,197.09</b>
<b>Net Increase in Cash and Cash Equivalents</b>		<b>-1,160,259.32</b>	<b>-24,858,640.97</b>	<b>23,698,381.65</b>
<b>Add: Cash and Cash Equivalents, Beginning</b>		<b>24,414,311.69</b>	<b>38,343,774.94</b>	<b>-13,929,463.25</b>
<b>Cash and Cash Equivalents, Ending</b>		<b>23,254,052.37</b>	<b>13,485,133.97</b>	<b>9,768,918.40</b>

## **NOTES TO FINANCIAL STATEMENTS** AS OF JUNE 30, 2023

### **1. Corporate Information**

BCDA was created under Republic Act (RA) No. 7227 dated March 13, 1993. Its main objective is to accelerate the sound and balanced conversion of former military reservations, especially 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 Special Economic and Freeport Zone (PPSEFZ), now the Poro Point Freeport Zone (PPFZ).

On June 29, 1993, Executive Order (EO) No. 103 was issued, establishing the John Hay Development Corporation (JHDC) as a subsidiary and implementing arm of BCDA for Club John Hay.

Subsequently, on October 07, 1998, EO No. 31 was issued amending Sections 1 and 3 of EO No. 103, series of 1993, renaming John Hay Development Corporation (JHDC) to John Hay Poro Point Development Corporation (JPDC) as the authorized operating and implementing arm of the BCDA to manage the John Hay Special Economic Zone (JHSEZ) and the PPFZ and its contiguous areas.

On October 03, 2002, EO No. 132 was issued authorizing the creation of Poro Point Management Corporation (PPMC) as the implementing arm of BCDA over the PPFZ and renaming the John Hay Poro Point Development Corporation (JPDC) as the John Hay Management Corporation (JHMC).

PPMC was registered with the Securities and Exchange Commission (SEC) on January 06, 2003.

On March 20, 2007, Republic Act (RA) No. 9400 was enacted affirming the Freeport status of the PPSEFZ, renaming it as the Poro Point Freeport Zone (PPFZ).

PPMC office is located at Governor Joaquin L. Ortega Avenue, Poro Point, City of San Fernando, La Union.

### **Performance Agreement**

Pursuant to EO No. 62 issued on February 27, 1993 on the prescribed policies and guidelines for the implementation of RA No. 7227, BCDA is mandated to perform oversight over subsidiaries and adopt and implement an oversight mechanism to implement efficient utilization of scarce resources and to ensure that the plans and programs of subsidiaries are proceeding according to national goals and objectives.

In order to carry out this objective, EO No. 62 likewise mandates that BCDA and its subsidiaries enter into a Performance Agreement embodying the performance criteria and target for the year and the desired goals of the succeeding years.

Towards this goal, BCDA and PPMC entered into a Performance Agreement, setting the performance standards in accordance with the policies and programs of BCDA and PPMC which is mutually acceptable to both parties.

Foremost among the features of the Agreement is about the financial undertakings that BCDA and PPMC have to comply with, briefly summarized as follows:

- BCDA as property owner of the PPFZ shall earn from lease rentals, joint venture agreements, and other business arrangements generated in the PPFZ and from dividends to be declared by PPMC. PPMC shall record these revenues as Trust Liability and remit the same to BCDA through a designated bank account solely in the name of BCDA. The same shall now be recorded as income of BCDA.
- PPMC as estate manager shall earn estate management fees due from BCDA either a 50 percent share in the revenues of the PPFZ or fixed amount of PhP60.5 million annually for the next two (2) years beginning 2014 to cover Personal Services (PS) and Maintenance & Other Operating Expenses (MOOE), whichever is higher. In addition, PPMC shall receive a 10 percent share of the net income of the zone.
- PPMC shall ensure that all necessary and appropriate insurance coverage for properties within the zone as well as security services for the property are secured. Insurance coverage, maintenance and depreciation expenses of BCDA properties within the zone, as well as maintenance and security services for the property, however, shall be charged to BCDA as owner of the land.
- PPMC shall formulate an annual work plan and budget to be submitted to BCDA for approval in accordance with Financial Policy No. 502-2.
- PPMC shall submit a rolling five-year OPEX schedule for BCDA funding and approval while maintaining the expected Return on Assets (ROA) and Return on Equity (ROE) targets for BCDA. A yearly submission of the actual OPEX for review and next year's projected OPEX schedule for consideration and approval of BCDA shall be presented during the planning and budgeting deliberations.

## **2. Summary of Significant Accounting Policies**

The significant accounting policies are set forth to facilitate understanding of data presented in the financial statements (FS).

### **2.1 Basis of preparation**

The FS have been prepared in conformity with accounting principles generally accepted in the Philippines. The FS are presented in Philippine peso, which is the functional and reporting currency of PPMC. These are the PPMC first financial statements prepared in accordance with Philippine Financial Reporting Standards (PFRS), where PFRS 1, *First-time Adoption of Philippine Financial Reporting Standards*, was then applied.

The FS comprise the Statement of Financial Position, Statement of Comprehensive Income, Statement of Changes in Equity, Statement of Cash Flows and Notes to Financial Statements.

## **2.2 Use of Estimates and Judgments**

The preparation of the financial statements in conformity with PFRS requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. It also requires management to exercise its judgments in the process of applying the accounting policies consistent with that of the BCDA.

**PFRS 1, *First-time Adoption of Philippine Financial Reporting Standards***, requires an entity adopting PFRS for the first time (a first-time adopter) to comply with each PFRS that has come into effect at the reporting date for its first PFRS financial statements. It also requires a first-time adopter to prepare an opening PFRS balance sheet at the date of transition to PFRS, the beginning of the earliest adoption to which it represents the full comparative information under PFRS.

**PAS 1, *Presentation of Financial Statements***, (a) provides a framework within which an entity assesses how to present fairly the effects of transactions and other events; (b) provides the base criteria for classifying liabilities as current or non-current; (c) prohibits the presentation of items of income and expenses as extraordinary items in the financial statements; and (d) specifies the disclosures

**IAS 2 – Inventories.** This standard prescribes the accounting treatment for inventories. It provides guidance on the determination of cost and its subsequent recognition as an expense, including any write-down to net realizable value. It also provides guidance on the cost formulas that are used to assign costs to inventories.

**IAS 16 – Property, Plant and Equipment.** This standard prescribes the accounting treatment for property, plant and equipment so that users of the financial statements can discern information about an entity's investment in its property, plant and equipment and the changes in such investment. An item of property, plant and equipment that qualifies for recognition as an asset shall be measured at cost. An entity shall choose either the cost model or the revaluation model as its accounting policy and shall apply that policy to an entire class of property, plant and equipment. The depreciable amount of an asset shall be allocated on a systematic basis over its useful life. The residual value and the useful life of an asset shall be reviewed at least each financial year-end and, if expectations differ from previous estimates, the changes(s) shall be accounted for

as change in an accounting estimate in accordance with IAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors*.

### **2.3 Cash and Cash Equivalents**

Cash includes cash on hand and in banks. Cash equivalents are short-term, highly liquid investments with original maturities of three months or less from date of acquisition.

### **2.4 Supplies and Materials**

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

### **2.5 Investment in Joint Ventures**

PPMC has an interest in joint ventures which are jointly controlled entities, whereby the ventures have a binding arrangement that establishes joint control over the economic activities of the entity. PPMC recognizes its interest in the joint venture using the equity method. Under the equity method, investments in joint ventures are carried in the consolidated statement of financial position at cost plus post acquisition changes in share of net assets of the joint venture.

### **2.6 Property, Plant and Equipment (PPE)**

PPE is 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 No. 2004-3 dated October 4, 2004 and COA Circular No. 2015-002 dated March 9, 2015 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:

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

The effect of the recognition of depreciation as a result of the change in the estimated residual value from 10% to 5% of the cost shall be applied prospectively.

Assets acquired with value of more than PhP50,000.00 are recorded under Property, Plant and Equipment (PPE) pursuant to COA Circular No. 2022-004 dated May 31, 2022. The threshold shall be applied on an individual asset or per item basis. Each item within the bulk acquisition such as library books, small equipment, computer peripherals, work animals, and the like, will need to meet the amount of below PhP50,000.00 to be recognized as semi-expendable property.

Maintenance and repairs of PPE 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.

## 2.7 Revenue Recognition

Funds released for operating expenditures (OPEX) from BCDA are reflected as Management fees in the Statement of Financial Performance.

## 2.8 Collections received in trust

PPMC shall remit to BCDA on a regular basis all revenues from contracts and other sources of revenues generated within the PPFZ and are deposited daily to BCDA Land Bank of the Philippines (LBP) Account No. 0202-0177-54 at City of San Fernando, La Union. Results of these activities are being reported to BCDA on a monthly basis.

## 3. CASH AND CASH EQUIVALENTS

This account consists of the following:

<b>Particulars</b>	<b>2023</b>	<b>2022</b>
Petty Cash Fund	20,000.00	0.00
Cash in Bank		
Cash in Bank-Local Currency, CA	23,234,052.37	13,485,133.97
Time Deposits-Local Currency	0.00	0.00
<b>Total Cash &amp; Cash Equivalents</b>	<b>23,254,052.37</b>	<b>13,485,133.97</b>

### Cash in Bank-Local Currency, LBP Opex Current Account

PPMC maintains a current account for its Opex at the LBP. This was the original account of PPMC prior to its transfer to the Philippine National Bank (PNB) on 02 July 2004.

### Cash in Bank-Local Currency, LBP Capex Account

On 19 October 2018, PPMC opened a current account for its Capital Expenditures (Capex) at the LBP pursuant to the advice of the Department of Finance (DOF) to wind down PPMC's deposits at PNB and transfer the same to either LBP/DBP.

## 4. INVESTMENTS

This is composed of Investment in Time Deposits.

### INVESTMENTS IN TIME DEPOSITS

This account represents authorized placements of time deposit at the LBP with maturities of more than 180 days as shown below:

<b>Particulars</b>	<b>2023</b>	<b>2022</b>
Investments in Time Deposits		
Investment in Time Deposits-Local Currency	100,387,677.53	100,662,982.61

## 5. RECEIVABLES

The account is composed of the following:

<b>Particulars</b>	<b>2023</b>	<b>2022</b>
Loans and Receivables Account		
Accounts Receivable	388,046.55	1,632,651.84
Interest Receivable	0.00	0.00
Inter-Agency Receivables		
Due from National Government Agencies	605,912.61	0.00
Due from Government Corporations	147,058.82	0.00
Intra-Agency Receivables		
Due from BCDA	4,217,146.49	3,344,904.21
Other Receivables		
Due from Officers and Employees	891,330.26	306,074.09
Other Receivables	1,239,817.20	0.00
<b>Total Receivables</b>	<b>7,489,311.93</b>	<b>5,283,630.14</b>

### ACCOUNTS RECEIVABLES

The accounts receivable pertains to various receivables from customers for regulatory fees.

### INTER-AGENCY RECEIVABLES

Due from NGAs account pertains to receivables from BIR for tax credits on income tax for the CY 2022 to be applied to the succeeding quarters in CY 2023 and claims for refund of documentary stamp tax paid and other receivables.

Due from Government Corporations pertains to receivables from SSS for the maternity benefit and sickness benefit claim of employees.

### INTRA-AGENCY RECEIVABLES

Due from BCDA pertains to reimbursement of expenses for BCDA land related costs such as insurance coverage, maintenance and security services for the property.

### OTHER RECEIVABLES

Due from Officers and Employees account are receivables from PPMC personnel for personal calls, prior year taxes due and other miscellaneous charges.

Other Receivables account consists of accounts receivable held in trust by PPMC for BCDA amounting to P1,239,817.20. Out of the P1,239,817.20 receivables, the amount of P187,953.69 refer to collectibles from airport users while the amount of P1,009,724.50 is long outstanding airport fees due from Ace Pilots Aviation Academy which is subject to a legal move to pursue collection in Court.

Other receivables pertain to the collectibles from PPMC Provident Fund amounting to P42,139.01 representing various expenses.



## 6. INVENTORIES

The Supplies and Materials Inventory, Construction Materials Inventory and Other Office Supplies and Materials Inventory are valued at cost using the moving average method.

## 7. OTHER ASSETS

Other asset is composed of the following:

Particulars	2023	2022
Advances		
Advances to Officers and Employees	335,535.42	36,850.00
Prepayments		
Advances to Contractors	2,023,867.90	2,319,569.60
Prepaid Insurance	38,379.23	71,626.19
Other Prepayments	48,579.01	0.00
Deposits		
Guaranty Deposits	168,884.00	168,884.00
Withholding Tax at Source		
Withholding Tax at Source	1,241,413.00	1,139,434.46
Other Assets		
Other Assets	0.00	320,751.10
<b>Total Other Assets</b>	<b>3,856,658.56</b>	<b>4,057,115.35</b>

The Advances to Contractors account pertain to balance of mobilization fees of Contractors for the following projects: Construction of Baywalk with Events Center, Construction of the San Fernando Airport Additional Drainage System and Construction of the San Fernando Airport Runway Slope Protection. Also included is the balance of mobilization fee for the PPMC website project.

Guaranty deposits pertain on payments to service providers such as telephone and electric companies that are refundable upon cancellation/termination of contracts.

Withholding tax at source pertains to tax withheld by customers for services rendered by PPMC to be applied to the income tax due.

## 8. INVESTMENTS AND EQUITY IN JOINT VENTURE

This account includes:

	2023	2022
Investments in Joint Venture	15,000,000.00	15,000,000.00
Other Investments-Investment in Stocks	15,000.00	15,000.00
<b>Total Investments</b>	<b>15,015,000.00</b>	<b>15,015,000.00</b>

The investment in the joint venture pertains to the 15% investment share of PPMC to Poro Point Industrial Corporation (PPIC) pursuant to the Pre-Incorporation Agreement.

The Pre-Incorporation Agreement entered into on September 24, 1999 by and between the BCDA and JPDC now, PPMC and Bulk Handlers, Inc. (BHI), a corporation duly organized under Philippine laws, created a joint venture corporation under the name of PPIC.

Section 1, paragraph 1.02 of the Pre-Incorporation Agreement provides that the PPIC shall be organized for the principal purpose of undertaking the utilization, development, operation, management, and administration of the seaport and industrial areas as well as all reclamation works within the project area.

Section 1, paragraph 1.03 also provides that the authorized capital stock of PPIC shall initially be in the amount of P100,000,000. BCDA/PPMC shall subscribe to shares equal to P30,000,000 constituting thirty percent (30%) ownership of the total outstanding capital stock. On the other hand, BHI and/or its consortium shall subscribe to and fully pay for shares equal to P70,000,000.00 for a seventy percent (70%) ownership of the total outstanding capital stock of PPIC.

It was likewise provided under the terms of the Agreement that BHI shall fund the thirty percent (30%) equity participation of BCDA/PPMC in exchange for the leasehold rights over the project area and that BHI shall always fund the equity participation of BCDA/PPMC in the event the capital stock of PPIC is increased to avoid dilution of the BCDA/PPMC shares.

To date, PPMC's equity share amounts to P15,000,000.00 equivalent to fifteen percent (15%) of the total authorized capital stock of PPIC.

## OTHER INVESTMENTS

The investment in stocks represents subscription of shares of stock to PLDT.

## 9. INVESTMENT PROPERTY

This account consists of:

	<b>2023</b>	2022
Investment Property-Land	<b>16,416,169.40</b>	21,441,469.65
Investment Property-Building	<b>0.00</b>	13,821,515.95
Construction in Progress	<b>65,749,463.66</b>	79,567,780.95
Total Investment Property	<b>82,165,633.06</b>	114,830,766.55

Investment property-land refers to the validated land held-in trust within the Poro Point Freeport Zone on behalf of BCDA. Acquisition cost was valued at P1,250.00/P2,300.00 per square meter plus documentary stamp taxes & other similar incidental charges.

There are fifty-eight (58) 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 on August 26, 2000.

On August 2, 2012, the Land Registration Administration (LRA) informed BCDA/PPMC that the following titles were issued with reconstitution orders: T-52521; T-52526; T-52530; T-52518; T-46198; T-52588. The LRA likewise informed BCDA that the rest of the TCT's with pending applications for reconstitution may have been damaged during the fire that destroyed the LRA office on July 22, 2011. PPMC will file the necessary documents in order to safeguard PPMC's rights to the properties.

Construction in progress held in trust of P65,749,463.66 constitutes capital expenditure projects for the construction of a baywalk with an events center, construction of drainage system and slope protection at the San Fernando Airport and 2021 various repair and maintenance projects which are being funded by BCDA. Upon completion, these projects together with relevant documents will be turned-over to BCDA and the corresponding advances granted to PPMC are liquidated.

## 10. PROPERTY, PLANT AND EQUIPMENT (PPE)

The details of this group of accounts consist of the following:

	<b>2023</b>	<b>2022</b>
Land Improvements	<b>276,082.12</b>	276,082.12
Infrastructure Assets	<b>516,605.02</b>	516,605.02
Buildings & Other Structures	<b>12,055,679.41</b>	12,055,679.41
Machinery and Equipment	<b>6,313,607.24</b>	12,176,278.51
Furniture, Fixtures and Books	<b>901,045.01</b>	2,834,393.10
Transportation Equipment	<b>8,681,939.06</b>	13,723,397.02
<b>Total</b>	<b>28,744,957.86</b>	41,582,435.18
<b>Less: Accumulated Depreciation</b>	<b>20,353,193.03</b>	31,147,426.43
<b>Total</b>	<b>8,391,764.83</b>	10,435,008.75

PPE pertains to assets acquired and are utilized and directly benefits PPMC which includes among others, properties such as buildings, furniture, fixtures, machineries, equipment and motor vehicles.

## 11. FINANCIAL LIABILITIES

This is composed of Accounts Payable. It represents the outstanding payables on purchases made from local suppliers and contractors.

<b>Particulars</b>	<b>2023</b>	<b>2022</b>
Accounts Payable	<b>5,741,700.21</b>	3,570,093.04
Due to Officers and Employees	<b>2,344,187.43</b>	2,327,293.15
<b>Total</b>	<b>8,085,887.64</b>	5,897,386.19

Part of the accounts payable is the accrual of percentage of completion of Capex projects such as the drainage system and slope protection at the San Fernando Airport as of December 31, 2022 totaling to P3,551,566.05.

## 12. INTER-AGENCY PAYABLES

This is composed of statutory/mandatory deductions paid by the PPMC.

<b>Particulars</b>	<b>2023</b>	<b>2022</b>
Due to BIR	571,290.14	1,075,017.89
Due to Pag-ibig	298,190.92	600.00
Due to Philhealth	60,092.19	387.38
Due to SSS	115,365.98	630.00
Due to Parent Corporation	63,472,827.03	93,107,189.73
Income Tax Payable	1,580,351.35	1,279,284.25
<b>Total Inter-Agency Payables</b>	<b>66,098,117.61</b>	<b>95,463,109.25</b>

Due to Parent Corporation pertains to funds released by BCDA for capital expenditure projects such as the construction of a baywalk with an events center, drainage system and slope protection at the San Fernando Airport per accounting instructions issued by BCDA. PPMC will liquidate the advances made by turning over the completed projects to BCDA. Also included in this account are the earned revenues within the PPFZ held in trust by PPMC for BCDA. Collections there from are to be remitted to BCDA through the designated bank account. Part of this account is the outstanding airport fees due from Ace Pilots Aviation Academy in the amount of P1,009,724.50 subject to a legal move to pursue collections in courts; and the other receivable from airport clients of P187,953.69.

### **13. TRUST LIABILITIES**

This account consists of trust liabilities, customer's deposits and guaranty/ security deposit payables. Trust liabilities refer to bid fees collected from bidders. Customer's deposit represents receipt of cleanliness bond for users at the Baywalk area. Guaranty/ Security Deposits payable represents security deposit for the reservation fee of Baywalk lots, performance bond posted by the Contractor to guarantee the faithful performance of its obligations of an awarded contract, which may be forfeited or refunded in accordance with RA 9184 and retention payable which shall be due for release to the Contractor upon final acceptance of its works to PPMC. Balances appearing are as follows:

<b>Particulars</b>	<b>2023</b>	<b>2022</b>
Trust Liabilities	1,738,665.02	1,778,905.02
Customer's Deposit Payable	35,000.00	44,000.00
Guaranty/ Security Deposits Payable	6,849,504.94	8,443,302.84
<b>Total Trust Liabilities</b>	<b>8,623,169.96</b>	<b>10,266,207.86</b>

### **14. DEFERRED CREDITS**

This account represents unearned Management Fee for CY 2023.

### **15. OTHER PAYABLES**

This account consists of payables to Land Bank of the Philippines (LBP) for the amortization of salary loans withheld from employees.

## 16. INTER-AGENCY PAYABLES -DUE TO PARENT CORPORATION

This account represents funds released by BCDA to PPMC for the acquisition of private lots within the Wallace Area amounting to Php13,411,809.51.

## 17. STOCKHOLDER'S EQUITY

This account is composed of Share Capital and Other Equity Instruments and presented as follows:

Particulars	2023	2022
Shareholder's Equity		
Share Capital	68,143,720.23	68,143,720.23
Other Equity Instruments	15,000,000.00	15,000,000.00
<b>Total Stockholder's Equity</b>	<b>83,143,720.23</b>	<b>83,143,720.23</b>

### SHARE CAPITAL

PPMC was authorized to issue 800,000 shares at P100 cost per share. BCDA has approved an increase of authorized capital stock from PhP80 million to PhP300 million per letter dated May 4, 2012.

On October 15, 2014, PPMC wrote a letter to the Governance Commission for Government Owned and Controlled Corporation (GCG), requesting for the latter's endorsement/clearance/recommendation for the amendment of the Articles of Incorporation of PPMC prior to submission to the Securities and Exchange Commission (SEC) for approval. On October 27, 2014, GCG directed PPMC to submit documents to be used in the evaluation process of the latter's request. On November 2, 2016, PPMC submitted additional documents required by GCG in the evaluation process. Finally, on November 23, 2016, the GCG approved the request for increase in capitalization of PPMC. PPMC is now reviewing the request for increase in capitalization in coordination with BCDA. The latter has not yet given its final nod on the matter it being the 99% owner of the totality of the stocks of PPMC.

## 18. SERVICE AND BUSINESS INCOME

Particulars	2023	2022
Service and Business Income		
Service Income		
Permit Fees	3,865,492.95	979,108.88
Business Income		
Management Fees	42,222,143.81	39,429,221.00
Interest Income	107,030.16	44,405.87
Miscellaneous Income		
Miscellaneous Income	26,174.78	0.00
<b>Total Revenues</b>	<b>46,220,841.70</b>	<b>40,452,735.75</b>

### MANAGEMENT FEES

This account consists mainly of management fees. PPMC as estate manager of the PPFZ is compensated by BCDA in the form of OPEX fund releases corresponding to the budget for Personal Services (PS) and Maintenance and Other Operating Expenses (MOOE) of PPMC for the year. Such fund releases are recognized as estate management fees in the books of PPMC and are being released by BCDA at the start of the year.

BCDA, as property owner is entitled to the revenues generated from the PPFZ which comprise of lease rentals, airport fees, gaming revenue share, share in the sale of real estate projects and regulatory fees.

As of June 30, 2023, BCDA/PPMC earned a total zone revenue of Php52,596,594.87, net of Php26,911,156.26 uncollectible PPIC account subject to litigation.

The entry of Thunderbird Pilipinas Hotels and Resorts, Inc, whose Casino opened for business on April 28, 2006, provided a significant share in the revenues generated. Total percentage share in net winnings of 4% as of June 30, 2023 is Php21,674,551.21. This amount represents variable income for BCDA/PPMC on top of the monthly fixed lease rentals of Php1,797,646.25.

All collections accruing to BCDA are deposited to BCDA's sole bank account.

#### **PERMIT FEES**

This account consists of regulatory fees such as seaport dues and fees, import permits, local purchase permits, gate pass, building permit fees and other fees.

#### **19. PERSONAL SERVICES**

These include the following expenses of PPMC as presented:

<b>Particulars</b>	<b>2023</b>	<b>2022</b>
Salaries and Wages		
Salaries and Wages-Regular	18,547,476.16	17,982,260.22
Other Compensation		
Personnel Economic Relief Allowance	699,423.43	684,000.00
Representation Allowance (RA)	405,000.00	405,000.00
Transportation Allowance (TA)	405,000.00	405,000.00
Clothing/Uniform Allowance	330,000.00	342,000.00
Overtime and Night Pay	551,034.28	555,249.36
Year-End Bonus	1,550,812.24	1,498,709.51
Cash Gift	148,437.49	142,500.00
Mid-Year Bonus	3,006,275.00	2,997,419.00
Directors' and Committee Members' Fees	1,216,000.00	1,114,000.00
Other Bonuses and Allowances	168,000.00	0.00
Personnel Benefit Contributions		
Retirement and Life Insurance Premiums	784,842.50	700,995.00

Pag-ibig Contributions	28,700.00	34,200.00
Philhealth Contributions	263,348.66	220,058.36
Employees Compensation Insurance Premiums	8,450.00	9,900.00
Other Personnel Benefit Contributions		
Terminal Leave Benefits	746,459.07	927,113.41
<b>Total</b>	<b>28,859,258.83</b>	<b>28,018,404.86</b>

## 20. MAINTENANCE AND OTHER OPERATING EXPENSES

PPMC paid the following expenses as presented:

<b>Particulars</b>	<b>2023</b>	<b>2022</b>
Travelling Expenses		
Travelling Expenses-Local	1,240,141.01	912,476.52
Training and Scholarship Expenses		
Training Expenses	122,123.27	76,580.47
Supplies and Materials Expenses	1,032,014.83	1,157,599.06
Electricity Expense	346,294.08	360,888.16
Communication Expenses	403,450.28	357,066.40
Extraordinary and Miscellaneous Expenses	119,519.31	204,317.10
Auditing Services	446,660.99	28,373.65
General Services		
Janitorial Services	150,911.22	0.00
Security Services	445,643.49	388,660.53
Repair and Maintenance		
Repair and Maintenance- Buildings & Other Structures	122,041.00	69,865.29
Repair and Maintenance-Transportation Equipment	91,080.60	55,688.50
Repair and Maintenance- Furniture and Fixtures	31,690.00	62,496.00
Taxes, Insurance Premiums and Other Fees		
Taxes, Duties and Licenses	49,578.00	41,057.81
Insurance Expenses	110,443.40	130,401.61
Other Maintenance and Operating Expenses		
Advertising, Promotional and Marketing Expenses	397,821.08	215,950.58
Representation Expenses	777,685.39	604,991.34
Subscription Expenses	10,741.00	8,878.00
Other Maintenance and Operating Expenses	817,650.38	245,868.57
<b>Total MOOE</b>	<b>6,715,489.33</b>	<b>4,921,159.59</b>

## OTHER MAINTENANCE AND OTHER OPERATING EXPENSES

This account consists of:

<b>Particulars</b>	<b>2023</b>	<b>2022</b>
SP-Corporate Social Responsibility	274,099.60	95,810.57

SP-Environmental Management System	43,771.50	0.00
BOD-Meals	259,770.00	150,058.00
SP-ISO Certification	2,795.00	0.00
SP- Trade Mission	237,214.28	
<b>Total Other MOOE</b>	<b>817,650.38</b>	<b>245,868.57</b>

Special projects also included community development or inclusive growth which is paramount to PPMC. Alongside the development efforts and creation of business opportunities in the PPFZ, PPMC pursued community development projects to improve the quality of life of the impacted communities. “PPMC HELPS” was institutionalized as a PPMC vehicle to implement the Corporate Social Responsibility Program. HELPS stands for the various components of the program – health, education/environment, livelihood program and strengthening linkages.

Also part of the special projects are the ISO Certification, Environmental Management System (EMS), Trade Mission and BOD meals.

## 21. NON-CASH EXPENSES

This includes the depreciation expenses taken up on the PPE of PPMC.

Particulars	2023	2022
<b>Depreciation</b>		
Depreciation-Building and Other Structures	234,660.06	234,660.05
Depreciation-Machinery and Equipment	214,111.42	190,981.01
Depreciation-Transportation Equipment	277,114.44	277,114.44
Depreciation-Furniture, Fixtures and Books	5,045.70	44,548.78
<b>Total Non-Cash Expenses</b>	<b>730,931.62</b>	<b>747,304.28</b>

## 22. RETAINED EARNINGS

Correction of Prior Year’s Errors charged to Retained Earnings as of June 30, 2023 are shown below:

Date	Reference	Particulars	Amount
1/31/2023	JV 18434, 18457, 18501, 18505	Prior year’s expenses	-37,834.49
2/28/2023	Various JV ref.	Prior year’s expenses	-186,195.94
3/31/2023	JV00019722	Application of 5% residual value of PPE items of prior years	154,100.05
3/31/2023	JV00019729	Prior year’s depreciation expense of assets whose residual values do not exceed its carrying amount	-113,723.14
3/31/2023	JV00010467; 19842	Prior year’s expenses	32,182.40
4/30/2023	JV 00020194; 002	Inventory adjustments due to effect of costing	63,526.50



4/30/2023	JV 00020195	Forfeited customer's deposits of prior years	68,000.00
4/30/2023	JV 00020219	Reversal/adjustments of accrued accounts payable	643,897.29
5/31/2023	JV 20740	Reversal/adjustments of accrued accounts payable	197,166.19
5/31/2023	JV 20813; 20776	Prior year's expenses	12,772.50
6/5/2023	JV 20890; 20874	Prior year's expenses	-18,114.17
6/15/2023	JV 21184	Pilotage share-Nov to Dec 2022	60,687.21
6/30/2023	JV 21118	Reversal/adjustments of accrued accounts payable	135,966.71
		<b>TOTAL</b>	<b>1,012,431.11</b>

### 23. DIVIDENDS

For the dividends due for CY 2022 which was based on 50% of Net Income, PPMC remitted the amount of Php3,806,154.16 to the Bureau of the Treasury.

### 24. RECEIPT OF INTER-AGENCY FUND TRANSFERS

This account pertains to funds received from BCDA for capital expenditure projects such as Construction of Drainage System and Slope Protection at the San Fernando Airport. Upon completion of these construction projects, PPMC will liquidate the advances made by turning over the completed projects to BCDA.

### 25. STATUS OF PENDING LITIGATIONS

CASE	STATUS/UPDATE
1. PPMC vs. Ace Pilots Aviation Academy, Inc. Civil Case No. 9007 Collection of Sum of Money Php1,031,258.80	-The Honorable Court issued a Notice of Garnishment on July 11, 2018 and served upon BPI and BDO head offices, Makati on July 17, 2018 and July 19, 2018 respectively. BPI and BDO in their reply dated 19 July 2018, stated that the defendant had no account with their bank. Thus, the Sheriff failed to execute the judgment against the Defendant corporation. Defendant ceased operations. Recommend to consider the account as "bad debt" pursuant to the provisions of NIRC.
2. BCDA/PPMC vs. Lepanto Consolidated Mining Co. and Shippside Incorporated Re: Expropriation Cases (for eminent domain)	-Pending in RTC
3. Bulk Handler's Inc. (BHI), Moran, Tan, Venturina and Poro Point Industrial Corporation (PPIC)	-This case is now pending in the Supreme Court (SC). PPMC is waiting for an update from the Office of the Solicitor General (OSG) and Office of the Government

CASE	STATUS/UPDATE
<p>vs. BCDA and PPMC GR No. 188034 3<sup>rd</sup> Division</p> <p>4. PPMC vs. Poro Exim Corporation Re: Collection of Sum of Money with damages. Civil Case No. 10225 RTC Branch 29, City of San Fernando, La Union</p>	<p>Corporate Counsel (OGCC) as the handling and statutory counsel. Awaiting resolution/decision from the SC for the same is long ripe for resolution/decision.</p> <p>-PPMC filed in court, RTC Branch 26, City of San Fernando, La Union. Summon was served to defendants on 23 November 2018. Mediation failed in Court Annexed Mediation (CAM). Hearing was set for mediation before RTC Branch 26, City of San Fernando, La Union on July 2, 2019. Judicial Dispute Resolution (JDR) is scheduled on February 5, 2020 after several postponements. PPMC presented its first witness on January 8, 2021.</p> <p>Following the withdrawal of the in-house counsel approved by the Court, BCDA and PPMC due to his heavy pressure of work because PPMC has only one lawyer in its department, with the approval of PPMC, BCDA, OGCC and COA, an outside lawyer was hired to handle the case, Plaintiff has rested its case. Defendants' turn to present its second witness.</p>