



BUSINESS MADE EASY:



Simplifying Processes and Procedures





ABOUT THE COVER

In 2013, The Philippine Ports Authority instituted reforms aimed to reduce bureaucracy at the ports, thereby promoting competitiveness and boosting competency. These operational improvements are reflected on this year's theme, entitled **Business Made Easy: Simplifying Processes and Procedures**. The Annual Report highlights the Authority's commitment to ensure that goods and services reach their destination in a timely manner, creating a culture of efficiency within the port areas.

The cover explains the business processes and procedures within the ports through the clever use of infographics. The design visually narrates how business improvements are able to boost efficiency in the handling of business transactions, giving readers a better appreciation for the new improvements of the Authority.



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BUSINESS MADE EASY



MISSION

1. Provide reliable and responsive services in ports, sustain development of communities and the environment, and be a model corporate agency of the government.
2. Establish a mutually beneficial, equitable, and fair relationship with partners and service providers.
3. Provide meaningful and gainful employment while creating a nurturing environment that promotes continuous learning and improvement.
4. Establish a world-class port operation that is globally competitive, adding value to the country's image and reputation.

VISION

By 2020, PPA shall have provided globally competitive port services in the Philippines characterized by increased productivity, efficiency, connectivity, comfort, safety, security, and environmental sustainability.

MANDATE

To establish, develop, regulate, manage, and operate a rationalized national port system in support of trade and national development.

CORE VALUES

- E xcellence.** Professionalism, Efficiency
- C reativity.** Innovation, Adaptability
- C ustomer Satisfaction.** Customer Focus
- R esponsible Citizenship.** Sustainability, Accountability, Risk Management
- E thics.** Integrity within moral bounds.
- S incerity.** Commitment to fulfill mandate.
- T eamwork.** Synergy of working together. Esprit de corps

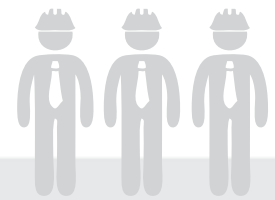
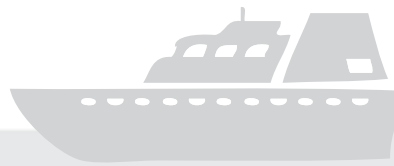
“Along with improved business climate, we have taken steps to ensure the ease of doing business at our ports by institutionalizing streamlined and simplified business processes, particularly in the area of reducing documentary requirements for permits and clearances at the ports by as much as 63 percent.”



MESSAGE OF THE GENERAL MANAGER



Passenger Terminal, North Harbor, Manila.



GM Sta. Ana (center) together with DOTC Undersecretary Julianito G. Bucayan, Jr. (right) and NEDA Undersecretary Nestor R. Mijares (left) during a regular PPA board meeting.

202.06
million metric
tons (MMTs)

4.27
percent

Improved performance as evident in the rise in the volume of cargos handled at the country's ports owing primarily to the large volume of exportation

I am pleased to report that we continue to perform strongly and remained resilient in 2013 as we managed to post growth in the different areas of our port operations. The sustained robust economic growth and the improved business confidence continue to boost the volume of transaction activities at our ports. Along with the improved business climate, we have taken steps to ensure the ease of doing business at our ports by institutionalizing streamlined and simplified business processes, particularly in the area of reducing documentary requirements for permits and clearances at the ports by as much as sixty-three (63) percent.

Thus, while the shipping sector continues to experience headwinds posed by the weakening global demand during the year in review, particularly from our major trading partners, seaborne commerce in the country still managed to show improved performance as evident in the 202.06 million metric tons (MMTs) or a 4.27 percent rise in the volume of cargos handled at the country's ports owing primarily to the large volume of exportation of mineral ores, coconut oil, and copra, among

others. In particular, export volume was more pronounced in Port Management Offices (PMOs) Surigao and Batangas and in the Manila International Container Terminal (MICT). Likewise, passenger traffic and vessel calls exhibited sustained but modest growth posting 53.87 million and 357 thousand, respectively. On the other hand, the volume of containerized cargoes handled reached 5.24 million TEUs (twenty-foot equivalent units) which is still an increase, albeit minimal, at 0.50 percent over the previous year. Contributing to the tepid performance of containerized cargoes is the string of unfavorable events brought about by natural calamities, i.e., strong earthquake and Super Typhoon Yolanda that struck the Visayas and the political turmoil in Zamboanga.

Although tempered by the onslaught of the disasters I just mentioned, the country's upbeat economic growth positively influenced PPA's corporate fiscal performance with Gross Revenue reaching Php11.07 billion or an impressive acceleration of about 19 percent. The need, however, to undertake extensive Repairs and Maintenance (R&M) projects in the calamity stricken ports put pressure on our expenditures. While rebuilding our affected port communities, we welcome the immense opportunity of being able to also contribute and participate in the national



restoration efforts. Thus, in 2013, we made modest contributions of Php55.00 million to the national government, through the Department of Public Works and Highways (DPWH), for the reconstruction of public infrastructures affected by the earthquake and by Typhoon Yolanda.

Notwithstanding the effects of the calamities, we managed to post a Net Income After Tax of Php3.70 billion or 17.23 percent higher than in 2012 brought about by the boost in foreign cargo traffic volume at PMOs North Harbor, San Fernando, and Batangas. Further boost in our gross revenue came from the One Time Lump-Sum Fee from the International Container Terminal Services, Inc. (ICTSI) and Asian Terminals, Inc. (ATI) in consideration of the extended term of the contract for the management and operation of MICT and South Harbor, respectively. Optimism in revenue generation is expected in the medium term with the improving external trade outlook as a result of gradual economic recovery in the US, a major trading partner.

Driven by the goal of providing for the needs of our stakeholders and the public, we have embarked on a number of projects to accommodate the surge in cargo, vessel, and passenger traffic. Thus, in 2013, we have completed twenty-six (26) port infrastructure projects at a cost of Php1.10 billion as part of our commitment on infrastructure development. This resulted in the increase in port capacity with the completion of the following: (i) 585.80 meters of berth length in ten (10) ports - Basco, Roxas, Matnog, Legaspi, Pio Duran, Coron, Puerto Princesa, Dumangas, Maguino-o, and San Jose; (ii) 23,133.79 square meters of back-up area in ten (10) ports, namely: Lucena, Matnog, Pio Duran, Tabaco, Coron, Puerto Princesa, Dumangas, Lipata, Tubigon, and Doña Helene in Socorro, Surigao del Norte; and, (iii) Passenger Terminal Buildings (PTBs) providing additional seating capacity of



PDD Manager Reynald C. Parafina with his senior staff.

1,685 in ten (10) ports consisting of Tabaco, Legaspi, Culasi, Dumangas, Tubigon, Maguino-o, Iligan, Ozamis, Lipata, and Del Carmen in Siargao Island, Surigao de Norte. Parallel with the implementation of major port projects, we have to continuously undertake studies as part of our long-term planning to pinpoint future areas of growth. Thus, we have completed in 2013 eighty-four (84) technical and economic studies composed of twenty-one (21) Feasibility Studies/Project Evaluations, twenty-one (21) Hydrographic-Topographic Surveys, twenty-one (21) Soil Investigations, and twenty-one (21) Programs of Works (POWs).

PPA also initiated quality improvements on its port services in compliance with Executive Order (EO) 605 or the Quality Management System (QMS) with the ISO certification on Vessel Entrance/Clearance (VEC) processes of additional ports, i.e., PMO General Santos, Cagayan de Oro, and Davao. It also earned recognition to Port Safety Health Environment Management System (PSHEMS)

at the Port of Iloilo, and completed systems investigation for the development of E-Payment System as well as Online Permits System in all of PPA's major collection posts.

Our successful partnership with the private sector continues to reap benefits for the organization and the country in terms of further improving the capacity of our premier ports and their efficiency in service delivery. One significant development in the implementation of the MNHPI Development Plan for North Harbor, for example, was the completion of the Manila North Harbor Terminal Complex. The Terminal Complex includes, among other facilities, the retrofitting works and installation of rails at the Marine Slipway, Pier 16 container yard and the consolidated passenger terminal complex. These, taken together, have remarkably changed the landscape of North Harbor now known as the North Port. The state-of-the-art passenger terminal building alone compares with the best in the region and the rest of the world. Similar positive changes are taking place in other Manila-based terminals with privatized management and operations in accordance with the investment commitments of the respective operators of MICT and South Harbor.

While striving to sustain our growth momentum, we will uphold the core values which we have laid down since our inception. The motivation to surpass our previous performance and deliver well on our commitments shall remain paramount. We have the assurance that as we set our eyes on the future, we will have the full and continuing support of our Board of Directors and the commitment of our people in the realization of our shared aspirations. With our programs anchored on the government's thrusts, I am confident that we will continue to prevail over myriad challengers in the many years to come.



North Harbor, Manila



South Harbor, Manila




JUAN C. STA. ANA
General Manager



Port of General Santos



SHIPPING & TRADE PERFORMANCE



Port of Davao



CARGO, PASSENGER, AND SHIP TRAFFIC

CARGO

Trade Performance

Despite the string of calamities that struck the country in 2013, particularly Typhoon Yolanda and the strong earthquake in Bohol and other parts of the Visayas, the performance of the economy measured in GDP growth of 7.2 percent remained strong as evident in the total cargo volume of 202.06 million metric tons (MMTs) handled at the ports nationwide or an increase of 4.27 percent over the 193.78 MMTs serviced in the previous year. The momentum of activities at the ports maintained its traction as seen in the robust growth in domestic and foreign components of conventional and containerized cargoes, the moderate increase in domestic conventional cargo, and the steady and sustained passenger volume despite the stiff competition posed by budget domestic airline carriers.

Overall trade performance is shown in the following table.

Cargo

Total cargo increased by 4.27 percent equivalent to 8.28 MMTs, indicative of a sustained movement of cargo passing through the ports. Foreign and Domestic cargo went up by 6.20 MMTs or 5.26 percent and 2.08 MMTs or 2.75 percent, respectively.



Cargo loading at the Port of Puerto Princesa.

CY 2012 Cargo Throughput, Container, Passenger & Shipcalls

	2013	2012	Inc/(Dec)	
			Volume	%
Cargo	202,058,707	193,775,320	8,283,387	4.27
Domestic	77,961,028	75,876,305	2,084,723	2.75
Foreign	124,097,679	117,899,015	6,198,664	5.26
Import	60,880,181	57,540,469	3,339,712	5.80
Export	63,217,498	60,358,546	2,858,952	4.74
Container (in TEUs)	5,238,420	5,212,579	25,841	0.50
Domestic	2,056,874	2,065,435	(8,561)	(0.41)
Foreign	3,181,546	3,147,144	34,402	1.09
Import	1,618,695	1,591,246	27,449	1.73
Export	1,562,851	1,555,898	6,953	0.45
Passenger	53,869,097	49,998,292	3,870,805	7.74
Disembarked	27,659,956	25,441,132	2,218,824	8.72
Embarked	26,209,141	24,557,160	1,651,981	6.73
Shipcalls	356,517	345,828	10,689	3.09
Domestic	345,945	335,230	10,715	3.20
Foreign	10,572	10,598	(26)	(0.25)



South Harbor, Manila



Port of Tacloban

Both import and export components of foreign cargo also rose by 5.80 percent and 4.74 percent, respectively, compared to the previous year. The large volume exportation of river sand, magnetite sand, crude minerals, nickel ore, limestone ore, clinker and slag, coconut oil and copra, fruits, and fish as well as the sizeable importation of fuel, coal, grains, and fertilizers were responsible for the impressive performance of both sectors.

Container (in TEUs)

Container traffic continued its strong showing during the year as it reached a total of 5.24 million twenty-foot equivalent units (TEUs), a 0.50 percent improvement from last year's 5.21 million TEUs. Both import and export of containerized cargos grew by 1.73 percent and 0.45 percent, respectively. On the other hand, a slight decrease of 0.41 percent in domestic container traffic was noted due to the effects of the recent calamities that hit the Visayas, particularly Tacloban and Ormoc, and the peace and order situation in the case of Zamboanga during the month of September.



Port of Puerto Princesa

“The sustained robust economic growth and the improved business confidence continue to boost the volume of transaction activities at our ports.”



Cargo loading at the Port of Iloilo

5.24
MILLION TEUs
A 0.50%
IMPROVEMENT



53.87
MILLION
A 7.74%
INCREASE IN
PASSENGER
VOLUME



Disembarking passengers at the Port of North Harbor, Manila

Passengers

Passenger traffic for the year reached 53.87 million, a favorable improvement of 7.74 percent over the fifty (50) million passenger volume recorded in 2012. Despite the impact of competition posed by airlines offering budget fares, sea travel remains an equally preferred mode among Filipinos, lured by the government's various promotional campaigns encouraging leisure inter-island Ro-Ro travel to popular tourist destination sites such as Batangas, Boracay, Coron, Caramoan, etc.

Shipcalls

The country's ports serviced 356,517 vessels in 2013, a growth of 3.09 percent compared to last year. Domestic shipcalls went up by 3.20 percent while foreign shipcalls was slightly down by 0.25 percent.



Port of Puerto Princesa

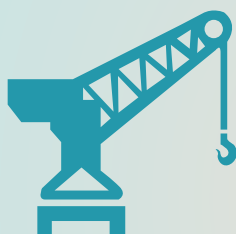




Port of General Santos



Container Yard at North Harbor, Manila



PORT SERVICES



Passenger Terminal Building, North Harbor





North Harbor, Manila

(AO) 03-2013 SIMPLIFYING REGISTRATION PROCEDURES FOR PRIVATE PORTS

Clearance to Develop Private Ports/Special Permit to Operate

PPA issued Administrative Order (AO) 03-2013 in September 2013 simplifying registration/application procedures for private ports by introducing amendments/modifications to AO 06-95 on Compendium of Regulations on Private Ports. From an average of around 8 documents, private port owners/operators will now only comply with 2 requirements: (i) Unified Application Form and (ii) duly notarized Omnibus Undertaking. This is to give flesh to its thrust of making doing business with PPA easy.

Private port facilities with dedicated bulk handling facilities continue to complement PPA's operations. As of end of December 2013, thirteen (13) Clearances to Develop private port facilities were approved by PPA in various locations nationwide. Most of the applications involved specialized handling facilities for liquid and mineral bulk cargo.

Private Port Owner/ Operator	Location
1. Agripacific Corp.	Brgy. Amaya, Tanza, Cavite
2. Empire East Land Holdings, Inc.	Brgy. Guimalas, Balayan, Batangas
3. GenSan Bawing Terminal, Inc.	Brgy. Bawing, General Santos City
4. First Balfour, Inc.	Burgos, Ilocos Norte
5. Kudos Trucking Corp.	Panacan, Davao City
6. Macroserve Mining Corp.	Brgy. Cato, Infanta, Pangasinan
7. Petro De Oro Corp.	Purok 10, Sitio Baloy, Brgy. Tabon, Cagayan de Oro City
8. Petronas Energy Phils., Inc.	Matabang, Dalipuga, Iligan City
9. San Miguel Consolidated Power Corp.	Brgy. Culaman, Malita, Davao del Sur
10. San Vicente Terminal & Brokerage Services, Inc.	Brgy. San Pedro, Panabo City, Davao del Sur
11. SEAOL Philippines, Inc.	Brgy. Coronon, Sta. Cruz, Davao del Sur
12. Therma South, Inc.	Brgy. Ainawayan, Sta. Cruz, Davao del Sur
13. Total Oil & Gas Resources, Inc.	Brgy. Sto. Niño, San Jose, Negros Oriental

Also during the year, a total of four (4) Special Permits to Operate were granted to various private port operators nationwide.



Private Port Owner/ Operator	Location
1. Dipolog Coconut Oil Mill, Inc.	Lower Irasan, Pres. M. A. Roxas, Zamboanga del Norte
2. DMCI Mining Corp.	Brgy. Bolitoc, Sta. Cruz, Zambales
3. LnL Archipelago Mineral, Inc.	Brgy. Bolitoc, Sta. Cruz, Zambales
4. Shangfil Mining & Trading Corp.	Brgy. Bolitoc, Sta. Cruz, Zambales

Certificate of Registration/ Permit to Operate

In 2013, the Authority issued forty (40) Certificates of Registration or Permits to Operate (COR/PTO) to various private corporations of which eleven (11) were in PDO Manila/Northern Luzon, twelve (12) in PDO Southern Luzon, eight (8) in PDO Visayas, two (2) in PDO Northern Mindanao, and seven (7) in Southern Mindanao.

Private Port Operator/Owner	Location
PDO Manila/ Northern Luzon	
1. Energies Supply Chain Solutions, Inc.	Vitas industrial Complex, North Harbor, Manila
2. PNOC-Alternative Fuels Corp.	Brgy. Batangas Dos, Mariveles, Bataan
3. Shangfil Mining & Trading Corp.	Brgy. Bolitoc, Sta. Cruz, Zambales
4. Total (Phils.) Corp.	Manila Harbor Center
5. Petron Corp.	Brgy. Rosario, Cavite
6. Pryce Gases, Inc.	Brgy. Tiblong, San Fabian, Pangasinan
7. Alpha Water & Realty Services Corp.	Bani, Masinloc, Zambales
8. Discovery Industrial, Inc.	Brgy. Namayan, Mandaluyong City
9. Omnico Natural Resources, Inc.	Brgy. Gabut Norte, Badoc, Ilocos Norte
10. DMCI Mining Corp.	Brgy. Bolitoc, Sta. Cruz, Zambales
11. LnL Archipelago Mineral, Inc.	Brgy. Bolitoc, Sta. Cruz, Zambales

Private Port Operator/Owner	Location
PDO Southern Luzon	
1. Citinickel Mines & Dev't Corp.	Brgy. San Isidro, Narra, Palawan
2. Pilipinas Shell Petroleum Corp.	Brgy. Camangui, Pasacao, Camarines Sur
3. Petron Corp.	Brgy. Maunlad, Puerto Princesa
4. World Granary, Inc.	Brgy. Talaan, Sariaya, Quezon
5. Holcim Phils. Mfg. Corp.	Brgy. San Rafael, Calaca, Batangas
6. NFH Corp.	Sitio Camagui, Pasacao, Camarines Sur
7. Berong Nickel Corp.	Brgy. Berong, Quezon, Palawan
8. Golden Bay Grain Terminal	Mabini, Batangas
9. Rio Tuba Nickel Mining Corp.	Rio Tuba, Bataraza, Palawan
10. Himmel Industries, Inc.	Brgy. Pinamucan, Ibaba, Batangas City
11. Pilipinas Shell Petroleum Corp.	Pulangbato, Kinamaligan, Masbate City
12. Papaya Yatch Charters & Services, Inc.	Brgy. Papaya, Nasugbu, Batangas

Private Port Operator/Owner	Location
PDO Visayas	
1. Far East Molasses Corp.	Pulupandan, Negros Occidental
2. Samar Coco Products Mfg. Corp.	Brgy. Maljog, Tinambacan Dist., Calbayog City
3. Lucky Merchant Shipping Corp.	San Isidro, Northern Samar
4. Orica Nitrates Phils., Inc.	Brgy. Buntis, Bacong, Negros Oriental
5. Phil. Associated Smelting & Refining Corp.	Isabel, Leyte
6. Maayo Shipping Co.	Poblacion, Sibulan, Negros Oriental
7. Phil. Phosphate Fertilizer Corp.	Isabel, Leyte
8. Central Azucarera de Bais	Brgy. Luka, Tanjay, Negros Oriental

Private Port Operator/Owner	Location
PDO Northern Mindanao	
1. Marcventures Mining & Dev't. Corp.	Brgy. Bon-ot, Carrascal, Surigao del Sur
2. Global Steel Philippines	Camp Overton, Suarez, Iligan City

Private Port Operator/Owner	Location
PDO Southern Mindanao	
1. General Milling Corp.	Calumpang, General Santos City
2. Tagum Agricultural Dev't. Co., Inc.	Panabo, Davao del Norte
3. Petron Corp.	Brgy. Bawing, General Santos
4. Therma South, Inc.	Brgy. Binugao, Toril District, Davao City
5. Lafarge Iligan, Inc.	Kiwalan, Iligan City
6. Kudos Trucking Corp.	Panacan, Davao City
7. Dipolog Coconut Oil Mill, Inc.	Lower Irasan, Pres. M. A. Roxas, Zamboanga del Norte



Lease Contracts

Six (6) lease applications, all located in Mindanao, were approved in 2013 as follows:

	Lessee	Location
1.	Bureau of Customs	Port of Iligan
2.	Bureau of Customs	Port of Surigao
3.	Philippine Coast Guard	Port of Surigao
4.	Philippine Coast Guard	Port of Zamboanga
5.	Maritime Industry Authority	Port of Surigao
6.	Pilipinas Shell Petroleum Corp.	Port of Cagayan de Oro

Cargo Handling Service Contracts & Permits

Partnership between the private sector and the government has long served its purpose of providing reliable and responsive services to the public. PPA, as a matter of policy, has continuously delegated the provision of cargo handling services to private firms to allow streamlined cargo handling operation in the country.

PPA awarded a total of nine (9) Cargo Handling Service Contracts/Hold-Over Authority (CHO/HOA) and two (2) Memorandum of Agreement (MOA) with varying duration of one (1) year to five (5) years.



Port of Ozamiz



Company	Location/Port
1-Year	
1. Buenaflor Arrastre & Stevedoring Services	Port of Kalamansig
2. Northeastern Mindanao Handlers & Forwarders, Inc.	Port of Aras-asan, Cagwait, Surigao del Sur
3-Years	
3. Doming Arrastre & Stevedoring Services	Port of San Jose (Dinagat), Surigao del Norte
4. Panaon Arrastre Services	Port of San Juan, Southern Leyte
5. MVM Stevedoring & Arrastre Services	Port of Nasugbu, Brgy. Wawa, Nasugbu, Batangas
6. Tarsier Arrastre & Stevedoring Services	Port of Getafe, Getafe, Bohol
5-Years	
7. Tarsier Arrastre & Stevedoring Services	Port of Talibon, Bohol
8. ATS Passenger Terminal Services, Inc.	Port of Basilan, Isabela City, Zamboanga, Peninsula
Holdover Authority	
9. Odiogan Integrated Arrastre & Stevedoring Services Corp.	Port of Poctoy, Odiogan, Romblon
Memorandum of Agreement	
10. LGU Oroquieta	Ports of Manuel L. Quezon & San Vicente Bajo, Oroquieta
11. LGU Nueva Valencia	Puyo Wharf, Nueva Valencia, Guimaras





Container Yard at North Harbor, Manila.



release from the port upon discharge from the RoRo vessel. With the marked reduction, shippers and consignees will just have to present two (2) documents: (i) Bill of Lading and (ii) Official Receipt of the Cargo Handling Operator for the entry and withdrawal of cargoes.

The simplified procedures and reduction of documentary requirements are expected to further strongly complement existing initiatives already adopted by PPA to make the processing of frontline transactions more efficient. These include: (i) the computerization at the major ports of the assessment, billing, and collection functions which eliminates the manual preparation of computation sheets and allows automatic generation of PPA Official Receipts upon collection; (ii) promotion of the PICO or Port Integrated Clearance Office where regulatory agencies and business entities are housed in one location for the convenience of the transacting public; and, (iii) application of

Harbor Pilots

For 2013, PPA issued appointments for six (6) chief pilots, eight (8) regular pilots, and four (4) probationary pilots at various pilotage districts.

Documentation and Procedures in the Entry/Withdrawal of Cargos at Government Ports

Parallel with the simplified procedures on the grant of permits and licenses, PPA has markedly reduced to just two (2) requirements the previous minimum four (4) requirements for the entry and withdrawal of domestic and foreign cargoes at the ports with the issuance of Memorandum Circular 14-2013 on December 13, 2013. The issuance does not cover Roll On, Roll Off (RoRo) cargoes under RoRo Terminal System (RTS) which are immediately allowed



Port of Tagbilaran.



the Cash Revolving Fund to allow regular transacting entities to deposit with PPA an amount where wharfage charges due them may be deducted from immediately without going through manual billing and collection procedures.

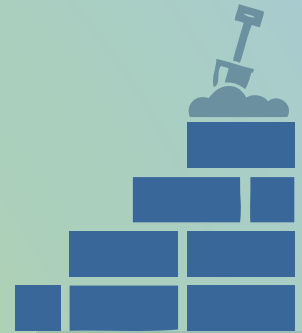
Apart from the entry and withdrawal of cargoes and the vessel entrance/clearance (VEC) procedures of which ISO certification is now being institutionalized at major ports and gateways, PPA will consider other frequently occurring transactions that may be included in simplification and reduction of documentary requirements as part of its "Ease of Doing Business" efforts.



Memorandum Circular 14-2013

PPA has markedly reduced to just 2 requirements the previous minimum four (4) requirements for the entry and withdrawal of domestic and foreign cargoes at the ports





Port of Tacloban

PHYSICAL INFRASTRUCTURE

DEVELOPMENT AND MAINTENANCE





Passenger Terminal, Port of Iloilo



Port of Tacloban

Completed & Ongoing Locally-Funded Projects (LFPs)

The sum of Php3.27 billion was invested by PPA in 2013 covering 122 LFPs nationwide distributed as follows: forty-five (45) projects for Luzon ports, thirty-three (33) projects for Visayas ports, and forty-four (44) projects for Mindanao ports. The chart below shows that in 2013, twenty-six (26) LFPs amounting to Php1.10 billion were completed while as of yearend, projects amounting to Php2.17 billion are on various stages of development, i.e., thirty (30) ongoing, six (6) suspended, and sixty (60) under various stages of procurement.

The distribution of capital investment shows Luzon ports as having the most number of completed projects (14 projects) by end of 2013, followed by Visayas ports and Mindanao ports at six (6) projects each. As of yearend, eleven (11) projects are ongoing for Luzon ports, seven (7) for Visayas ports, and twelve (12) for Mindanao ports.

CY 2013
COMPLETED AND ONGOING
LOCALLY-FUNDED PROJECTS
(in billion pesos)



The table below shows the Project Implementation Status of the 122 LFPs implemented nationwide:

Project Implementation Status Implemented by Head Office & Field Office as of December 31, 2013



	Luzon			Visayas			Mindanao			Total
	Head Ofc	Field Ofc	Sub-Total	Head Ofc	Field Ofc	Sub-Total	Head Ofc	Field Ofc	Sub-Total	
Completed	8	6	14	3	3	6	0	6	6	26
Ongoing	6	5	11	4	3	7	2	10	12	30
Terminated	0	0	0	0	0	0	0	0	0	0
Suspended	0	0	0	4	2	6	0	0	0	6
Under Procurement (Under DE/POW/etc.)	2	18	20	4	10	14	7	19	26	60
Total	16	29	45	15	18	33	9	35	44	122

Among the big Capital Expenditure Program (CAPEX) infrastructure projects completed within the year are the Puerto Princesa Port Expansion Project - Php290.33 million, Coron Port Expansion Project - Php92.51 million, and the Port of Legazpi RC Wharf Construction - Php82.41 million. Other big projects that are ongoing as of yearend are the Currimao Rehabilitation/Upgrading & Extension of RC Pier - Php124.51 million (1.22 percent complete), South Harbor Rehabilitation/Upgrading of West Breakwater - Php129.33 million (1.56 percent complete), Matnog Port Expansion Project - Php179.33 million (90.29 percent complete), Iloilo Commercial Port Complex Construction of Back-up Area - Php179.14



million (96.81 percent complete), and Zamboanga Port Construction of RC Wharf & RoRo Ramps with Breasting Dolphins - Php228.25 million (78.31 percent complete).

Dredging Operations

Every year, PPA sets a portion of its annual budget for the dredging of its piers and harbors to maintain acceptable water depths and, thus, ensure the safe navigation of large vessels calling at the ports. For CY 2013, the Authority has allotted some Php459.00 million for the removal of 1.49 million cubic meters of silts from ten (10) ports nationwide of which nine (9) ports were under the privatized contract with F.F. Marine Corporation.

Likewise, some 109.20 thousand cubic meters were removed from two (2) ports in 2013 which are actually carry-over projects from CY 2012.

Areas Covered by CY 2013 Dredging Program

MICT Entrance Channel, Phase II (*implemented*)

MICT Entrance Channel, Phase I (*implemented/ carry-over from 2012*)

South Harbor Entrance Channel

Pier 18, North Harbor

Tabaco Port, Albay

Legazpi Port, Albay

ICPC, Port of Iloilo

Tacloban, Southern Leyte (*implemented*)

Zamboanga Port New Quay, Phase I

Lapuz Terminal, Port of Iloilo

Hydrographic & Topographic Surveys

To support port planning, project development, and identification of areas for port zone delineation, a total of fifty (50) hydrographic and topographic surveys were undertaken and completed in 2013. Nineteen (19) of these surveys were programmed during the start of the calendar year and thirty-one (31) were unprogrammed.

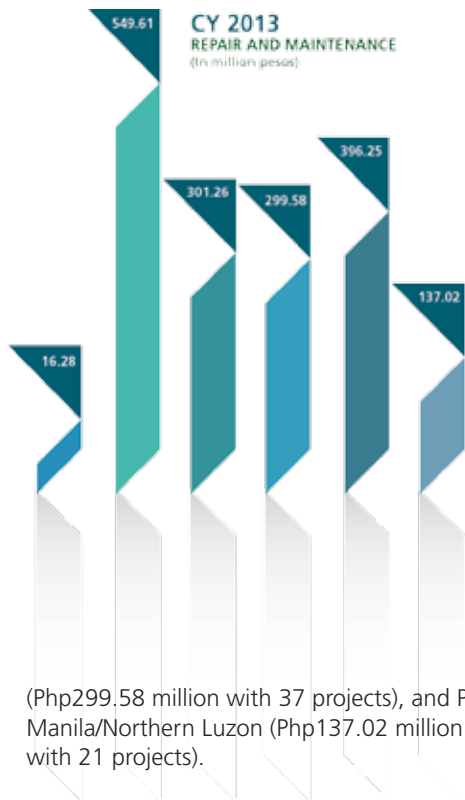
Repair & Maintenance Program

As part of its mandate, PPA oversees and ensures that all port facilities under its jurisdiction maintain their serviceability and safety. For CY 2013, the Authority has allotted Php1.70 billion for its Repair and Maintenance (R&M) Program covering Php824.95 million or 48.53 percent for repair projects, Php133.58 million or 7.86 percent for maintenance projects, Php725.19 million or 42.66 percent for carry-over projects, and Php16.28 million or 0.96 percent for other unprogrammed projects.

PPA pursued 198 R&M projects during the year of which 112 were completed, sixty-seven (67) are ongoing, and nineteen (19) are under pre-procurement/procurement stages as of yearend.

On the other hand, an investigation was made to assess the damage inflicted at the ports affected by the 7.2 magnitude earthquake and the Super Typhoon Yolanda that hit Visayas which included Bohol (Tagbilaran, Tubigon, Talibon, Jetafe, and Catagbacan), Leyte (Ormoc), and Eastern Samar (Tacloban), among others. Emergency repair projects were immediately implemented so as not to impede the operation and the delivery of services in these ports. Additional major repair and/or rehabilitation projects shall be included in the 2014 Program of Works (POWs) and shall be implemented on the ensuing year/s.

PDO Southern Mindanao received the biggest allotment of the R&M Budget (Php549.61 million with 42 projects) followed by PDO Southern Luzon (Php396.25 million with 55 projects), PDO Northern Mindanao (Php301.26 million with 43 projects), PDO Visayas



(Php299.58 million with 37 projects), and PDO Manila/Northern Luzon (Php137.02 million with 21 projects).

Consultancy Services for Engineering-Related Studies

Consultancy Services for the conduct of Feasibility Studies and formulation of Master Plans for selected ports under PDO Southern Luzon worth Php14.84 million is ongoing with 64.50 percent accomplishment as of yearend. On the other hand, the formulation of Master Plans and conduct of Feasibility



Port of Tacloban.



Port of Puerto Princesa.

Study at priority ports for development in PDO Visayas amounting to Php16.94 million was substantially completed as of December 2013.

These studies were undertaken to meet the increasing port services required to support the agri-industrial development and tourism enhancement of various regions, to determine the long-term directions in the development of the identified ports, and to evaluate the technical soundness and economic feasibility/financial viability of any proposed short-term improvements and/or expansion.

The conduct of Soil Investigation for priority ports for development under Package III with a total cost of Php16.84 million has

already been completed. The completed study sought to provide the needed information for foundation design analysis and as basis for the evaluation of alternative type of structures. The scope of work also included the drilling and testing of soil samples.

The technical services for Package IV of the same study amounting to Php19 million is under pre-procurement stage as of yearend.

Meanwhile, the Final Report for the consultancy services for the formulation of Master Plan and conduct of Feasibility Study for the proposed bulk terminal project at the northwest portion of South Harbor worth Php14.11 million has been submitted to and accepted by the PPA Board as of yearend.



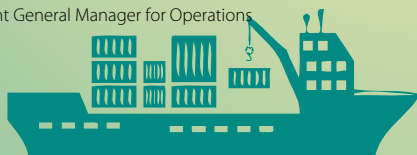
Controllership Department



FINANCIAL PERFORMANCE



Office of the Assistant General Manager for Operations



Notwithstanding the challenges the country faced in 2013, which included, among others, the financial crisis in Europe and the global slowdown in some of its markets like Japan, the successive calamities such as the 7.2 magnitude earthquake in Bohol and super-typhoon Yolanda (Haiyan) that devastated the eastern and central Visayas, the country's economy maintained its strong performance indicated by the 7.2 percent increase in GDP posted for 2013.

This is seen in the Authority's fiscal performance which continued its strong showing as financial indicators digressed favorably against target and in comparison with the previous year. With external trade forecast by the country's economic planners to grow by at least 6.4 percent annually, PPA looks forward to sustained and upward revenue growth in the medium term.

Revenue

The year 2013 saw a resilient and buoyant PPA as revenues continued its firm and robust increase. For the year under review, PPA's Gross Revenue reached Php11.07 billion equivalent to a hefty Php1.77 billion or 19.05 percent increase from the Php9.30 billion aggregate revenue recorded in 2012.



It consisted of Port Revenue, Fund Management Income (FMI), and the one-time lump sum fee remitted by the International Container Terminal Services, Inc. (ICTSI) and Asian Terminal, Inc. (ATI).

Port Revenue is the entire sum of the different revenue sources of the Authority. Revenue from port operations rose to Php9.99 billion, a notable increase of Php846.73 million or 9.26 percent rise in contrast with the Php9.15 billion posted a year ago. Of the total Port Revenue, ICTSI Fees contributed the largest share at Php3.22 billion (32.25 percent), followed by Wharfage Fees at Php1.85 billion (18.50 percent), and Vessel Charges at Php1.50 billion (14.95 percent). Other revenue sources and their respective revenue contributions are as follows: ATI Fees at Php1.32 billion (13.17 percent),

Comparative Income Statement

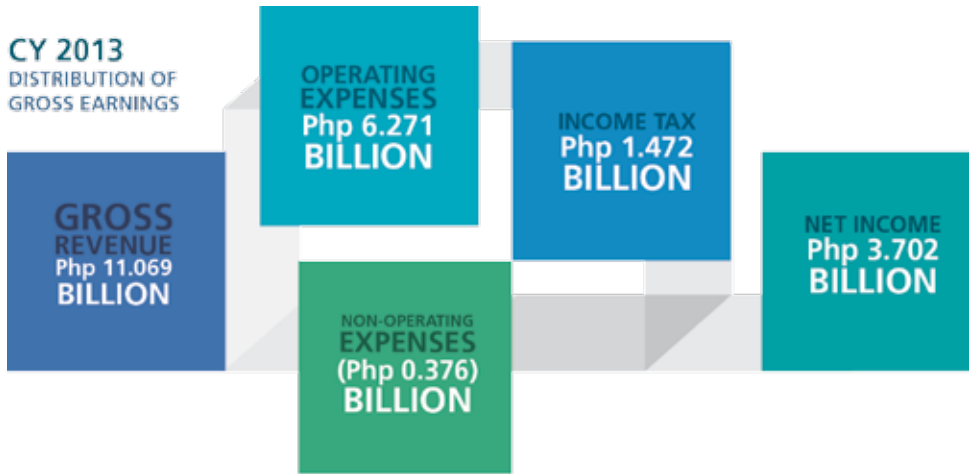
For The Year Ended December 31, 2013

With Comparative Figures For The Year Ended December 31, 2012

(in million pesos)

	2013		Inc/(Dec)		2012	Inc/(Dec)	
	Actual	Target	Amount	%		Amount	%
Gross Revenue	11,068.97	10,559.74	509.23	4.82	9,297.86	1,771.11	19.05
Port Revenue	9,994.47	10,459.74	(465.27)	-4.45	9,147.74	846.73	9.26
FMI	122.50	100.00	22.50	22.50	150.12	(27.62)	-18.40
One-Time Lump Sum Fee	952.00	-	952.00	-	-	952.00	-
Expenses	5,894.72	6,466.93	(572.21)	-8.85	5,079.28	815.44	16.05
Operating	6,270.51	6,843.92	(573.41)	-8.38	5,849.36	421.15	7.20
Non-operating	(375.79)	(376.99)	1.20	-0.32	(770.08)	394.29	-51.20
Net Income	5,174.25	4,092.81	1,081.44	26.42	4,218.58	955.67	22.65
Income Tax	1,472.07	1,227.84	244.23	19.89	1,060.56	411.51	38.80
Net Income After Tax	3,702.18	2,864.97	837.21	29.22	3,158.02	544.16	17.23

CY 2013
DISTRIBUTION OF
GROSS EARNINGS



“As a whole, sustained growth in terms of revenue generation is attributed to the increased volume of foreign cargoes at PMOs North Harbor, San Fernando and Batangas.”

Arrastre and Stevedoring at Php760.95 million (7.61 percent), Pilotage/Storage Fees at Php417.69 million (4.18 percent), MHNPI Fee at Php188.40 million (1.89 percent), VTMS and Terminal Fees at Php177.57 million (1.78 percent), and Other Income at Php566.50 million (5.67 percent).

Gross Revenue by Port District Office (PDO)

The PDOs with the exception of PDO Southern Mindanao followed an upward trend in Revenues. Fiscal performance of the PDOs continued to be very satisfactory as they posted aggregate revenues which shoot up to Php10.94 billion, a significant increase of Php1.80 billion corresponding to a double-digit growth of 19.68 percent over the 2012 figure of Php9.14 billion.

Of the five (5) PDOs, four (4) posted positive growth. PDO Southern Mindanao, however, dropped to negative 2.27 percent on account of the decrease in volume of vessel and cargo traffic in Zamboanga due to business paralysis caused by the standoff between the government troops and the Moro National Liberation Front (MNLF). Leading with the highest percentage growth is PDO Manila/Northern Luzon with 24.58 percent followed by PDO Southern Luzon with 20.92 percent, PDO Visayas with 7.73 percent, and PDO Northern Mindanao with 7.60 percent.



CSD Manager Emma L. Susara with her senior staff.

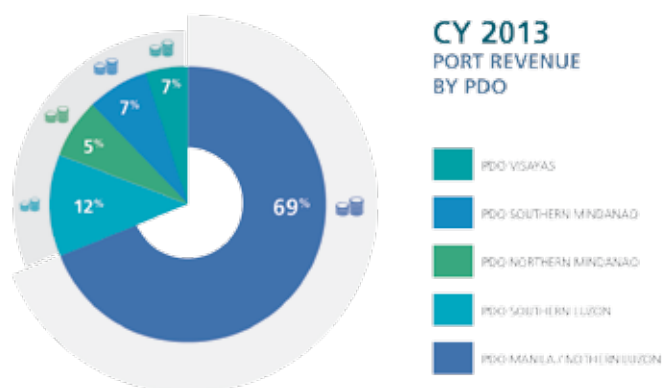


As a whole, sustained growth in terms of revenue generation is attributed to the increased volume of foreign cargoes at PMOs North Harbor, San Fernando, and Batangas. Illustrated on the next page is the 2013 distribution of revenue by PDO with comparative figures for 2012:

Port Revenue By PDO, CY 2013 (in million pesos)

PDO	2013	2012	Deviation (%)
Manila/ Northern Luzon ^{1/}	7,519.93	6,036.20	24.58
Southern Luzon	1,388.32	1,148.09	20.92
Visayas	542.40	503.51	7.73
Northern Mindanao	750.48	697.49	7.60
Southern Mindanao	736.85	753.94	-2.27
TOTAL	10,937.99	9,139.24	19.68

^{1/}Includes One-time Lump Sum Fee of Php952.00 million.



Revenue by Source or Tariff Item

The Authority's Port Revenue is derived from sources such as: Port Charges; government share on Arrastre and Stevedoring services; fixed and variables fees from MICT, ATI, and MNHPI; and, other ancillary services. Indicated in the next table is the distribution of revenue by source and the percentage share from the total revenue of port operations with comparative figures for 2012:

Comparative Revenue By Source, 2013 Vs. 2012 (in million pesos)

Account	2013	% of Total	2012	Increase/ (Decrease)
Port Dues	417.02	4.17	409.49	1.84
Dockage	752.68	7.53	682.94	10.21
Usage Fees	322.47	3.23	309.75	4.11
Lay-up Fees	2.35	0.02	0.21	1019.05
Wharfage Dues	1,848.69	18.50	1,770.12	4.44
Storage	379.54	3.80	392.26	-3.24
Arrastre/ Stevedoring	760.95	7.61	657.61	15.71
Other Income	566.50	5.67	446.67	26.83
Pilotage	38.15	0.38	34.38	10.97
ICTSI Fees	3,223.41	32.25	3,094.51	4.17
ATI Fees	1,316.73	13.17	1,004.28	31.11
MNHPI	188.40	1.89	180.72	4.25
VTMS Fees	16.03	0.16	16.96	-5.48
Terminal Fees	161.54	1.62	147.84	9.27
TOTAL	9,994.46	100.00	9,147.74	9.26





Manager Leopoldo Bischocho, Jr. with his PMO Batangas staff.

Conversely, Non-operating Expenses showed a negative amount of Php375.79 million, Php394.29 million or 51.20 percent lower compared to last year which also had a negative figure amounting to Php770.08 million. The negative figure was due to the effect of the Net Gains on Revaluation of Outstanding Balance of Foreign Loans and of Foreign Currency Deposit.

Net Income

The Authority's Net Income Before Income Tax for the year under review was recorded at Php5.17 billion. On the other hand, Income Tax due for 2013 amounted to Php1.47 billion, computed at thirty (30) percent Regular Tax resulting in Net Income After Tax of Php3.70 billion. This is higher by Php544.16 million or 17.23 percent compared to the Php3.16 billion recorded in 2012.



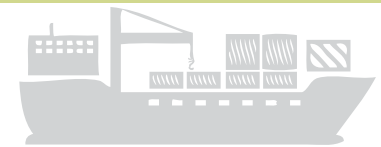
Fund Management Income

Another revenue source of the Authority is the FMI which covers interest earnings on bank deposits and investments in government securities. As of yearend, FMI was recorded at Php122.50 million, a decrease of Php27.62 million or 18.40 percent compared to previous year's Php150.12 million. This is primarily due to the decline in interest rates on special and high-yield savings deposits maintained with the Authority's depository banks – Philippine Veterans Bank (PVB) and Land Bank of the Philippines (LBP).

Expenditures

Total Expenses incurred by the Authority for the year 2013 amounted to Php5.89 billion. The amount, which is the sum of Operating and Non-operating Expenses, is higher by Php815.44 million corresponding to a 16.05 percent rise from the Php5.08 billion incurred in 2012.

During the year under review, operational expenditures amounted to Php6.27 billion. The account increased by Php421.15 million or 7.20 percent primarily due to the recognition of impairment losses on structures stricken by Super Typhoon Yolanda and continued repairs and maintenance projects of port facilities.





Concurrent A/GM for Special Projects and PDO Southern Luzon Manager Hector E. Miole

Collection Efficiency

Improved collection management was exhibited by the Authority in both Prior Years' (PY) and Current Year's (CY) Trade Accounts Receivable as Collection Efficiency Ratios (CERs) in 2013 exceeded prior year's performance.

In particular, total PY Accounts Receivable of Php1.03 billion was trimmed down to Php71.45 million after the collection of the amount of Php961.72 million. As a result, CER for PY Accounts improved to 93.08 percent.

Of the CY Operating Revenue of Php10.92 billion, PPA was able to collect Php9.87 billion out of its target of Php9.90 billion or a collection efficiency of 99.69 percent leaving an ending balance of Php1.05 billion in Receivables.

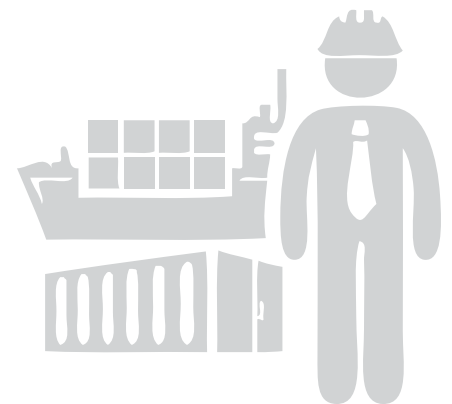
Dividend Remittances to the National Government

To augment funds for the operation of the national government, Republic Act (R.A.) 7656 was crafted requiring all Government-Owned and – Controlled Corporations (GOCCs) to remit to the National Treasury at least fifty (50) percent of their annual net earnings as cash, stock or property dividends.

For 2013, the Authority handed over a huge sum amounting to Php1.38 billion as cash dividend. The amount remitted increased by Php381.63 million or 38.12 percent over the Php1.001 billion remitted in 2012.



PMO Tagbilaran Manager Annie Lee F. Manese and her staff.





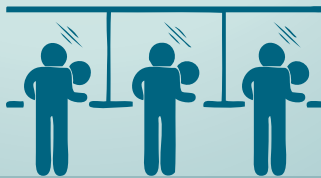
Port of Puerto Princesa



Passenger at North Harbor, Manila



SUSTAINABILITY, ENVIRONMENT & PEOPLE



Port Safety, Security & Environmental Protection

Implementation of the International Ship and Port Facility Security (ISPS) Code

PPA continuously secures its ports nationwide in accordance with the requirements mandated under the ISPS Code.

The ISPS Code has been an essential part of the Authority's general security policies designed to establish an international framework involving Governments, Port Authorities, and Shipping and Port Industries to detect security threats and undertake preventive measures against security incidents affecting ships or port facilities used in international trade.

In compliance with the requirements of the ISPS Code for the safety of passengers, the Authority has requested the Office of Transport Security (OTS) to review the TOR for the acquisition of additional fifteen (15) sets of x-ray machine and walk-through detectors for the other ports through the Department of Budget and Management or the DBM Procurement Service.

Vessel Traffic Management System (VTMS)

The VTMS Control Center is a state-of-the-art vessel monitoring facility managed and operated by PPA on a 24/7 basis. The operation of VTMS focuses on giving round-the-clock assistance as well as relaying information to pertinent government agencies incidents of vessel distress, accidents, piracy, and others for appropriate action. Since its implementation, the VTMS has not only served as an effective navigational tracking tool but has likewise complemented and beefed up PPA's security measures at the ports where they are installed.

The existing VTMS facilities at North Harbor (Corregidor, Bataan), Batangas, and MICT will continue to be operated by PPA while VTMS proposals in other ports will continue



Port of Batangas.

**PPA CONTINUES
TO SECURE ALL
OF ITS PORTS IN
ACCORDANCE
WITH THE
ISPS CODE**



Port of Batangas.

to be evaluated to ensure that overlapping of functions with the Philippine Coast Guard which has the mandate to build, operate, and maintain VTMS facilities will not be an issue.

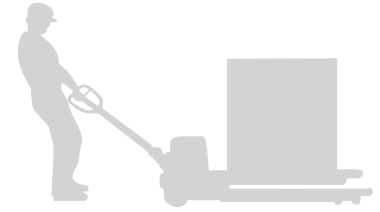
Quality Management System (QMS)

In line with Executive Order (EO) 605 directing the institutionalization of the structure, mechanisms, and standards to implement a Government Quality Management Program, a Quality Policy was crafted by the Authority in order to constantly provide and improve the quality of port services delivery particularly on the processes involved in Vessel Entrance/ Clearance (VEC). QMS was first launched and implemented in the Port Management Office of Batangas in 2011.

With the issuance of its certification in February 2013, the Port of General Santos joined the ports of Batangas, Cagayan de Oro and Davao in the list of ports possessing

ISO QMS CERTIFICATION

GENERAL SANTOS,
BATANGAS, DAVAO
& CAGAYAN DE ORO



Manager Subanrio L. Lim (incoming) with his PMO Ozamiz senior staff.

ISO QMS Certification on Vessel Entrance/ Clearance (VEC). Meanwhile, the Port of Zamboanga has recently passed the Stage 2 External Audit and has been recommended for the issuance of a 3-Year Certificate.

Port Safety Health Environment Management System (PSHEMS)

This is a tripartite project of the Association of Southeast Asian Nations (ASEAN), ASEAN Ports Association (APA), and German Technical Cooperation (GTC), with the Ports of Iloilo and Cagayan de Oro as participating ports. The PSHEMS is a port management system designed to ensure safety in port operations, protection of human life and property, health of port workers, and the protection of the environment.

Since its inception, the PSHEM Code was developed as a standard against which ports can assess and evaluate their performance in terms of quality management, health and safety of port workers, and the protection of the environment. The Code also specifies the requisites for an effective PSHEMS to permit an organization to develop and implement policies and objectives that take into account legal requirements and information about hazards associated with its activities, which have or can have a significant risk to health, safety, and environment.

The Port of Iloilo received its Certificate of Recognition from the Partnerships in Environmental Management for the Seas (PEMSEA) on June 21, 2013.

The Certificate of Recognition attests that the system conforms to the PSHEM Code, which integrates the key elements of other recognized international standards, such as ISO 9001 (QMS), ISO 14001 (Environmental Management Systems), and OHSAS 18001 (Occupational Health and Safety Management Systems).



Port of Tagbilaran

Privatization Initiatives

1. Davao – Development Bank of the Philippines (DBP) Team, the Transaction Advisor (TA) engaged by Department of Transportation and Communications (DOTC), composed of DBP, International Finance Corporation (IFC), and Hamburg Port Consulting (HPC) GmbH, has been handling the project with PPA providing support only, as requested by the TA.
2. Manila Bulk Terminal – The Final Report was presented to and accepted by the Board during the November 29, 2013 Board Meeting. The Board resolved to forward the Report to the DOTC as future reference by the Government on studies for alternative site to the Pandacan oil depot for liquid bulk cargoes.
3. South Harbor Expanded Port Zone (SHEPZ) - The TOR for SHEPZ previously approved by the Board on June 29, 2012 is with the DOTC. The SHEPZ study seeks to design a comprehensive, conceptual development master plan, and best used strategy for the area covered by the study.



PMO Iloilo Manager A. Boholano with his senior staff.



Port of Davao

There is a related inter-agency program called the Manila Heritage and Urban Renewal Project involving DOTC, Department of Finance (DOF), Department of Trade and Industry (DTI), LGU Manila, and Public-Private Partnership (PPP) Center covering the same commercial area of SHEPZ. The status of the PPP Center-initiated Memorandum of Understanding (MOU) for the inter-agency Manila Heritage & Urban Renewal project, however, remains unclear.

4. Existing Passenger Terminal Buildings (PTBs) – The post-qualification of awardees for the management and operation of PTBs in seven (7) ports (Ubay, Jagna, Hilongos, Maasin, Palompon, Baybay, and Naval) was completed, paving the way for the awarding of contract and issuance of the Notice to Proceed to the winning bidder. Post-qualification of awardees for four (4) other ports (Port of San Pedro, Danao, San Carlos, and San Ricardo) is ongoing.

Maintaining Corporate Structure

Community Support Program thru Gender and Development (GAD) Focal Points

In 2013, PPA, through its GAD Focal Points directed its efforts in addressing gender-related issues such as:

- Absence of survey to assess impact of previous GAD activities and lack of comprehensive database to provide appropriate intervention programs;
- Lack of appreciation of GAD values, issues, and concerns; and,
- Complex issues confronting human trafficking.

To address these issues, PPA GAD Focal Points in 2013 accomplished the following:

- Finalized the TOR for a government to government agreement on the conduct of Survey with the Development Academy of the Philippines (DAP). Previous efforts to bid out the procurement of service provider did not prosper because of lack of qualified/ interested parties;
- Participated in the seminar/workshops on Guidelines for the Preparation of Annual GAD Plans and Budget and Accomplishment Report to implement the Magna Carta for Women;
- Conducted Gender Audit;



- Conducted the following seminars to increase awareness and appreciation of GAD values and gender issues and concern:
 - Wellness for Improved Work Productivity;
 - Preparation of Annual GAD Plans and Budget and Accomplishment Report to implement the Magna Carta for Women;
 - Gender Audit;
 - Cybercrime Prevention Act, R.A. 10175;
 - Violence Against Women Fascination & Disillusionment;
 - Gender Mainstreaming and Awareness;
 - Implementing Rules on Harmonized GAD for Project Implementation, Monitoring & Evaluation;
 - Sexual Harassment & Violence Against Women; and,
 - Women & Children Trafficking; and,
- Provided and maintained gender-sensitive facilities and amenities in new and existing PTBs nationwide.



POSD Manager Roberto C. Aquino with his staff.



Human Resource Development Program

In 2013, a total of 3,734 graduates benefited from fifty (50) courses successfully undertaken by PPA in cooperation with various sponsoring institutions. Likewise, a total of twenty (20) non-organic courses conducted by PPA benefited 510 staff of private port operators. The courses administered focused on areas identified in the training needs analysis (TNA) of PPA personnel with subjects ranging from management, operations, safety, equipment, and maintenance, among others.



3,734
GRADUATES
UNDERGONE
TRAINING

Internal Audit Program

PPA's internal audit program for 2013 covered the following areas:

Internal Control System Audit:

1. PMO Batangas
2. PMO Davao
3. PMO Tacloban
4. PMO Calapan
5. PMO Ormoc
6. PMO Dumaguete
7. PMO Bauan
8. PMO Legazpi
9. PMO General Santos
10. TMO Currimao
11. TMO San Jose
12. TMO Danao
13. TMO Coron
14. TMO Brooke's Point

Internal Audit on Quality Management System (QMS) ISO 9001:2008 (VEC):

1. PMO Cagayan de Oro
2. PMO Davao
3. PMO Zamboanga
4. PMO General Santos



PMO Davao Manager
Leonilo E. Miale.



Port of General Santos

Conduct of internal audit in conformity with PSHEMS standards on PMOs undergoing recognition process:

1. PMO Cagayan de Oro

Performance/Contract Compliance Audit of Cargo Handling Operators:

1. Aurum Pacific Consolidated, Inc. (Currimao)
2. Asian Terminals, Inc. (Batangas)
3. Asian Terminals, Inc. – Phase II (Batangas)
4. Calapan Labor Services Development Cooperative (Calapan)
5. Davao Integrated Stevedoring Services, Inc. (Davao)
6. Filipinas Ports Services, Inc. (Davao)
7. Leyte Integrated Port Services, Inc. (Tacloban)
8. MLD Brokerage Arrastre and Stevedoring Services (Bauan, Batangas)
9. New Eagle Arrastre Services, Inc. (Ormoc)
10. Prudential Custom Brokerage Services, Inc. (Dumaguete)
11. Prudential Custom Brokerage Services, Inc. (Coron)
12. Prudential Custom Brokerage Services, Inc. (Brooke's Point)
13. Prudential Custom Brokerage Services, Inc. (San Jose, Occidental Mindoro)
14. Regal Arrastre Services, Inc. (Legazpi)
15. South Cotabato Integrated Port Services, Inc. (Cotabato)
16. Tarsier Arrastre Stevedoring Services, Inc. (Danao)

Maintaining Global Ties

PPA is a member of good standing of a number of international maritime associations such as the International Maritime Organization (IMO), Asia-Pacific Economic Cooperation (APEC), ASEAN Port Authorities (APA), Organization for Economic Co-operation and Development (OECD), and Brunei-Indonesia-Malaysia-Philippines East Asia Growth Association (BIMP-EAGA). It endeavors to have strong ties with its technical counterparts from these regional and international associations to foster policy-making, capacity building, and dialogues on common activities related to port facility standards/benchmarking, anti-terrorism, anti-human trafficking, environmental protection, and port security and safety, among others. In 2013, PPA officials and personnel attended twenty-nine (29) meetings/conferences in Brunei, China, France, Indonesia, Ireland, Japan, London, Malaysia, Myanmar, Peoples Democratic of Lao, Singapore, Thailand, USA, and Vietnam to engage in common endeavors, to keep abreast with global maritime trends and developments, and to fulfill obligations and commitments related to its membership

in these international bodies. Shown below is the complete list of international meetings and conferences participated in by PPA officials and personnel:

1. 72nd Meeting of the ASEAN Coordinating Committee on Services (72nd CCS) held in Brunei Darussalam on January 16 – 19, 2013;
2. 10th ASEAN-Japan Port Technology Group Meeting and International Seminar on Port Electronic Data Interchange (EDI) held in Yangon, Myanmar on February 19 – 22, 2013;
3. 2nd Working Group Meeting on the Implementation of the Strategic Plan for ASEAN-China Transport Cooperation held in Guilin, China on March 18 – 22, 2013;



South Harbor, Manila

PPA CONTINUES
TO BE A MEMBER
OF INTERNATIONAL
MARITIME ORGANIZATIONS

IMO **APEC**
UNCTAD
APA **OECD**
BIMP-EAGA



PMO General Santos Manager Evangeline J. Cristobal.

4. 37th APEC Transportation Working Group Meeting (TPT-WG 37) held in Ho Chi Minh City, Vietnam on April 8 – 12, 2013;
5. Organization for Economic Co-operation and Development (OECD) Meeting of the Ad-Hoc network of Economic Regulators held in Paris, France on April 24, 2013;
6. 73rd ASEAN Coordinating Committee on Services and its Related Working Group Meetings held in Bandar Seri Begawan, Brunei Darussalam on May 3 – 6, 2013;
7. BIMP-EAGA Sea Linkages Working Group Meeting held in Solo, Central Java, Indonesia on May 21 – 22, 2013;
8. 34th ASEAN Ports Association (APA) Working Committee Meeting held in Singapore on June 25 – 27, 2013;
9. 38th APEC Transportation Working Group Meeting (APEC TPT-WG 38) held in Bali, Indonesia on July 1 – 5, 2013;
10. UNCTAD Port Training Programme International Coordinating Meeting held in Belfast, Northern Ireland, United Kingdom on July 3 – 4, 2013;
11. 74th ASEAN Coordinating Committee on Services and Other Related Working Group Meeting held in Brunei Darussalam on July 5 – 6, 2013;
12. Technical Co-operation Committee (TC) 63rd Session held in London on July 10 – 12, 2013;
13. Council Meeting 110th Session (C110) held in London on July 15 – 19, 2013;
14. 26th Maritime Transport Working Group (MTWG) Meeting held in Yangon, Myanmar on August 20 – 22, 2013;
15. ASEAN/APA/GIZ 7th Regional Project Progress Review and Planning Meeting held in Johor Bahru, Malaysia on August 20 – 22, 2013;
16. China-ASEAN Port Cities Cooperation Network Forum held in Nanning, China on September 2 – 3, 2013;

17. 59th Session of the Sub-Committee on Safety and Navigation (NAV) held in London on September 2 – 6, 2013;
18. 1st BIMP-EAGA Trade and Investment Facilitation Cluster Meeting held in Bali, Indonesia on September 4 – 6, 2013;
19. 18th Session of the Sub-Committee on Dangerous Goods, Solid Cargoes and Containers held in London on September 16 – 20, 2013;
20. 1st BIMP-EAGA Transport Cluster Meeting held in Sarawak, Malaysia on September 22 – 26, 2013;
21. 4th ASEAN Maritime Forum (AMF) and 2nd Expanded ASEAN Maritime Forum (EAMF) held in Kuala Lumpur, Malaysia on October 1 – 3, 2013;
22. 2nd Expert Group Meeting on the Finalization of the ASEAN Framework Agreement on Cross Border Transport of Passenger (ASEAN CBTP) held in Jakarta, Indonesia on October 2 – 3, 2013;

28. Meeting on “Driving Change for Sustainable Ports - Project Design and Strategic Approach” held in Bangkok, Thailand on November 27 – 28, 2013; and,
29. 36th ASEAN Senior Transport Officials Meeting (36th STOM) and 19th ASEAN Transport Ministers Meeting held in Luang Prabang, Province, Lao PDR on December 18 – 20, 2013.

Still, in conjunction with its commitments, PPA hosted two (2) events:

1. 7th Philippine Ports and Shipping Conference held on January 30 – 31, 2013 at the Manila Peninsula Hotel; and,
2. 11th Asean Ports Association Sports Meet, a triennial event, held on February 26 to March 1, 2013, marking the Authority's second turn to host the triennial event after a decade. Around 500 participants from the nine (9) member-countries of Brunei, Cambodia, Indonesia, Malaysia, Myanmar, Singapore, Thailand, Vietnam, and the host country – Philippines. Indonesia was declared overall champion of the five-day tourney winning the most number of gold medals from Futsal, Badminton, Golf, Marathon, Table Tennis, and Bowling.

23. 26th ASEAN Transport Facilitation Working Group Meeting and 5th Transit Transport Coordinating Board Meeting held in Kuala Lumpur, Malaysia on October 21 – 24, 2013;
24. APSN Workshop on “Green Port” Time for Actions and Innovations and 6th Meeting of the APSN Council held in Phuket, Thailand on November 5 – 7, 2013;
25. 39th ASEAN Ports Association (APA) Meeting held in Bali, Indonesia on November 12 – 14, 2013;
26. 27th Extraordinary Session of the IMO Council and 28th Regular Session of the IMO Assembly held in London on November 21 – 22, 2013 and November 25 – 26, 2013, respectively and 30th Anniversary of the World Maritime University on November 22 – 24, 2013;
27. 28th Regular Session of the IMO Assembly held in London on November 25 – December 4, 2013;



Port of Batangas

PPA STRATEGY MAP AND CORPORATE RESPONSIBILITY STATEMENTS (CSR)

PPA STRATEGY



CORPORATE SOCIAL RESPONSIBILITY (CSR) STATEMENTS

As a leading GOCC, PPA continues to work towards upholding the highest standards of corporate governance by simply being a responsible corporate citizen. This entails (i) developing and operating ports that cater to the needs of local and/or global clients in accordance with best practices and state-of-the-art technologies; (ii) promoting the growth of communities by linking them to the mainstream of economic activities; (iii) establishing fair and equitable business relationships which are beneficial to both port stakeholders and the government; and, (iv) uplifting the lives of its employees by giving them a work environment that is conducive and offers opportunities for career advancement.

01



**FINANCIAL
PERFORMANCE**

**GROSS
EARNINGS**
at PHP11.069B
UP BY 19.05%
FROM 2012

EXPENSES
at Php5.895B
UP BY 16.05%
FROM 2012

NET INCOME
at Php3.702B
UP BY 17.23%
FROM 2012

02



**SHIPPING
AND TRADE
PERFORMANCE**

**CARGO
THROUGHPUT**
202.059 MMTs
UP BY 4.27%
FROM 2012

**CONTAINER
TRAFFIC**
5.238M TEUs
DOWN BY 0.50%
FROM 2012

**SHIP TRAFFIC/
VESSEL CALLS**
356,517
UP BY 3.09%
FROM 2012

**PASSENGER
TRAFFIC**
53.869 M
UP BY 7.74%
FROM 2012

03



**DIVIDEND
REMITTANCE**

**REMITTED TO THE
NATIONAL GOV'T
CASH DIVIDEND OF
PHP1.383B**
UP BY PHP381.626M
OR 38.12% FROM
PHP1.001B IN 2012

PERFORMANCE AT A GLANCE

04



**PHYSICAL
INFRASTRUCTURE
DEVELOPMENT &
MAINTENANCE**

**26 LOCALLY-
FUNDED PROJECTS
COMPLETED
VALUED AT
PHP1.095B
IN 2013**

**112 REPAIRS
& MAINTENANCE
PROJECTS
COMPLETED VALUED AT
PHP967.914M
IN 2013**

FINANCIAL RATIOS

Current Ratio

measures the ability of the Authority to meet current obligations. Resultant ratio must be >1.

2.84:1 in 2013 versus
1.93:1 in 2012

This year's ratio increased to 2.84 from last year's 1.93; meaning PPA has Php2.84 current assets to cover every Php1.00 current obligation.

Return on Assets (ROA)

indicates the degree of profits realized in relation to the amounts invested in assets. Resultant percentage must be >7%

14.28% in 2013 versus
12.57% in 2012

This year's ROA increased to 14.28% from last year's 12.57% due to increase in net operating income with a decline in average operating fixed assets.

Port Operating Ratio

measures the effectiveness of management in terms of keeping down costs in relation to revenue. Resultant ratio must be <70-75%

40.04% in 2013 versus
63.94% in 2012

This year's port operating ratio decreased to 40.04% from last year's 63.94% which is still within the threshold.

Debt to Equity Ratio

in compliance with PD 857, total indebtedness of the PPA in principal amount on local and foreign currency shall not at any time exceed the net worth of PPA at the relevant time. Resultant ratio must be <1.

0.13:1 in 2013 versus
0.15:1 in 2012

This year's ratio of 0.13:1 is safely within the required limit.

LOCALLY-FUNDED PROJECTS for 2013 (Carry-Over & New Projects)

Head Office-implemented
Status as of December 2013, in pesos

Port/Location	Implementing Office	Project Description	Date Started	Completion/Target	Project Cost/Contract Amount
PDO MANILA/NORTHERN LUZON					
PMO San Fernando					
1 Basco, Batanes	HO	Pier Extension & Evacuation of Berthing Area	Oct 4 2011	Feb 8 2013	50,482,487.96
2 Basco, Batanes	HO	Construction of Back-up Area & Extension of Pier	Dec 10 2013	Dec 4 2014	98,109,354.87
3 Currimao, Ilocos Norte	HO	Rehabilitation/Upgrading & Extension of RC Pier	Dec 10 2013	Jul 2 2015	124,507,183.05
PMO South Harbor					
4 South Harbor, Manila	HO	Rehabilitation/Upgrading of West Breakwater	Dec 19 2013		129,330,832.15
Sub-Total PDO Manila/Northern Luzon					402,429,858.03
PDO SOUTHERN LUZON					
PMO Calapan					
5 Calapan, Oriental Mindoro	HO	Upgrading of Existing Back-up Area			
6 San Jose, Caminawit, Occ. Min.	HO	Port Expansion Project			117,812,269.00
PMO Legazpi					
7 Legazpi, Legazpi City	HO	Passenger Terminal Bldg., R.C. Platform and Electrical Works	Aug 25 2011	Jan 31 2013	55,252,353.80
8 Legazpi, Legazpi City	HO	Construction of RC Wharf	Feb 23 2012	Jul 22 2013	82,408,350.70
9 Lucena, Quezon	HO	Construction of Marshalling Yard & Paving of Existing Back-up Area	Oct 15 2012	Oct 2 2013	33,588,430.42
10 Masbate, Masbate City	HO	Construction of RC Wharf	Jun 18 2013	Aug 24 2014	79,105,292.03
11 Matnog, Sorsogon	HO	Port Expansion Project (Back-up Area, R.C. Deck on Piles & 2 Roro Ramps, Port Lighting System)	Mar 6 2012	Nov 5 2013	179,332,584.95
12 Pio Duran, Albay	HO	Construction of Back-up Area, RC Platform and Roro Ramp	Oct 17 2012	Nov 28 2013	65,426,000.07
13 Tabaco, Albay	HO	Construction of Back-up Area	Oct 11 2012	Dec 27 2013	51,960,863.49
14 Virac, Catanduanes	HO	Construction of Back-up Area	Aug 30 2013	Apr 26 2014	27,251,408.08
PMO Puerto Princesa					
15 Coron, Palawan	HO	Port Expansion Project	Nov 21 2011	Sep 15 2013	92,508,502.33
16 Puerto Princesa, Palawan	HO	Port Expansion Project (Back-up Area, Wharf Extension, Port Lighting System)	Feb 7 2012	May 17 2013	290,327,221.02
Sub-Total PDO Southern Luzon					1,074,973,275.89
PDO VISAYAS					
PMO Dumaguete					
17 Dumaguete	HO	Rehabilitation of RC Pier 1	Oct 8 2012	Jan 6 2014	74,084,314.20
PMO Iloilo					
18 Dumangas, Iloilo	HO	Construction of Back-up Area with Roro Ramp on Fill and Upgrading of Existing Back-up Area	Oct 17 2012	Dec 11 2013	62,875,208.98
19 Iloilo Commercial Port Complex, Iloilo City	HO	Construction of Back-up Area, installation of ICBP, Port Lighting System	Sept 21 2012	Mar 14 2014	179,138,521.10
20 Iloilo River Wharf, Iloilo City	HO	Construction of Berthing Facilities, RC Platform and Roro Ramp	Jan 9 2013	Apr 3 2014	115,319,641.16
21 Lipata, Antique	HO	Construction of Back-up Area (Reclamation & Port Lighting System)	Feb 2 2012	Jan 26 2013	41,368,866.47
22 San Jose de Buenavista, Antique	FO	Construction of Back-up Area, RC Platform, Roro Ramp & Breasting Dolphin			
PMO Ormoc					
23 Hilongos, Southern Leyte	HO	Extension & Widening of Pier and Realignment of Roro Ramp Project	May 23 2013	May 17 2014	86,166,778.70
24 Ormoc, Leyte	HO	Construction of Back-up Area and Roro Ramp on Fill	Oct 22 2012	Dec 15 2013	89,835,912.49
PMO Tacloban					
25 Guadalupe, Maasin City	HO	Port Development Project (Causeway, R.C. Trestle, Roro Ramp & Breasting Dolphin, Port Lighting System)	Sept 4 2013	Oct 28 2014	59,230,100.00
26 Maguino-o, Calbayog City	HO	Pier Extension and PTB	Jan 13 2012	Feb 14 2013	37,985,148.57
27 San Ricardo, Southern Leyte	HO	Construction of Back-up Area, Roro Ramp and Breasting Dolphins	Dec 24 2013	Oct 19 2014	48,728,468.29
28 Tacloban, Tacloban City	HO	Port Improvement/Rehabilitation, Phase 2			
PMO Tagbilaran					
29 Catagbacan, Bohol	HO	Construction of Back-up Area & Widening of Causeway Project	May 23 2013	May 18 2014	51,569,792.21
30 Talibon, Bohol	HO	Expansion of Back-up Area & Construction of Passenger Terminal Building			
31 Tubigon, Bohol	HO	Construction of PTB & Back-up Area	Oct 29 2012	Dec 14 2013	69,998,850.11
Sub-Total PDO Visayas					916,301,602.28
PDO NORTHERN MINDANAO					
PMO Cagayan de Oro					
32 Balingoan, Misamis Oriental	HO	Rehabilitation/Upgrading of RC Pier			23,233,114.07
33 Benoni, Camiguin	HO	Paving of Back-up Area & Construction of Roro Ramp			
34 Cagayan de Oro, Cagayan	HO	Construction of one (1) storey Passenger Terminal Bldg.			53,954,403.92
PMO Iligan					
35 Iligan, Lanao del Norte	HO	Construction of Transit Shed			
36 Masao, Agusan del Norte	HO	Paving of Existing Back-up Area			
PMO Ozamis					
37 Ozamis, Misamis Occidental	HO	Construction of Transit Shed			
PMO Surigao					
38 Lipata, Surigao del Norte	HO	Port Expansion & Improvement Project	Sept 10 2013	Oct 4 2014	75,531,000.00
Sub-Total PDO Northern Mindanao					152,718,517.99
PDO SOUTHERN MINDANAO					
PMO Zamboanga					
39 Solar, Olotanga, Zamboanga	HO	Rehabilitation of Wharf and Trestle and Extension of Wharf			
40 Zamboanga, Zamboanga City	HO	Construction of RC Wharf & Two (2) Roro Ramps with Breasting Dolphins	Nov 29 2012	May 22 2014	228,253,032.47
Sub-Total PDO Southern Mindanao					228,253,032.47
Grand Total					2,774,676,286.66

LOCALLY-FUNDED PROJECTS for 2013 (Carry-Over & New Projects)

Field Office-implemented
Status as of December 2013, in pesos

Port/Location	Implementing Office	Project Description	Date Started	Completion/Target	Project Cost/Contract Amount
PDO MANILA/NORTHERN LUZON					
PMO Limay					
1 Dingalan, Aurora	FO	Extension of RORO Ramp & Construction of Breasting Dolphin at Finger Pier			
2 Lamao, Bataan	FO	Upgrading of power supply system into Three (3) Phase	Nov 30 2011	Jul 12 2013	19,906,428.35
PMO North Harbor					
3 El Codo Canal, Pasig River, South Harbor, Manila	FO	Construction of Roro Ramp	Sept 23 2013	Mar 21 2014	19,670,083.47
4 Slip 0, North Harbor, Manila	FO	Pay Parking Development (Construction of Security Fence, Gates & Lighting; Leveling, compaction and gravel fill)			
PMO San Fernando					
5 Claveria, Cagayan	FO	Causeway and Stairlanding			18,545,195.20
6 Currimao/Asarr/Masinloc/Sn Fernando	FO	Various Improvement Works at Currimao Port & Installation of Lighting Protection System & Power Surge Suppressors 1-Coveration of 2nd Flr of PTB into TMO Office			
7 Palanan, Isabela	FO	2-Construction of Port Police Office Barracks & Jail Rock Causeway (140m x 6m) and two (2) units Stairlanding			
PMO South Harbor					
8 Managers and Movers Compound, Pasig River, South Harbor	FO	Rehabilitation of Road Network (PCCP, RC Line Ditch Canal)	Nov 22 2013	Mar 21 2014	17,663,806.37
9 South Harbor, Manila	FO	Construction of Presidential Berth at PCG Area			
Sub-Total PDO Manila/Northern Luzon					75,785,513.39
PDO SOUTHERN LUZON					
PMO Batangas					
10 Batangas, Batangas	FO	Construction of RC Platform connecting Phase I to Phase II	Feb 5 2013	Sept 2 2013	21,211,157.47
11 Batangas, Batangas	FO	Construction of additional 3 RORO Ramps	Dec 17 2013	Aug 13 2014	
12 Lucena, Talao Talao, Lucena City	FO	Expansion of PTB and Construction of Walkway			
13 Nasugbu, Batangas	FO	Construction of RC Fender Cluster	Sept 19 2013	Dec 3 2013	6,614,292.50
14 Unisan, Quezon	FO	Port Development (Construction of Rock Causeway 100m x 6m)	Dec 2 2013	May 30 2014	17,956,142.00
PMO Calapan					
15 Abra de Ilog, Occidental Mindoro	FO	Construction of New Comfort Room			
16 Bulalacao, Oriental Mindoro	FO	Installation of Port Lighting System & Construction of Welcome Arch, Guardhouse & Perimeter Fence			
17 Calapan, Oriental Mindoro	FO	Construction of New Comfort Room			
18 Calapan, Oriental Mindoro	FO	Expansion of PTB			
19 Roxas, Oriental Mindoro	FO	Construction of RORO Ramp No. 4 and RC Platform	Dec 4 2012	Jul 1 2013	17,034,007.78
20 Roxas, Oriental Mindoro	FO	Construction of New Comfort Room			
PMO Legazpi					
21 Bulan, Sorsogon	FO	Expansion of Back-up Area			
22 Calangcayan, Virac, Cam. Norte	FO	Rehabilitation of Landing Facilities			
23 Garchitorena, Camarines Sur	FO	Port Development (Rock Causeway)	Apr 17 2012	Jun 30 2013	13,243,193.12
24 Mandaon, Masbate	FO	Rehabilitation of the existing causeway and pier widening of existing rock causeway			
25 Pio Duran, Albay	FO	Construction of PTB	Dec 4 2013	Jul 31 2014	11,525,304.64
26 San Andres, Catanduanes	FO	Paving of Back-up and Construction of TMO Building			
27 Tabaco, Albay	FO	Extension of existing PTB	Jan 28 2013	Jul 26 2013	9,784,423.20
PMO Puerto Princesa					
28 Balabac, Palawan	FO	Construction of Fence at Reclaimed Area (Concrete Fence 59.61m)	Nov 8 2012	Feb 27 2014	1,536,864.00
29 Puerto Princesa, Palawan	FO	Expansion of PTB			
Sub-Total PDO Southern Luzon					98,905,384.71
PDO VISAYAS					
30 PDO Visayas Proper, Cebu City	FO	Construction of Motorpool/Storage Bldg., additional CHB Fence, upgrading of Electrical System and Soffit Ceiling	Oct 16 2013	Mar 14 2014	4,097,952.16
PMO Iloilo					
31 Cujasi, Roxas City, Capiz	FO	Upgrading of existing back-up	Feb 15 2013	Oct 7 2013	11,186,262.83
32 Cujasi, Roxas City, Capiz	FO	Construction of Passenger Terminal Bldg.	Mar 27 2013	Oct 11 2013	4,960,781.80
33 Dumangas, Iloilo City	FO	Construction of Passenger Terminal Bldg.	Feb 22 2013	Dec 8 2013	13,908,088.17
34 Iloilo River Wharf, Iloilo City	FO	Construction of Passenger Terminal Bldg.	Feb 22 2013	Mar 2 2014	19,033,826.70
35 Iloilo River Wharf, Iloilo City	FO	Site Development: Fence and Gates, Construction of New Guardhouse	Jul 29 2013	May 14 2014	24,582,604.10
36 San Carlos, Negros Occidental	FO	Construction of covered pathway	Feb 25 2013	Dec 22 2013	14,560,729.07
PMO Dumaguete					
37 Guibilingan, Negros Oriental	FO	Demolition and Removal of damaged RC Pier (866 sq.m.)			
38 Siquijor, Siquijor	FO	Widening of Causeway			
39 Siquijor, Siquijor	FO	Construction of PTB			
PMO Tacloban					
40 Babatngon, Leyte	FO	Additional Port Development			
41 Maquino-o, Samar	FO	Fencing & Port Lighting System & Water Supply system			
42 San Jose, Northern Samar	FO	Improvement Project	May 31 2013	Dec 11 2013	10,498,790.96
43 Tacloban, Leyte	FO	Provision of Powerhouse, Transformer Pedestal and Ductbank			1,063,133.37
PMO Tagbilaran					
44 Jagña, Bohol	FO	Expansion of existing PTB			
45 Tagbilaran, Bohol	FO	Concrete Paving of Parking Area and Improvement of Bulkhead	Feb 14 2013	Oct 2 2013	19,001,991.05
46 Tagbilaran, Bohol	FO	Redesigning of covered walkway at Fastcraft Berth			
47 Tubigon, Bohol	FO	Temporary Terminal Management Office	Dec 19 2013	Mar 19 2014	
Sub-Total PDO Visayas					122,894,160.21
PDO NORTHERN MINDANAO					
PMO Cagayan de Oro					
48 Cagayan de Oro, Misamis Occidental	FO	Construction of temporary PTB	Oct 31 2013	Feb 17 2014	6,916,464.23
49 Cagayan de Oro, Misamis Occidental	FO	Construction of ABCU Office at E.S. Bacig Building	Dec 18 2013	May 30 2014	19,750,260.68
50 Cagayan de Oro, Misamis Occidental	FO	Construction of Perimeter Fence at Newly Paved Area at Berth 12			
51 Benoni, Marikina	FO	Construction of Power Sub-Station	Nov 4 2013	Dec 18 2013	2,093,657.80
52 Guinsiliban, Camiguin	FO	Widening of Back-up and Roro Ramp	Dec 19 2013	Jul 26 2014	17,535,189.58
PMO Iligan					
53 Iligan, Lanao del Norte	FO	Demolition of Pier 1, Construction of RORO Ramp, 2 sets of Breasting Dolphin			
54 Iligan, Lanao del Norte	FO	Construction of Multi-Purpose/Seminar Hall at PMO Admin			
55 Iligan, Lanao del Norte	FO	Construction of PTB	Nov 16 2012	Nov 10 2013	27,167,418.88
56 Iligan, Lanao del Norte	FO	Demolition of old buildings and Port Development			
57 Iligan, Lanao del Norte	FO	Power Sub-Station			
PMO Ozamis					
58 Ozamis, Misamis Occidental	FO	Construction of PTB	Nov 16 2012	Sept 10 2013	24,840,484.40
59 Ozamis, Misamis Occidental	FO	Installation of 2 cluster breasting dolphin			
60 Ozamis, Misamis Occidental	FO	Asphalt Overlay at Queuing area			
61 Plaridel, Misamis Occidental	FO	Port Improvement (PTB, paving blocks)			
PMO Surigao					
62 Butuan, Agusan del Norte	FO	Construction of PMO Port Operations Office (585.20 sq.m.)			
63 Consolacion, Davao, Sur del Norte	FO	Completion of Batangas Port	Dec 1 2013	Jan 29 2014	978,806.65
64 Dapa, Surigao del Norte	FO	Supply and installation of Floating Pontoon for Motorized Boats			
65 Del Carmen, Surigao del Norte	FO	Construction of PTB (15x12m)	Nov 13 2013	Apr 13 2014	8,616,357.35
66 Doña Helene, Surigao del Norte	FO	Construction of Roro Ramp/RC Wharf; Construction of Roro Port (Phase 1)	Oct 25 2011	Sept 2 2013	25,104,222.19
67 Ustia, Surigao del Norte	FO	Extension of existing PTB	Oct 23 2013	Apr 20 2014	9,878,552.48
68 Nasipit, Agusan del Norte	FO	Improvement of PTB Amenities	Dec 22 2013	Jun 9 2014	4,020,756.12
69 San Jose, Dimaogal	FO	Construction of PTB			
70 Surigao, Surigao del Norte	FO	Extraction/Provision of additional Breasting Dolphin at Berth 8	Dec 19 2013	Mar 18 2014	
71 Surigao, Surigao del Norte	FO	Construction of GenSet Housing and Provision of Electrical System			
72 Surigao, Surigao del Norte	FO	Construction of CHB Perimeter Fence Covered Walkway, Gate & Lightings along Borromeo St.	Oct 22 2013	Feb 18 2014	19,358,618.66
73 Surigao, Surigao del Norte	FO	Construction of PICO Amenity Building (20m x 32m)	Oct 23 2013	Aug 13 2013	5,451,474.89
74 Surigao, Surigao del Norte	FO	Construction of Cargo Shed	Nov 28 2012	May 30 2013	13,693,963.07
75 Surigao, Surigao del Norte	FO	Construction of Perimeter Fence along Seaside	Oct 23 2013		2,509,337.63
Sub-Total PDO Northern Mindanao					187,915,564.61
PDO SOUTHERN MINDANAO					
PMO Dapitan					
76 Dapitan, Zamboanga del Norte	FO	Construction of R.C. Landing and RORO Ramp (9m x 11m)			
77 Sindangan, Zamboanga del Norte	FO	Port Improvement Project; Construction of PTB (300 sq.m.)			
78 Sindangan, Zamboanga del Norte	FO	Construction of four (4) units Breasting Dolphin (Supply/Installation of Fender Pile Cluster)	Nov 20 2013	May 9 2014	8,318,935.15
PMO General Santos					
79 Kalamansig, Sultan Kudarat	FO	Back-up Area			
PMO Zamboanga					
80 Isabela, Basilan	FO	Port Improvement: Roro Ramp (9x11m)			
81 Margosatubig, Zamboanga Sibugay	FO	Provision of 1 RORO Ramp with Platform			
82 Zamboanga, Zamboanga del Sur	FO	Construction of Travelers Hub			
Sub-Total PDO Southern Mindanao					8,318,935.15
Grand Total					493,819,558.07

CARGO THROUGHPUT (in M.T.)

By Port District/Port Management Office
At Berth/Anchorage

PDO/PMO	GRAND TOTAL	2013		GRAND TOTAL	2012	
		DOMESTIC	FOREIGN		DOMESTIC	FOREIGN
PDO MNL/NORTHERN LUZON	76,335,360	25,252,228	51,083,132	75,058,855	26,614,393	48,444,462
Manila - N. Harbor	19,532,118	15,050,793	4,481,325	19,174,424	14,482,959	4,691,465
Manila - S. Harbor	9,788,156	3,153,040	6,635,116	11,130,626	4,232,355	6,898,271
- M.I.C.T.	20,919,293	1,147,386	19,771,907	19,966,465	1,074,172	18,892,293
Limay	16,346,576	5,728,106	10,618,470	16,357,770	6,475,226	9,882,544
San Fernando	9,749,217	172,903	9,576,314	8,429,570	349,681	8,079,889
PDO SOUTHERN LUZON	33,248,537	12,190,133	21,058,404	33,279,401	11,804,836	21,474,565
Batangas	21,311,078	8,403,886	12,907,192	20,617,904	7,934,868	12,683,036
Calapan	339,089	339,089	0	374,512	374,512	0
Legazpi	2,474,564	1,596,909	877,655	2,192,479	1,597,718	594,761
Puerto Princesa	9,123,806	1,850,249	7,273,557	10,094,506	1,897,738	8,196,768
PDO VISAYAS	27,388,693	19,846,623	7,542,070	24,272,034	17,541,943	6,730,091
Dumaguete	1,844,527	1,758,424	86,103	1,926,469	1,727,325	199,144
Iloilo	7,619,062	3,762,313	3,856,749	7,325,590	3,516,945	3,808,645
Ormoc	4,288,796	2,289,632	1,999,164	3,591,715	2,084,606	1,507,109
Pulupandan	7,442,809	6,804,970	637,839	7,072,056	6,563,102	508,954
Tacloban	1,813,941	1,622,378	191,563	1,641,839	1,393,971	247,868
Tagbilaran	4,379,558	3,608,906	770,652	2,714,365	2,255,994	458,371
PDO NORTHERN MINDANAO	47,525,632	11,356,975	36,168,657	43,537,668	10,888,813	32,648,855
Cagayan de Oro	7,753,545	6,421,839	1,331,706	7,273,904	6,171,957	1,101,947
Iligan	2,554,464	1,577,262	977,202	2,321,241	1,616,359	704,882
Nasipit	4,950,313	1,337,558	3,612,755	4,038,073	1,428,038	2,610,035
Ozamiz	1,038,211	965,520	72,691	1,025,384	974,938	50,446
Surigao	31,229,099	1,054,796	30,174,303	28,879,066	697,521	28,181,545
PDO SOUTHERN MINDANAO	17,560,485	9,315,069	8,245,416	17,627,362	9,026,320	8,601,042
Cotabato	38,242	38,242	0	37,912	37,912	0
Dapitan	926,290	589,211	337,079	914,445	566,207	348,238
Davao	10,797,445	4,383,850	6,413,595	11,056,551	4,104,645	6,951,906
General Santos	3,218,224	1,929,914	1,288,310	2,878,896	1,718,774	1,160,122
Zamboanga	2,580,284	2,373,852	206,432	2,739,558	2,598,782	140,776
TOTAL	202,058,707	77,961,028	124,097,679	193,775,320	75,876,305	117,899,015

PASSENGER TRAFFIC

By Port District/Port Management Office
At Berth/Anchorage

PDO/PMO	GRAND TOTAL	2013		GRAND TOTAL	2012	
		DISEMBARKED	EMBARKED		DISEMBARKED	EMBARKED
PDO MNL/NORTHERN LUZON	1,105,576	539,837	565,739	928,753	475,264	453,489
Manila - N. Harbor	909,051	459,117	449,934	766,942	398,911	368,031
Manila - S. Harbor	195,000	79,956	115,044	161,500	76,192	85,308
- M.I.C.T.	0	0	0	0	0	0
Limay	1,525	764	761	311	161	150
San Fernando	0	0	0	0	0	0
PDO SOUTHERN LUZON	17,294,665	8,971,952	8,322,713	15,811,090	8,101,671	7,709,419
Batangas	6,874,528	3,623,837	3,250,691	6,257,483	3,188,285	3,069,198
Calapan	5,437,898	2,879,411	2,558,487	5,306,954	2,740,075	2,566,879
Legazpi	4,653,117	2,302,902	2,350,215	3,935,436	2,014,412	1,921,024
Puerto Princesa	329,122	165,802	163,320	311,217	158,899	152,318
PDO VISAYAS	19,427,029	10,025,492	9,401,537	18,190,699	9,229,828	8,960,871
Dumaguete	3,620,200	1,902,136	1,718,064	3,267,568	1,689,787	1,577,781
Iloilo	2,703,784	1,362,819	1,340,965	2,633,123	1,291,038	1,342,085
Ormoc	2,550,629	1,289,374	1,261,255	2,243,015	1,150,145	1,092,870
Pulupandan	3,417,608	1,803,437	1,614,171	3,416,893	1,766,084	1,650,809
Tacloban	3,096,424	1,557,843	1,538,581	2,569,837	1,248,202	1,321,635
Tagbilaran	4,038,384	2,109,883	1,928,501	4,060,263	2,084,572	1,975,691
PDO NORTHERN MINDANAO	10,075,434	5,170,473	4,904,961	9,390,586	4,811,721	4,578,865
Cagayan de Oro	2,242,486	1,153,203	1,089,283	2,151,056	1,111,062	1,039,994
Iligan	2,791,436	1,428,436	1,363,000	2,548,708	1,255,821	1,292,887
Nasipit	251,564	131,529	120,035	220,485	116,002	104,483
Ozamiz	3,237,147	1,642,141	1,595,006	3,038,903	1,581,704	1,457,199
Surigao	1,552,801	815,164	737,637	1,431,434	747,132	684,302
PDO SOUTHERN MINDANAO	5,966,393	2,952,202	3,014,191	5,677,164	2,822,648	2,854,516
Cotabato	0	0	0	0	0	0
Dapitan	648,471	325,674	322,797	620,512	317,365	303,147
Davao	1,941,684	943,500	998,184	1,273,040	622,222	650,818
General Santos	0	0	0	55,584	28,526	27,058
Zamboanga	3,376,238	1,683,028	1,693,210	3,728,028	1,854,535	1,873,493
TOTAL	53,869,097	27,659,956	26,209,141	49,998,292	25,441,132	24,557,160

NUMBER OF SHIPCALLS

By Port District/Port Management Office
At Berth/Anchorage

PDO/PMO	GRAND TOTAL	2013		GRAND TOTAL	2012	
		DOMESTIC	FOREIGN		DOMESTIC	FOREIGN
PDO MNL/NORTHERN LUZON	18,931	13,748	5,183	20,828	15,543	5,285
Manila - N. Harbor	4,855	4,387	468	5,329	4,755	574
Manila - S. Harbor	4,702	2,827	1,875	5,671	3,750	1,921
- M.I.C.T.	1,877	92	1,785	1,862	92	1,770
Limay	6,446	5,863	583	7,050	6,491	559
San Fernando	1,051	579	472	916	455	461
PDO SOUTHERN LUZON	94,247	92,561	1,686	89,731	88,200	1,531
Batangas	42,124	41,020	1,104	39,893	38,871	1,022
Calapan	21,181	21,181	0	20,709	20,708	1
Legazpi	23,942	23,833	109	22,239	22,151	88
Puerto Princesa	7,000	6,527	473	6,890	6,470	420
PDO VISAYAS	140,748	140,091	657	133,331	132,748	583
Dumaguete	39,352	39,336	16	39,228	39,207	21
Iloilo	25,609	25,448	161	22,758	22,575	183
Ormoc	13,381	13,180	201	12,411	12,235	176
Pulupandan	24,895	24,782	113	24,282	24,198	84
Tacloban	12,896	12,824	72	11,639	11,566	73
Tagbilaran	24,615	24,521	94	23,013	22,967	46
PDO NORTHERN MINDANAO	55,748	54,720	1,028	55,299	54,343	956
Cagayan de Oro	14,998	14,774	224	15,119	14,880	239
Iligan	15,579	15,504	75	15,296	15,211	85
Nasipit	983	919	64	865	807	58
Ozamiz	15,398	15,376	22	14,860	14,847	13
Surigao	8,790	8,147	643	9,159	8,598	561
PDO SOUTHERN MINDANAO	46,843	44,825	2,018	46,639	44,396	2,243
Cotabato	63	63	0	196	196	0
Dapitan	2,778	2,730	48	2,904	2,858	46
Davao	30,455	28,865	1,590	28,206	26,425	1,781
General Santos	1,191	885	306	1,241	938	303
Zamboanga	12,356	12,282	74	14,092	13,979	113
TOTAL	356,517	345,945	10,572	345,828	335,230	10,598

NO. OF CONTAINERS HANDLED (in T.E.U.)By Port District/Port Management Office
At Berth/Anchorage

PDO/PMO	GRAND TOTAL	2013		GRAND TOTAL	2012	
		DOMESTIC	FOREIGN		DOMESTIC	FOREIGN
PDO MNL/NORTHERN LUZON	3,781,781	1,058,841	2,722,940	3,710,692	1,062,582	2,648,110
Manila - N. Harbor	894,832	894,832	0	865,726	865,726	0
Manila - S. Harbor	982,553	63,353	919,200	1,014,500	99,979	914,521
- M.I.C.T.	1,901,476	98,233	1,803,243	1,826,625	93,728	1,732,897
Limay	2,920	2,423	497	3,841	3,149	692
San Fernando	0	0	0	0	0	0
PDO SOUTHERN LUZON	72,120	60,795	11,325	59,106	52,288	6,818
Batangas	23,443	12,225	11,218	14,882	8,064	6,818
Calapan	1	1	0	0	0	0
Legazpi	63	63	0	249	249	0
Puerto Princesa	48,613	48,506	107	43,975	43,975	0
PDO VISAYAS	301,404	301,404	0	293,013	293,013	0
Dumaguete	29,690	29,690	0	28,144	28,144	0
Iloilo	115,206	115,206	0	109,676	109,676	0
Ormoc	7,468	7,468	0	5,843	5,843	0
Pulupandan	104,466	104,466	0	104,691	104,691	0
Tacloban	21,491	21,491	0	24,079	24,079	0
Tagbilaran	23,083	23,083	0	20,580	20,580	0
PDO NORTHERN MINDANAO	267,677	267,677	0	268,012	268,012	0
Cagayan de Oro	189,943	189,943	0	185,050	185,050	0
Iligan	17,347	17,347	0	15,660	15,660	0
Nasipit	30,693	30,693	0	32,930	32,930	0
Ozamiz	27,314	27,314	0	31,513	31,513	0
Surigao	2,381	2,381	0	2,859	2,859	0
PDO SOUTHERN MINDANAO	815,439	368,158	447,281	881,756	389,540	492,216
Cotabato	0	0	0	0	0	0
Dapitan	11,491	11,491	0	9,209	9,209	0
Davao	568,566	194,992	373,574	634,459	202,283	432,176
General Santos	159,888	86,181	73,707	156,294	96,254	60,040
Zamboanga	75,494	75,494	0	81,794	81,794	0
TOTAL	5,238,420	2,056,874	3,181,546	5,212,579	2,065,435	3,147,144



INDEPENDENT AUDITOR'S REPORT

The Board of Directors
Philippine Ports Authority
Bonifacio Drive, Port Area, Manila

Report on the Financial Statements

We have audited the accompanying financial statements of the Philippine Ports Authority (PPA), which comprise the statement of financial position as at December 31, 2013, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with state accounting principles generally accepted in the Philippines, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Philippine Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we obtained is sufficient and appropriate to provide a basis for our audit opinion.

Basis for Qualified Opinion

The accuracy, existence and validity of the year-end balances of Property, Plant and Equipment accounts with aggregate balances of P94.121 billion could not be ascertained due to deficiencies noted such as the failure by some PMOs to conduct complete physical inventory-taking of properties totaling P19.76 million, unreconciled variance of P258.78 million between the books physical inventory report for PMOs which conducted physical count and non-capitalization of the cost of major repairs of P155.68 million, among others.

The reasons/causes of the substantial build-up of the Contingent Asset account balance at PMO South Harbor from P278,605 in 1988 to P866.299 million in 2013 were questionable due to errors in the computation and recording of the amounts due from lessees, non-enforcement of the provision of the lease contracts, inadequate monitoring of the status of the settlement of accounts, among others, resulting to erroneous if not invalid balances of affected accounts.

Uncollected Accounts Receivable in PMO San Fernando of P199.689 million were reclassified to contingent assets account, resulting in the understatement of accounts receivable and subsidy/surplus by the same amount.

The validity and accuracy of the Payable account of P178.050 million was doubtful due to the dormant and undocumented payables of the three identified Offices amounting to P43.3 million and P18.40 million, respectively. In addition, unbilled physical project accomplishments of P16.244 million were not taken up in the books.

Qualified Opinion

In our opinion, except for the effects of the matters discussed in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of the Philippine Ports Authority as at December 31, 2013, and of its financial performance and its cash flows for the year then ended in accordance with state accounting principles generally accepted in the Philippines.

Emphasis of Matter

We draw attention to Note 47 of the Notes to Financial Statements, which describes the uncertainty related to the outcome of the various lawsuits involving the PPA. Our opinion is not qualified in respect of this matter.

Report on the Supplementary Information Required Under Revenue Regulations 15-2010

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information on taxes, duties and license fees paid or accrued during the taxable year described in Note 46 to the financial statements is presented for purposes of filing with the Bureau of Internal Revenue and is not a required part of the basic financial statements. Such supplementary information is the responsibility of the management. The information has been subjected to the auditing procedures applied in our audit of the basic financial statements. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

COMMISSION ON AUDIT


CORAZON V. ESPAÑO
Supervising Auditor

May 31, 2014

PHILIPPINE PORTS AUTHORITY STATEMENT OF FINANCIAL POSITION

December 31, 2013
(With Comparative Figures as of December 31, 2012)
(In Philippine Peso)

	Notes	2013	2012
ASSETS			
Current Assets			
Cash on Hand and in Banks	5	6,191,195,165	4,522,342,775
Receivables	6	1,761,651,737	1,243,891,780
Inventories	7	46,967,653	43,379,432
Prepayments	8	759,057,312	671,160,850
Other Current Assets	9	117,223,016	126,743,082
Total Current Assets		8,876,094,883	6,607,517,919
Non-Current Assets			
Property and Equipment	10	94,120,590,675	95,569,305,458
Investments in Securities	11	302,404,706	551,742,509
Notes Sinking Fund	12	1,744,418,480	1,437,361,680
Other Non-Current Assets	13	941,117,502	337,459,602
Total Non-Current Assets		97,108,531,363	97,895,869,249
		105,984,626,246	104,503,387,168
LIABILITIES AND EQUITY			
Current Liabilities			
Accounts Payable	14	1,436,394,280	1,748,402,515
Payables to Other Government Agencies	15	797,178,658	692,170,164
Current Portion of Foreign Loans Payable	16	417,635,397	475,553,984
Other Current Liabilities	17	474,652,628	511,975,623
Total Current Liabilities		3,125,860,963	3,428,102,286
Non-Current Liabilities			
Loans Payable - Foreign	18	5,070,563,136	6,197,227,222
Loans Payable - Domestic	19	625,000,000	875,000,000
Corporate Notes	20	2,000,000,000	2,000,000,000
Retirement Payable	21	384,875,575	430,115,053
Deferred Credits	22	572,527,020	398,891,481
Total Non-Current Liabilities		8,652,965,731	9,901,233,756
Total Liabilities		11,778,826,694	13,329,336,042
Equity		94,205,799,552	91,174,051,126
		105,984,626,246	104,503,387,168

See accompanying Notes to Financial Statements.

PHILIPPINE PORTS AUTHORITY
STATEMENT OF COMPREHENSIVE INCOME

For the Year Ended December 31, 2013

(With Comparative Figures as of December 31, 2012)
(In Philippine Peso)

	Notes	2013	2012
REVENUES			
Wharfage Dues	27	2,275,605,638	2,175,641,108
Share in Arrastre/Stevedoring Income	28	5,839,325,077	4,360,242,672
Dockage Fees	29	853,300,782	781,159,543
Port Dues	30	491,655,602	482,633,505
Storage Charges	31	379,536,762	392,259,532
Port Usage Fees	32	322,472,324	309,746,690
Terminal Fees	33	161,542,346	147,838,098
Vessel Traffic Management Service Fees	34	16,030,925	16,955,507
Pilotage	35	38,146,683	34,376,400
Lay-Up Fees	36	2,351,435	210,795
Other Income	37	535,376,759	423,297,087
		10,915,344,333	9,124,360,937
OPERATING EXPENSES			
Personal Services	38	1,194,661,650	1,285,046,020
Maintenance and Other Operating Expenses	39	5,075,846,560	4,564,317,612
		6,270,508,210	5,849,363,632
		4,644,836,123	3,274,997,305
PROFIT FROM OPERATIONS			
OTHER INCOME (EXPENSES)			
Fund Management Income	40	122,502,875	150,121,548
Other General Income	41	31,123,132	23,375,372
Foreign Exchange Gain (Loss) on Revaluation	42	710,960,062	1,184,536,982
Financial Expenses	43	(333,969,775)	(400,012,843)
Loss on Sale of Disposed Assets		(1,202,630)	(14,441,745)
		529,413,664	943,579,314
		5,174,249,787	4,218,576,619
INCOME TAX EXPENSE	44	1,472,072,014	1,060,556,199
NET PROFIT		3,702,177,773	3,158,020,420

See accompanying Notes to Financial Statements.

PHILIPPINE PORTS AUTHORITY
STATEMENT OF CHANGES IN EQUITY

For the Year Ended December 31, 2013
 (With Comparative Figures as of December 31, 2012)
 (In Philippine Peso)

	Notes	2013	2012
CAPITAL CONTRIBUTION	23	4,312,337,376	4,312,337,376
DONATED SURPLUS	24		
Balance at Beginning of Year		892,838,614	892,838,614
Donations Received by PDO Manila from ATI		327,466,592	-
Donations received by PMO Davao from Pacific Oil Corp.		291,208	-
Balance at End of Year		1,220,596,414	892,838,614
APPRAISAL SURPLUS	25		
Balance at Beginning of Year		66,444,069,786	66,559,868,425
Adjustments in Assets Appraised Values		(1,089,158,625)	(115,798,639)
Balance at End of Year		65,354,911,161	66,444,069,786
RETAINED EARNINGS	26		
Balance at Beginning of Year		19,524,805,350	16,369,373,854
Prior Year's Adjustment		1,091,964,770	814,436,983
Net Profit During the Year		3,702,177,773	3,158,020,420
Dividends Paid During the Year		(1,000,993,292)	(817,025,907)
Balance at End of Year		23,317,954,601	19,524,805,350
TOTAL EQUITY		94,205,799,552	91,174,051,126

See accompanying Notes to Financial Statements.

PHILIPPINE PORTS AUTHORITY
STATEMENT OF CASH FLOWS

For the Year Ended December 31, 2013

(With Comparative Figures as of December 31, 2012)
(In Philippine Peso)

	2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES		
Collection of Port Revenues	10,264,319,062	9,747,519,117
Receipt of Other Income	566,499,891	446,672,459
Receipt of Fund Management Income	122,502,875	150,121,548
Receipt (Refund) of Depository Liabilities	33,835,832	22,685,911
Receipt (Refund) of Guaranty Deposits, Net	379,106	4,355,348
Receipt of Trust Liabilities	60,677,232	87,171,859
Receipt of Miscellaneous Liabilities/ Deferred Credits, Net	173,635,539	38,568,478
Payment of Operating Expenses	(5,870,870,840)	(6,342,948,046)
Payment of Accrued Interest	(379,135,741)	(459,979,187)
Net Cash from Operating Activities	4,971,842,956	3,694,167,487
CASH FLOWS FROM INVESTING ACTIVITIES		
Net Inflows (Outflows) from Investments	-57,786,899	194,369,011
Payments for Construction in Progress	(1,418,253,027)	(1,044,332,691)
Acquisition (Disposal) of Property and Equipment, Net	(79,126,370)	(67,566,828)
Net Cash Used in Investing Activities	(1,555,166,296)	(917,530,508)
CASH FLOWS FROM FINANCING ACTIVITIES		
Loan Repayments	(725,553,984)	(971,463,438)
Dividend Payments	(1,000,993,292)	(1,326,828,599)
Calamity Loans Collected(Granted), Net	(19,345,621)	(55,819,078)
Net Cash Used in Financing Activities	(1,745,892,897)	(2,354,111,115)
EFFECT OF EXCHANGE RATE CHANGES ON CASH ON HAND AND IN BANKS	(1,931,373)	1,704,256
NET INCREASE (DECREASE) IN CASH ON HAND AND IN BANKS	1,668,852,390	424,230,120
CASH ON HAND AND IN BANKS AT BEGINNING OF YEAR	4,522,342,775	4,098,112,655
CASH ON HAND AND IN BANKS AT END OF YEAR	6,191,195,165	4,522,342,775

See accompanying Notes to Financial Statements.

PHILIPPINE PORTS AUTHORITY NOTES TO FINANCIAL STATEMENTS

1. CORPORATE BACKGROUND

The Philippine Ports Authority (PPA) is a government-owned and controlled corporation originally created under Presidential Decree (PD) No. 505 dated 11 July 1974 which was revised by substitution on 23 December 1975 by PD 857. Subsequent amendments under Executive Order (EO) No. 513 dated 16 November 1978, EO No. 546 dated 23 July 1979 and Letter of Instruction (LOI) dated 11 April 1980 further enhanced PPA's corporate powers to be more responsive to the requirements of optimum port utilization, development and operation. In Executive Order No. 159 dated 13 April 1987, the corporate autonomy was reverted to the PPA to insure the rapid development of port or the port system directly under it and authority was granted to execute port projects under its port program. It is attached to the Department of Transportation and Communications for policy and program coordination.

In line with its mandate to establish, develop, regulate, manage and operate a national port system in support of trade and development, the PPA Board of Directors approved in 30 September 2013 the long-term PPA Charter Statement, Strategy Map and Performance Scorecard (Annex A). Its mission statement and corporate core values were revised to support attainment of its vision, to wit:

'By 2030, PPA shall have provided globally competitive port services in the Philippines characterized by increased productivity, efficiency, connectivity, comfort, safety, security and environmental sustainability'.

PPA is one of the GOCC whose performance is monitored and evaluated by the Governance Commission for Government-owned and Controlled Corporation (GCG).

The corporate powers of the Authority are vested to its Board of Directors composed of nine (9) members; namely, (i) DOTC Secretary as Chairperson, (ii) PPA General Manager as Vice-Chairperson, (iii) and its members are NEDA Director General, DPWH, DTI, DOF and DENR Secretaries, MARINA Administrator and 1 private sector representative. A new Executive Committee that assist the Board in the discharge of its functions was approved by the Board on 13 June 2013 under Board Resolution No. 2323 composed of the PPA General Manager as chairperson, MARINA Administrator, NEDA Director General, DPWH Secretary and Private Sector Representative as members and the Office of the Government Corporate Counsel as observer.

The PPA top management is headed by a General Manager and three (3) Assistant General Managers, one each for Engineering Services, for Operations and for Finance, Legal and Administrative Services. Under these executive offices are seventeen (17) departments performing line and/or staff functions

Delivering the front line services are five (5) Port District Offices (PDOs) and twenty four (24) Port Management Offices (PMOs) and about twenty three (23) base ports and sixty four (64) terminal ports. A Port District Manager heads each Port District Office, exercising supervision over Port Management Offices that are headed by Port Managers.

As of 31 December 2013, the PPA has a total of 1,957 regular employees, composed of 396 Head Office personnel and 1,561 filled positions at the PDOs and PMOs. The void created by personnel who have retired, resigned or separated from the service and the continued implementation of the Attrition Law, necessitated the employment of 1,233 outsourced personnel deployed in different offices nationwide to provide necessary port services.

2. HIGHLIGHTS OF CY 2013 ACCOMPLISHMENTS

2.1. Port Development

- Completion of twenty-five (25) major infrastructure projects worth Php 1,093.91 million resulting in:
 - Increase in port capacity with the completion of additional 585 meters of berth length in 10 ports.
 - Increase in storage / operational area in 9 ports with the completion of 23,133.7 square meters of back-up area.
 - Increase in passenger capacity in 10 ports with the construction/ improvement of Passenger Terminal Buildings providing additional seating capacity of 1,685.
- Completion of 84 major pre-construction technical and economic studies composed of (i) 21 Feasibility Studies/Project Evaluations (ii) 21 Hydrographic-Topographic Survey (iii) 21 Soil Investigations and (iv) 21 Program of Works

2.2. Port Services

- Service improvement through :
 - compliance to E.O. 605 - Quality Management System (QMS) with the certification of PMO General Santos as ISO certified in February 2013; completion of Stage 2 External Audit of PMO Zamboanga and, 80% completion of tasks for on-going certification of PMO Ozamis.
 - compliance to Port Safety Health Environment Management System (PSHEMS) with the certification issued by PEMSEA to Port of Iloilo as 100% complete and to Port of Cagayan de Oro, 90% complete.
- Completion of final report on establishment of Manila Bulk Terminal submitted to DOTC, a study for an alternative site to Pandacan oil depot for liquid bulk cargoes.
- Privatization of operation of Passenger Terminal Building with the completion of post-qualification of awardees in 7 ports (Ubay, Jagna, Hilongos, Maasin, Palompon, Baybay and Naval) and on-going post qualification activities in 4 ports (Fort of San Pedro, Danao, San Carlos & San Ricardo).
- Completion of system investigation for the 'E-Payment Development and Implementation' and for 'On-line Permits System' in all computerized collection sites.

2.3. Regulatory and Enforcement

- Issuance of PPA Memorandum Circular No. 11-2013 and 14-2013, PPA Admin Order No. 03-2013 and 07-2013 in line with the simplification of business processes and rationalized documentary requirements.

2.4. General and Administrative Services

- Completion of 112 maintenance and repair projects in various ports nationwide at a cost of ₱1,487.22 million.
- Implementation of dredging projects which covered 5 port areas/channels under the 2013 Revised Harbor Maintenance Program with total dredged volume of 1.25 million cubic meters of silt.

2.5. Status of Commitments with Other Oversight Agencies

- Board approved Terms of Reference (TOR) for the privatization of Davao-Sasa Port submitted to NEDA through DOTC
- Board approval of the TOR for the development of South Harbor Expanded Port Zone (SHEPZ)
- TOR for the procurement of Baggage X-ray Machine for installation in various ports submitted for review by the Office of Transport Security (OTS)

3. SUMMARY OF SIGNIFICANT ACCOUNTING and FINANCIAL REPORTING POLICIES

3.1. Basis of Preparation

The accompanying financial statements were prepared using the New Government Accounting System (NGAS) accounts prescribed under COA Circular No. 2004-02. Except for fixed assets that were revalued last 19 June 2011 and those assets for disposal that were adjusted to their net realizable value, the financial statements have been prepared using the historical cost convention and accrual basis of accounting.

The books and reports generated thru the Accounting and Financial Management System (AFMS), a sub-system of the PPA Computerized System were used as basis in the preparation of the financial report for submission to COA. The system uses the NGAS Chart of Account under COA Circular No.2008-006. With the recall of the said circular, accounts were mapped to those prescribed in COA Circular No. 2004-002 to generate the required COA reports.

AFMS uses only a single book of accounts in recording the financial transactions of Head Office, five (5) Port District Offices and twenty-four (24) Port Management Office which are termed as 'Operating Units' (OU). Clearing accounts, use of automated entries through the 'Due To/Due From' accounts and assignment of codes for each OU allow the generation of financial reports for each PDO/PMO, consolidated PDO report and consolidated PPA report. For non-computerized ports, PMO Cotabato and Dapitan, the MISD staff handles the recording of their financial transactions using the system. For the two ports, PMO Ormoc and Tacloban, that were severely affected by typhoon 'Yolanda', recording of financial transactions for the months of November and December 2013 were handled by the Controllership Department with the assistance of the MISD staff.

Forms and reports as well as the schedules of the different accounts generated thru the AFMS, developed using Oracle software were customized to be compliant with the requirements of the National Government Accounting System (NGAS). The consolidated financial statements include the financial transactions of the Head Office, Port District Offices and Port Management Offices as of 31 December 2013.

3.2. Statement of Compliance

The financial statements were prepared in conformity with applicable provisions of the following Philippine Accounting Standards (PAS) and Philippine Financial Reporting Standards (PFRS) consistent with previous year's financial reports:

PAS 1	<i>Presentation of Financial Statements</i>
PAS 2	<i>Inventories</i>
PAS 7	<i>Cash Flow Statement</i>
PAS 10	<i>Events After the Balance Sheet Date</i>
PAS 16	<i>Property, Plant and Equipment</i>
PAS 18	<i>Revenue</i>
PAS 19	<i>Employee Benefits</i>
PAS 21	<i>Effects of Changes in Foreign Exchange Rates</i>
PAS 23	<i>Borrowing Cost</i>
PAS 36	<i>Impairment of Assets</i>
PAS 37	<i>Provisions, Contingent Liabilities & Contingent Assets</i>
PAS 38	<i>Intangible Assets</i>
PFRS 5	<i>Non-Current Assets Held for Sale and Discontinued Operations</i>
SIC 29	<i>Service Concession Arrangements</i>

The applicable provisions of PFRS 1- First Time Adoption of PFRS as applied in previous years' financial statement preparation were also observed. Transactions or business arrangement not falling under any of the existing PAS and PFRS were disclosed in the Notes to Financial Statements.

There are no transactions or cases in 2013 that would warrant the application of PAS 8, Accounting Policies, Changes in Accounting Estimates and Errors and PAS 20, Accounting for Government Grants and Disclosure of Government Assistance. All other accounting standards, financial reporting standards and financial interpretations issued by the Philippine Interpretation Committee were deemed not applicable in accounting for the transactions of the Philippine Ports Authority, a government-owned and controlled corporation.

3.3. Presentation of Financial Statement

Presentation and classification of items in the Balance Sheet, Statement of Income and Expenses, Cash Flow Statement and Statement of Changes in Equity are consistent with prior years' financial statements and generally conform to the provision of PAS 1, Presentation of Financial Statements. Likewise, comparative information and aggregation of each material class of items, as presented separately, are consistent with prior year's statement.

The accounts required to be presented in the face of the Balance Sheet and Income Statement conforms to the provision of the PFRS 1. The financial statements were prepared using the accrual principle except for the Cash Flow Statement. Each material class of similar items is presented separately in the financial statements while dissimilar items whose amounts are considered immaterial were aggregated consistent with prior years' presentation.

Assets

The major categories used were Current and Non-current Assets. 'Restricted Cash' is presented under Non-Current Assets as in prior years.

Accounts Receivables

Receivables are valued at face amounts less the corresponding allowances set up for doubtful accounts for any anticipated adjustments which, in the normal course of events, will reduce the amount of receivable from the debtor to estimated realizable values.

Inventories

Inventories, except spare parts for PPA dredgers, are valued at cost, net of Value-Added Tax (VAT), using the weighted moving average method of costing.

Value of PPA Dredger Spare Parts, already reclassified in 2011 to Non-current Assets, is presented at their net realizable value based on the appraisal report of an independent appraiser.

Investments

Investments in the form of Treasury Bills and Treasury Bonds and Land Bank of the Philippines – issued bonds are valued at cost including withholding taxes.

Intangible Assets

Cost includes only the development cost. Research cost, pre-operating costs, training and other administrative costs were not recognized as part of the intangible asset. With the continuing changes in information technology, the asset is accounted as a finite asset with a life of five years.

Liability

Accounts are classified as Current or Non-current Liabilities. Portion of long-term loans payable due for payment within the next twelve months after the balance sheet date is presented as Current Liability.

Foreign Currency

The financial statements are presented in Philippine currency. Foreign-currency denominated depository accounts and loan balances have been revalued and translated into Philippine currency based on exchange rate as of 31 December 2013.

3.4. Recognition, Derecognition and Reclassification of Assets and Liabilities

Inventories

In conformity with COA Circular 2005-002 dated 14 April 2005, semi-expendable items with estimated useful life of more than a year but small enough to be considered as property and equipment are considered part of the inventory upon acquisition. Items issued during the year are treated as expense, charged to profit or loss of the current year.

There is no change in the recognized net realizable value of dredger spare parts. Consistent with the provision of PAS 2, *Inventories*, the value of spare parts for dredgers were already written down to their net realizable value in CY 2011. As provided for in the standard, the practice of writing inventories down below cost to their net realizable value is consistent with the view that assets should not be carried in excess of amounts expected to be realized from their sale or use. Further, the criteria on the recognition as an expense of the amount of write down of inventories to net realizable value and losses in the period of the write down or loss was also applied. With management's intention to dispose the asset, the value of spare parts inventory was reclassified to 'Other Assets' at net realizable value.

The practice of recognizing as expense in the period when accountable forms are issued / released to PDO/PMO was discontinued. The physical transfer of the accountable forms from Head Office to receiving PDO/PMO is recognized as transfer of the value of the inventory from the HO Inventory account to PDO/PMO Inventory account. Expense is recognized only upon issuance of the accountable forms to collecting officers /cashiers.

Property and Equipment

Property and equipment of the Authority are carried in the books at appraised values except for additions in between the periods of appraisal which are recorded at acquisition cost net of Value Added Tax (VAT). Appraisal of assets is done by an independent appraiser once every five (5) years pursuant to COA Resolution No. 89-17. Upon retirement or disposal, the assets' cost, appraisal increment and their related accumulated depreciation are dropped from the books and any resulting gain or loss is recognized between the difference of the net proceeds and net realizable value for the period.

Depreciation starts when the asset is placed in service and ends when the asset is derecognized or disposed. Depreciation is computed based on the acquisition cost or appraised value of the property, net of ten percent (10%) residual value, using the straight-line method over the estimated useful lives of the assets in accordance with PPA Memorandum Circular No. 37-2005 issued in conformity with COA Circular No. 2004-003.

Infrastructure projects are valued following the Construction Period Theory. The costs of on-going projects and accounts payable on the projects are based on actual physical accomplishment reported by the Engineering Office. Upon completion of the project, the administrative and engineering expenses (miscellaneous overhead) are prorated to the different completed assets based on the percentage of each asset's actual cost over the total project cost.

All subsequent cost for the repairs and maintenance of different Port facilities are recognized as expense or capitalized for the period whichever is appropriate.

Buildings / structures constructed and equipment acquired by operators/ contractors under approved development or investment plans as provided for in the management contracts are not included as assets of the Authority. Such properties shall only be recognized in the book of the Authority when these assets are turned over to PPA at the expiration of the contract on an 'as is' basis.

Unserviceable assets and those identified for disposal are derecognized and reclassified to 'Other Non-Current Assets. Difference between the net book value and residual value is recorded as loss for the period. Difference

between actual amount received from the disposal/sale of the asset and the carrying value (residual value) shall be recognized as gain or loss on disposal for the period.

Impairment of Assets

The recent calamities, earthquake and super typhoon that hit the Visayas area, damaged some of the assets under the Port Management Offices of Tagbilaran, Ormoc, Tacloban and Legaspi. The carrying value of impaired assets were adjusted to their recoverable amounts by adjusting the accumulated depreciation corresponding to the percentage of physical damage sustained by the asset as evaluated by the Engineering Office and recognizing impairment loss of equivalent amount. Considering the degree of damage sustained by the assets and the probability that reconstruction cannot be undertaken without affecting the undamaged portions, the recorded revaluation surplus for these assets were closed to Retained Earnings account.

Proceeds from insurance that may be received shall be recognized as income upon receipt.

Intangible Assets

The cost for the development of the completed PPA Computerized System was initially accumulated under the account 'Construction in Progress' (CIP). With its completion, the CIP account was closed and intangible assets were recognized considering the economic benefits that PPA will gain from the use of the system. Only the development costs paid to the system developer and integrator were recognized as intangible asset. All other expenses as training, travelling, fuel, meetings, cabling and other expenses of administrative in nature that should have been recognized as expense when incurred were excluded and close to Retained Earnings. The asset will be amortized starting 2014 for a period of five years.

All expenses for its continuing enhancement and improvement are recognized as expense for the period.

Liability

The obligation to pay is recognized only when goods were actually received and services were rendered or based on physical accomplishment for contracts covering delivery of services and infrastructure projects.

Borrowing Costs

The benchmark treatment provided in PAS 23 was applied in recognizing borrowing costs as expense in the period of incurrence.

Employee Benefits

Value of employee benefits based on service is recognized as expense for the year and liability account proportionately adjusted based on unused entitlement that has accumulated at balance sheet date. For post-employment benefits, PPA employees and PPA as employer pays fixed contribution to the Government Service Insurance System (GSIS).

3.5. Recognition of Income and Expense

Revenue

The Authority uses the accrual method of accounting wherein income and expenses are recognized as they are earned or incurred. For those covered by contracts, revenues are recognized when they accrue as defined / specified in the terms of the contract.

In providing services to the public, PPA entered into various management contracts which conveys to an operator for a specified period the right to provide services that give the public access to ports, passenger terminal facilities and various port facilities constructed by the government. In return, the operator remits fees to the Authority in accordance with the terms of the contracts.

The following disclosures on revenue are made in accordance with the provision of SIC 29, *Service Concession Arrangements*

MAJOR CONTRACTS / SERVICE CONCESSION ARRANGEMENTS

PORT OF MANILA

Contract for the Development, Management, Operation and Maintenance of Manila North Harbor

The exclusive development, management, operation and maintenance of North Harbor comprising of Pier 2 up to Slipway, including Isla Puting Bato was awarded to Manila North Harbour Port Incorporated (MNHPI) under a 25-year contract on 18 November 2009.

Following are the highlights of the contract:

1. MNHPI as the contractor shall provide and undertake the domestic terminal services at North Harbor which shall include cargo handling services, passenger terminal management, parking services, berth management, storage management, water distribution, security services and ancillary services.

PPA-PMO North Harbor, on the other hand, continues to collect charges such as Port Dues, Dockage Fees, Usage Fees, Wharfage and VTMS Fees and management fees which are recognized as PPA revenues.

2. The following financial considerations shall be paid to PPA:

- Fixed Fee of Php6,818,855,000 to be remitted in accordance with set schedule for a period of 25 years, payable in advance not later than the 5th day of the 1st month of every quarter without need of demand.
- Reimbursement of past service benefits advanced by PPA in the amount of ₱20,600,000 per year for a period of five years for a total of ₱103,000,000, first payment shall be made on the 4th year anniversary of this contract but not later than the 15th day of the month it was executed.

3. Assets constructed by the operator shall be turned over to the Authority at the end of the contract

The PPA Board of Directors approved, in its Board Resolution 2254 dated 2 June 2011 the MNHPI development plan, 'Manila North Harbor Modernization Project'. Its estimated project cost is ₱14.8 billion to be implemented during the life of the contract, from 2010 to 2034. For Phase 1, the following projects with an estimated cost of ₱4.645 billion are scheduled to be implemented from 2010 to 2015:

1. Construction of the Manila North Harbor Terminal Complex located in an 11,600 sq. m. area at Slip 5, North Harbor – 100% complete and already operational in 2013.
2. Construction of new steel sheet pile bulkhead and extension of Pier 4 – 100% complete in 2013.
3. Dredging of MSW, Pier 16 Slip 9 Pier 6 – 100% complete
4. Other projects in various stages of completion:
 - 4.1. Construction of Operation Center, Engineering and Maintenance Building and Hiring Hall.
 - 4.2. Construction of new steel sheet pile bulkhead (Southside) & pier extension
 - 4.3. Retrofitting of Pier 16/MSW deck for crane rails
 - 4.4. Rehabilitation of Pier 16/MSW container yard
 - 4.5. Power center/Yard lighting/crane cabling
 - 4.6. Reclamation of Slip 15 & RC wharf construction
 - 4.7. Acquisition of cargo handling and information technology/ port security system
 - 4.8. Construction of Container Freight Station (CFS)

As of 31 December 2013, MNHPI total investment cost for Phase I amounted to ₱2.423 billion.

Net book value of PPA constructed assets turned over for use by MNHPI under the contract as of 31 December 2013 is Php 631.824 million.

Contract for the Management and Operation of South Harbor, Port of Manila

The latest contract entered into with ATI for the management and operation of South Harbor was the Third Supplemental Contract executed on 19 October 2007 which extended the contract up to 18 May 2038. The 3rd Supplement covers areas/services under the (i) Lease Agreement dated 15 January 1997 covering certain areas of South Harbor intended for use as international and domestic storage areas and (ii) the Second Supplement which expanded the scope of services of the contractor to include the management of domestic terminal facilities.

In consideration of the "Extended Term", ATI shall remit to PPA the following:

- Lump sum fee of ₱282,000,000 from 19 May 2013 to end of 'Extended Term'.
- From international containerized cargo handling operations, Fixed fee of US \$9,000,000 and Variable Fee of 20% of gross revenue.

Fixed fees are payable quarterly in advance not later than the 5th day of the first month of every quarter. Variable fees, on the other hand, are payable quarterly in arrears not later than the 5th day of the first of every quarter (on or before January 5, April 5, July 5 and October 5 of every year).

The contract provides that US dollar denominated fees shall be paid in Philippine pesos using the Philippine Dealing System US\$ = Php closing rate of the last trading day prior to payment date.

- From international and domestic cargo storage operation, Fixed fee of ₱55,000,000; Variable Fee of 30% of annual gross storage revenues from international cargo storage operation in excess of ₱273,000,000 whether collected or uncollected; and, Variable fee of 10% of the annual gross storage revenues from domestic cargo storage operations, whether collected or uncollected.
- From domestic cargo handling operations, government share of 10% of gross revenues.
 - a. Adjunct Fee in case actual international container volume throughput exceeds 1,900,000 TEUs. The fee is payable on or before January 31 of the year following the calendar year in which the required cargo throughput has been exceeded.

- From international non-containerized cargo operations, government share of 14% of gross stevedoring revenues and government share of 20% of gross arrastre revenues.

The Contractor shall implement the projects for rehabilitation, development and expansion of the South Harbor facilities in accordance with the approved Investment Plan, as may, from time to time be revised or updated pursuant to the Third Supplement.

- Cost of the ATI investment commitment focused on rehabilitation, development and expansion of the South Harbor facilities are as follows:
 - the original ATI investment commitment of US\$300 million based on the 2005 South Harbor Port Master Plan was revised to US \$128.98 due to some supervening events which prevented implementation of specified investments amounting to US \$ 237.83 million from 1998 to 2008.
 - For 2009 to 2038, implementation of investments is triggered by attained throughput volume. For 2011 to 2014, investment commitment is US \$30.08 million and for 2015 to 2038, US \$352.09 million.
- The Contractor committed to invest ₱120,000,000.00 for additional works and other costs related to the construction of the PPA Head Office building.

For CY 2011 to 2014, actual value of investments or implemented projects by ATI as of 31 December 2013 in aggregate amounts is US \$31.89 million composed of US \$28.96 million in infrastructure, US\$ 2.76 million in cargo handling equipment and US \$.17 million for Information technology. In Philippine currency, total investment cost is equivalent to Php 1.416 billion using the closing bank rate of Php 44.414 =US \$1..

Net book value of PPA constructed assets as of 31 December 2013 at South Harbor turned over for the management and operation by Asian Terminal Inc. is Php 63.400 million.

Contract for the Management, Operation and Development of Manila International Container Terminal (MICT)

In 1988, the Authority entered into an agreement with the International Container Terminal Services, Inc. (ICTSI) for the management, operation and development of the Manila International Container Terminal (MICT) at the Port of Manila, subject to the direct control and supervision of the Authority. It provides for the remittance of Fixed Fee and Variable Fee from its gross income which shall include all income generated by the Contractor from the MICT from every source and on every account except interest income, whether collected or not, to include but not limited to Harbor Dues, Berthing Fees, Wharfage, Cargo Handling Revenues, Cranage Fees, Stripping/Stuffing Charges and all other revenues from Ancillary Services."

A renewal of the agreement was made on 20 April 2005 which provides for an extension of the contract period for another 25 years reckoned from 19 May 2013 (expiration of 'Extended Term'- 18 May 2038). The contract provides for the following financial consideration under the 'Extended Term':

- Additional investment of not less than US\$125 million for the construction and development of new facilities to be completed not later than 18 May 2013 (this was increased to US \$162.8 million in 2013);
- Lump sum fee of ₱670 million remitted on 20 May 2013;
- Fixed Fee of US \$600 million payable in 100 quarterly installments, to be paid in advance not later than the 5th day of the first month of every quarter without the need for demand; and,
- Variable fee of 20% of the gross revenue earned at the MICT.
- Variable fee for unattained transshipment volume payable within the 1st month of the succeeding year. The committed transshipment volume is pegged at 260,000 TEUs.
- Adjunct Fee in excess of 2.55 million TEUs.

In 2007, a Supplemental Contract to the contract executed on 19 May 1988 as renewed in April 2005 was signed granting the contractor the authority to provide arrastre, stevedoring and other related cargo handling services to domestic vessels and cargoes at MICT. In consideration, the contractor remits 10% of its gross income derived from said domestic operation, billed/unbilled or collected/uncollected due not later than the 5th day of every month (for prior month income).

On 23 June 2010, a Supplemental Contract to the 19 May 1988 contract was signed and was confirmed in Board Resolution No. 2213. It amended Annex C of the 2005 MICT Renewal Agreement which provided for US \$126.823 million as additional Port Development Program Civil Works and Equipment from Year 2005-2012. The commitment to invest US \$ 36.8 million for the procurement of various cargo handling equipment, IT equipment and port security system starting CY 2013 further increased the additional investment bringing its total to US \$ 162.8 million.

In accordance with the terms of the original contract signed in May 1988, ICTSI turned over to PPA through a Deed of Absolute Transfer/

Conveyance dated 17 May 2013 properties constructed and equipment installed by ICTSI except those acquired within five years before May 18, 2013. Although the deed transferred the title and ownership to PPA, it also provides that ICTSI shall continue to have possession, control and use of such structures during the 25 year extended term as defined under Section 2 of the renewal contract. The maintenance, repair, insurance and taxes due as operator of the properties shall be for the account of ICTSI being the beneficial user of the assets. The list of properties is based on the joint inventory conducted by PPA and ICTSI representatives. The assets which are fully depreciated were recorded in the PPA book at 10% percent salvage value.

On the other hand, net book value of PPA constructed assets and land turned over for used by ICTSI under the original management contract is Php 11.869 billion as of 31 December 2013.

PORT OF BATANGAS

Long Term Contract for the Operations of Cargo Handling Services and Fastcraft Passenger Terminal Phase I

The contract was awarded to Asian Terminal Inc. (ATI) on 20 October 2005 effective for a period of 10 years. It authorized the contractor to manage, operate, and provide cargo handling services at the Port of Batangas, Phase I including the newly constructed General Cargo Berth and passenger services at the Fastcraft Terminal Building (PTB 3).

Following are the financial obligations of the contractor under the said contract:

- For cargo handling and related services, remittance of 10% of the gross income from handling domestic cargoes and 20% of gross income for handling foreign cargoes, whether billed/unbilled and collected/uncollected from all sources in connection with its arrastre, stevedoring and other related handling services provided at the said port.
- For leasing and operating the Fastcraft Passenger Terminal and its facilities at Phase I, payment of monthly rental fee of P441,666.67 exclusive of VAT, subject to yearly escalation of 5%, compounded annually during the term of the contract.

Management, Operation, Maintenance, Development and Promotion of Container Terminal "A-1", Phase II

The contract for the management, operation, maintenance, development and operation of Container Terminal "A-1", Phase II was awarded to ATI on 25 March 2010 for a period of 25 years.

In consideration, the following shall be remitted by ATI exclusive of VAT:

- Annual Fixed Fee in US dollars totaling US \$125.46 million for 25 years.
- Annual Variable Fee equivalent to the yearly percentage share multiplied by the projected gross income in Philippine peso or the committed yearly percentage share multiplied by the contractor's actual gross income in Philippine peso, whichever is higher.

The Annual Fixed and Variable Fees shall be remitted in Philippine Peso using the closing reference rate of Bangko Sentral ng Pilipinas on the last trading day prior to payment date.

Lease Agreement for Phase I

On 01 August 2009, the Lease Agreement for the properties and facilities at Phase I, Port of Batangas was awarded to ATI, co-terminus with the long-term contract or until 20 October 2015 including any renewal and/or extension thereof.

A fixed annual rental fee of ₱4,000,000 exclusive of VAT subject to yearly escalation of 5%, compounded annually beginning on 01 January 2012 shall be remitted to PPA by the lessee. The rental is payable in 4 quarterly installments in advance not later than the 5th day from the start of the quarter.

Net book value of assets constructed by PPA which is under the operation and management of ATI at Batangas Port is Php 2.548 billion as of 31 December 2013.

PORT OF DAVAO

Construction, Management and Operation of Reefer Rack

Davao Integrated Port and Stevedoring Services Corporation (DIPSSCOR) was awarded the contract to construct, manage and operate the additional reefer rack structure/facility with at least 144 reefer outlets at the Sasa Wharf, Port of Davao on 23 April 2010. The contract was effective for a period of 10 years renewable for another 10 years.

The contract provided for the remittance of government share exclusive of VAT equivalent to 10% of the gross income for the operation of the reefer facilities, whether billed/unbilled and collected/uncollected not later than the 5th day of every month for prior month's income.

The reefer facility constructed by PPA which was turned over to DIPSSCOR under the contract has a net book value of Php 10.012 million as of 31 December 2013.

Foreign Exchange Transactions

Transactions in foreign denominated tariff rates are receipted/recorded using the exchange rate in effect at the date of the transaction. PPA Memorandum Circular No. 16 dated 6 October 2006 prescribed that the 15-day average Bangko Sentral ng Pilipinas (BSP) guiding rates prevailing at the time of issuance of the invoice (computed by the Commercial Services Department) shall be used in determining the peso value of the dollar denominated port charges due to PPA.

For fees/financial considerations defined in contracts for cargo handling operators that are in foreign currency, the specified bases for the conversion of the foreign currency into pesos as provided for in the agreements are followed.

PPA Finance Memorandum Circular No. 01-2003 provides that the monetary asset or depository account and liabilities denominated in foreign currencies should be restated using the BSP guiding rate of exchange as of reporting date. Foreign exchange differences are treated as follows:

- For loans identified with completed projects and those used to acquire invoiced assets, the gain or loss is recognized in current year's income/loss.
- For loans related to assets still under construction, the foreign exchange difference is capitalized and included in the carrying amount of the Fixed Asset-In Process account.

For 2013, all infrastructure projects were financed out of the corporate fund. Hence, there is no transaction requiring application of this provision.

- For other foreign currency transactions, i.e. deposits in foreign currency, the gain or loss in foreign exchange fluctuation is recognized in the income or loss for the current period similar to item a above.

Income Tax

For income tax purposes, net income less tax credit on investment in fixed assets is declared. The tax credit is allowed under Section 25 of PD 857 dated 28 December 1975 (PPA Charter). The PPA opted for the special deduction or tax credit on investment in fixed assets or capital expenditures during the year instead of the depreciation expense as allowable deduction in the computation of the Regular Corporate Income Tax (RCIT).

Pursuant to Section 27(E) of the 1997 National Internal Revenue Code, as amended, the prescribed Minimum Corporate Income Tax (MCIT), which is equivalent to two percent (2%) of gross income, is paid if higher than the RCIT.

Provision for Bad Debts

Receivables are valued at face amounts minus allowances set up for bad debts for any anticipated adjustments which, in the normal course of events, will reduce the amount of receivable from the debtor to estimated realizable values.

PPA Finance Memorandum Order No. 02-2009 dated 22 April 2009 prescribes the rates on provisions for doubtful accounts, as follows:

Age (Days) of A/R Trade	1-30	31-90	91-180	181-365	Over 365	Dormant with Nil Chance of Collection
Rate of Allowance	5%	10%	20%	40%	60%	100%

3.6. Other Disclosures

Contingent Assets

In compliance with the provisions of PAS 37 – *Provisions, Contingent Liabilities and Contingent Assets*, Contingent Assets and its contra account Contingent Surplus were excluded in the preparation of the financial statements. The account, however, is maintained in the book during the year as a means to monitor the accounts.

Events After Balance Sheet Date

Non-adjusting event after the balance sheet date requiring disclosure is the payment of dividend to the national government equivalent to 50% of PPA's net income after tax plus/minus authorized additions/deductibles as provided for in the law.

4. CASH ON HAND AND IN BANKS

This account represents deposits with authorized depository banks, cash in the custody of Collecting and Disbursing Officers and various cash advances to officers/employees that are still outstanding as of December 31, 2013. Included in the cash in bank balance of PVB and LBP savings accounts are high yield/time deposits amounting to ₱1,672.66 million and ₱1,416.41 million respectively. These special savings deposit are intended for various infrastructure projects and for the retirement benefits of PPA personnel.

	2013	2012
Cash in Bank - PNB	340,476,325	371,702,455
- PVB	3,658,186,254	2,780,032,013
- LBP	2,124,980,800	1,326,647,607
- DBP	905,515	2,235,630
Cash in Bank	6,124,548,894	4,480,617,705
Cash w/ Collecting Officers	66,156,163	41,458,295
Cash w/ Disbursing Officers	-	13,594
Cash w/ Other Officers	490,108	253,181
	6,191,195,165	4,522,342,775

5. RECEIVABLES

This account includes:

	2013	2012
Receivables - Trade:		
Accounts Receivable	1,130,626,248	1,014,977,735
Notes Receivable	17,977,884	17,419,303
Interest Receivables	-	30,812
	1,148,604,133	1,032,427,850
Less: Allowance for Bad Debts	(46,563,223)	(51,218,459)
	1,102,040,910	981,209,391
Other Receivables:		
Due from Officers & Employees	218,672,118	191,105,708
Due from NGAs, GOCCs & LGUs	300,222,307	32,782,525
Due from Operating Units & Other Funds	29,919,016	30,970,507
Miscellaneous Receivables	139,824,222	36,935,509
	688,637,664	291,794,248
Less: Allowance for Bad Debts	(29,026,836)	(29,111,859)
	659,610,827	262,682,389
	1,761,651,737	1,243,891,780

5.1. Accounts Receivable – Trade

This account refers to the amount due from port users/customers arising from trading or business transactions that are expected to be collected within the allowable credit period. The following table shows the accounts receivable balances per Port District Office.

	2013	2012
PDO Manila/Northern Luzon	1,030,507,286	927,028,795
PDO Visayas	63,808,505	68,597,613
PDO Southern Luzon	4,693,481	7,084,685
PDO Southern Mindanao	5,958,878	10,028,068
PDO Northern Mindanao	25,658,098	2,238,575
	1,130,626,248	1,014,977,735

5.2. Notes Receivable

This account represents the realizable value of promissory notes issued by port users to cover the assessments of their restructured accounts, payable within a specific approved repayment period.

	2013	2012
PDO Manila/ Northern Luzon	16,804,656	15,131,160
PDO Visayas	998,228	2,113,143
PDO Southern Luzon	175,000	175,000
PDO Northern Mindanao	-	-
	17,977,884	17,419,303

5.3. Interest Receivables

Represents interest and penalty charges imposed on unpaid accounts due from port users.

	2013	2012
PDO Visayas	-	-
PDO Southern Luzon	-	30,770
PDO Northern Mindanao	-	42
	-	30,812

Computation of Allowance for Bad Debts for Receivables - Trade is in accordance with PPA Finance Memorandum Order No. 02-2009 dated 22 April 2009. The breakdown is as follows:

No. of Days Past Due	Rate	Past Due Accounts	Provision
1-30 days	5%	20,978,101	1,048,905
31-90 days	10%	2,438,110	243,811
91-180 days	20%	2,734,465	546,893
181-365 days	40%	9,234,386	3,693,754
over 365 days	60%	68,191,762	40,915,057
Dormant	100%	114,802	114,802
			46,563,223

5.4. Other Receivables

This account includes:

5.4.1. Due from Officers & Employees

This account includes calamity loans granted to PPA officers and employees, receivables for tax deficiencies, cash advances for travel and other amounts outstanding and due from PPA officers and employees.

	2013	2012
PDO Manila/ Northern Luzon	31,661,780	32,893,382
PDO Visayas	46,096,949	35,083,383
PDO Southern Luzon	31,082,760	27,316,986
PDO Southern Mindanao	29,648,729	26,305,065
PDO Northern Mindanao	31,429,668	27,578,330
Head Office	48,752,232	41,928,561
	218,672,118	191,105,707

5.4.2. Due from NGAs, GOCCs & LGUs

This account covers the amounts due from various departments, bureaus, government owned/controlled corporations and local government units. The increase for the year at PDO Manila/ Northern Luzon was mainly due to the recording of ₱123.11 million representing advance payment made by the Authority (PPA) thru PMO North Harbor to the National Housing Authority (NHA) as part of the relocation and resettlement of Informal Settler Families (ISF's) affected by the development of North Harbor's Project Area.

At Head Office, this account includes overpayment of dividends for CY 2012 amounting to ₱93.31 million remitted to the Bureau of Treasury to be off-set against the CY 2013 dividends due by PPA to the National Treasury. Another is the donation made by the Authority to the National Government thru the Department of Public Works and Highways (DPWH) in the total amount of ₱55.00 million, intended to implement the restoration of public infrastructures affected by typhoon "YOLANDA" per PPA Board Ex-com Resolution No. 2013-1361 and Resolution No. 2335 amounting to ₱35.00 million and earthquake-affected province of Bohol per PPA Board Ex-Com Resolution No. 2013-1352 and Resolution No. 2335 amounting to ₱20.00 million. Both donations are subject to liquidation by the implementing agency (DPWH) in accordance with pertinent government accounting and auditing rules and regulations.

	2013	2012
PDO Manila/ Northern Luzon	126,990,144	3,884,064
PDO Visayas	201,752	201,752
PDO Southern Luzon	191,569	191,569
PDO Southern Mindanao	120,000	120,000
PDO Northern Mindanao	4,481,196	4,331,187
Head Office	168,237,646	24,053,952
	300,222,307	32,782,525

5.4.3. Due from Operating Units and Other Funds

This account covers the net income of Special Take-Over Units (STUs) that are due for remittance to the Port Management Offices of the Authority.

	2013	2012
PDO Manila/ Northern Luzon	17,152,078	17,152,078
PDO Visayas	8,892,943	9,219,858
PDO Southern Luzon	1,856,633	2,508,204
PDO Southern Mindanao		
PDO Northern Mindanao	2,017,362	2,090,367
Head Office	-	-
	29,919,016	30,970,507

5.4.4. Miscellaneous Receivables

This account represents the amount due from accountable officers and employees for refund of overpayments and audit disallowances which have become final and executory and past due receivables.

	2013	2012
PDO Manila/Northern Luzon	104,839,531	930,871
PDO Visayas	9,311,103	9,646,106
PDO Southern Luzon	4,860,045	4,542,654
PDO Southern Mindanao	15,051,560	15,842,370
PDO Northern Mindanao	5,630,390	5,841,915
Head Office	131,593	131,593
	139,824,222	36,935,509

The Allowance for Bad Debts for Other Receivables is also in accordance with PPA Finance Memorandum Order No. 02-2009, the breakdown is as follows:

	Dormant Accounts	Past Due Accounts	Provision-100%
PDO Manila/Northern Luzon		872,438	872,438
PDO Visayas		4,482,916	4,482,916
PDO Southern Luzon		3,253,110	3,253,110
PDO Southern Mindanao		14,271,437	14,271,437
PDO Northern Mindanao		6,146,935	6,146,935
			29,026,836

6. INVENTORIES

This account includes inventory balances of office supplies, accountable forms, spare parts, construction material and other supplies and materials.

	2013	2012
PDO Manila/ Northern Luzon	15,765,704	16,806,355
PDO Visayas	7,054,116	4,696,133
PDO Southern Luzon	5,998,859	3,385,003
PDO Southern Mindanao	6,035,075	5,097,774
PDO Northern Mindanao	6,383,068	2,519,509
Head Office	5,730,831	10,874,659
	46,967,653	43,379,432

7. PREPAYMENTS

This account includes prepaid taxes, unexpired portion of non-staff insurance, advance payments to DBM-Procurement Service for supplies and materials, 15% advance payments made to contractors for the cost of project mobilization, and other deferred charges.

	2013	2012
Prepaid Taxes (a)	143,134,348	0
Other Misc. Assets & Deferred Charges (b)	225,682,014	302,281,206
Advance Payment to Contractors (c)	318,940,110	298,926,168
Procurement Service	55,561,670	14,984,997
Prepaid Insurance	754,989	38,497,524
Other Prepayments (d)	14,984,180	16,470,956
	759,057,312	671,160,850

- Prepaid Taxes* consist of the amounts of expanded or creditable withholding taxes deducted by port users from wharfage and rental of real property and other port facilities. Section 76 of the National Internal Revenue Code allows cash refund of the amount withheld or the use of the covering tax credit certificates against future tax liabilities.
- Other Misc. Assets & Deferred Charges* pertains to deferred charges such as feasibility study charges and Net Output VAT for the 4th quarter of 2013 amounting to ₱173.95 million which is to be offset as tax credit upon remittance to BIR on January 25, 2014. It also includes CY 2013 provision for CNA incentives for officials and employees amounting to ₱41.87 million.
- Advance Payment to Contractors* not exceeding 15% of the total contract price is granted pursuant to Republic Act 9184. The advances, which are repaid thru deductions from progress payments to Contractors, are secured with irrevocable letters of credit of equivalent values from commercial banks, bank guarantees or surety bonds.
- Other Prepayments* consist of prepaid interest and other prepaid expenses.

The total Prepayments is broken down by office as follows:

	2013	2012
PDO Manila/ Northern Luzon	135,834,526	91,207,426
PDO Visayas	25,765,005	9,527,535
PDO Southern Luzon	46,047,974	39,344,844
PDO Southern Mindanao	54,049,012	38,907,363
PDO Northern Mindanao	26,844,081	28,297,130
Head Office	470,516,714	463,876,552
	759,057,312	671,160,850

8. OTHER CURRENT ASSETS

The breakdown of this account is as follows:

	2013	2012
Guaranty Deposits/Deposits on Containers (a)	4,148,918	4,528,024
Miscellaneous - Input VAT (b)	112,789,818	121,930,778
Other Current Assets	284,280	284,280
	117,223,015	126,743,082

- Guaranty Deposits* consist of the amounts deposited with contractors/ suppliers to guarantee performance of obligation, such as deposits with Meralco, PLDT, lessors of buildings occupied by the Authority, and others.

(b) *Miscellaneous – Input Value Added Tax (VAT)* pertains to the carried over balance of VAT paid by the Authority for acquired goods and services that may be applied as tax credit or deducted from the remittance of Output VAT.

Other current assets breakdown by office:

	2013	2012
PDO Manila/ Northern Luzon	10,260,999	9,361,874
PDO Visayas	12,901,348	9,347,472
PDO Southern Luzon	22,061,675	19,421,603
PDO Southern Mindanao	25,562,159	6,829,576
PDO Northern Mindanao	23,883,059	17,686,232
Head Office	22,553,775	64,096,325
	117,223,015	126,743,082

9. PROPERTY AND EQUIPMENT

This account represents the carrying value of land, land improvements, buildings and other structures and Furniture, Fixtures and Equipment (FFE) such as IT equipment and software, communication equipment, firefighting equipment, medical, dental and laboratory equipment, sports equipment, motor vehicles, watercrafts, and other machinery and equipment. This account also includes the cost of construction in-progress.

	Land and Land Improvements	Buildings & Other Structures	Const. in Process	Motor Vehicles	Machinery & Equipment	Office Equipment	Other Fixed Asstes	TOTAL
At December 31, 2012								
Cost	67,093,776	43,226,143	2,244,337	163,934	370,674	2,783,044	1,162,626	117,044,534
Accumulated Depreciation	(58,213)	(19,096,775)		(55,200)	(172,922)	(1,156,053)	(936,066)	(21,475,229)
Net Book Value	67,035,563	24,129,368	2,244,337	108,734	197,752	1,626,991	226,560	95,569,305
Year Ending Balances								
December 31, 2013								
Opening Book Value	67,035,563	24,129,368	2,244,337	108,734	197,752	1,626,991	226,560	95,569,305
Additions/Investment in Fixed Assets Year Ending December 31, 2013	421,978	1,109,168	1,082,062	68,373	326,352	89,539		3,097,472
Additions (Deductions) due to Appraisal								0
Disposed/Retired/Adjustment Completed/Transferred	(2,904)	(652,604)	(2,342,025)	(11,539)	(537)	(44,808)		(712,393)
Depreciation for the Year	(58,436)	(1,425,548)		(18,326)	(24,834)	(269,923)	(40,962)	(1,838,029)
Adjustment on Prior Years' Depreciation	43,953	280,120		(1,746)	2,674	21,260		346,261
Closing Net Book Value	67,440,153	23,440,504	984,375	145,497	501,407	1,423,058	185,598	94,120,591
At December 31, 2013								
Cost	67,512,850	43,682,707	984,375	220,768	696,488	2,827,774	1,162,626	117,087,588
Accumulated Depreciation	(72,697)	(20,242,203)		(75,272)	(195,082)	(1,404,716)	(977,028)	(22,966,997)
Net Book Value	67,440,153	23,440,505	984,375	145,496	501,406	1,423,058	185,598	94,120,591

The value of land includes the additional cost based on the Final Entry of Judgment from the Supreme Court En Banc in G.R. Nos. 154211-12, 158252, 166200, 168272, 170683 and 173392 amounting to ₱125.15 million. Part of the settlement representing interest and penalties due from the date of acquisition of the property by PPA up to December 31, 2011 amounting to ₱129.85 million was recognized as expense in that year.

The latest appraisal of fixed assets was conducted in June 2011.

The value of Construction in Progress corresponds to the percentage of completion of each project as reported by the Engineering Office as of 31 December 2013.

This account also includes various fixed assets recorded in the books of PMO South Harbor, PMO Batangas, PMO Davao, PMO North Harbor and PDO Manila that are currently being managed by private operators / contractors under existing management contracts. In PDO Manila, included in the fixed assets are various equipment and machineries turned over to the Authority by ICTSI as stipulated upon expiration of the management contract.

There are various repairs and maintenance projects implemented and completed that were capitalized and adjusted to comply with COA's recommendation, thereby increasing the balances of various Fixed Asset accounts.

On the other hand, the balances of furniture, fixtures and equipment per books and the physical inventory report of Head Office are currently being reconciled by Controllership Department and Administrative Services Department. Once reconciliation is completed, affected Property and Equipment sub accounts will be adjusted accordingly. Included in PPA's Physical Inventory Report on Fixed Assets are various furniture, fixture and equipment from Asian Terminal Incorporated (ATI) being use at Head Office as part of the contract agreement between the two parties.

10. INVESTMENTS IN SECURITIES

This account represents funds earmarked for various infrastructure projects and for the retirement benefits of PPA personnel that were invested in the following:

	2013	2012
T-Bills		-
T-Bonds & LBP Bonds	302,214,706	551,532,509
Other Investments/MS	190,000	210,000
	302,404,706	551,742,509

The Treasury bonds with holding period of 2,506 and 1,727 days and interest rates of 5.00%, and 4.625% will mature on April 26, 2019, and July 5, 2017, respectively.

11. NOTES SINKING FUND

In accordance with the Sinking Fund Management Agreement covering the issuance in year 2007 of ₱2.0 billion Corporate Notes, the PPA shall establish and maintain a Sinking Fund with the Bureau of Treasury (BTr), the Sinking Fund Manager, for the purpose of redeeming the Notes upon maturity in 2015. The amount of ₱262.013 million shall be payable annually on every anniversary of its issue. The Fund accumulated to ₱1,744.42 million and ₱1,437.36 million as of 31 December 2013 and 2012, respectively, inclusive of interest earned.

12. OTHER NON-CURRENT ASSETS

This account consists of the following:

	2013	2012
Restricted/Cash Deposits (a)	19,712,564	19,644,662
Receivables from MNHPI (b)	102,506,548	102,506,548
Deposits with the BTr (c)	18,748,154	18,748,154
Receivable from the PNR (d)	18,000,000	18,000,000
Non-Operating Assets (e)	232,881,369	157,223,468
Others (f)	740,806,072	200,649,789
	1,132,654,707	516,772,622
Less: Allowance for Bad Debts	191,537,205	179,313,020
	941,117,501	337,459,602

(a) *Restricted/Cash Deposits* pertain to the funds held in escrow which are either kept in fixed-term deposits at the BTr, Land Bank of the Philippines, Development Bank of the Philippines and the Philippine Veterans Bank. These funds are earmarked mainly for the settlement of claims for NLRC SCREB Case No.VI-05-50142-06. Part of the fund set aside for the Real Estate Tax case at Port of Iloilo was already garnished during the year in favor of the City Government of Iloilo.

	2013	2012
LBP Time Deposit (NLRC Case)	17,098,578	13,922,304
DBP Savings (Reclassification of Acct. per AOM No. 2007-013 dtd Mar. 16, 2007)	1,612,505	977,794
DBP Current (Reclassification of Acct. per AOM No. 2007-013 dtd Mar. 16, 2007)	247,307	90,914
DBP Savings (Real Estate Case vs. City of Iloilo)	378,022	4,277,498
PVB Time Deposit (Visayan Surety and Insurance Corp.)	341,072	341,072
Security Services Case of PDO Somin	35,081	35,081
	19,712,564	19,644,662

- (b) *Receivables from Manila North Harbor Port, Inc. (MNHPI)* represents the balance on advances made by the Authority in payment of the past service benefits of port workers at the Special Take-Over Unit (STU) United Dockhandlers Inc. (UDI) of PMO North Harbor. As stipulated in Section 3.02-b of the Contract for Development, Management, Operation and Maintenance of the Manila North Harbor signed on 19 November 2009, the amount shall be reimbursed in five years at P20.6 million per year, starting on the fourth year of the contract which shall become operative on 12 April 2010 as stipulated in Section 14.01 of the Clarificatory Agreement between PPA and MNHPI.
- (c) *Deposits with the BTr* account pertains to the balance of the Special Account kept with the BTr in pursuant to the requirement of PD 1234. Collections remitted, as well as reimbursements of PPA advances for project expenditures financed by foreign loans, are deposited to this account through the then Central Bank of the Philippines. The account is similarly covered with request for write off in PPA books since it is inactive for several years and is no longer found in the books of the BTr. The use of this account was discontinued with the issuance of Executive Order No. 159.
- (d) *Receivable from the PNR* account pertains to the balance of a P20.0 million loan that was granted to the Philippine National Railways (PNR) for the rehabilitation of existing railways from the Manila International Container Terminal (MICT) in Port Area, Manila to the Food Terminal Inc. (FTI) in Taguig, Metro Manila. The outstanding balance of P18.0 million remained unsettled despite series of negotiations with the PNR. Thus, officials of PPA-Legal Services Department and the Office of the Government Corporate Counsel (OGCC) decided to submit the case for arbitration before the OGCC/DOJ. The account is provided with a 100% allowance as provision of uncollectibility.
- (e) *Non-Operating Assets* is composed of the following:
- **P120.38 million** - costs of projects implemented by the Department of Public Works and Highways (DPWH) thru the issuance of cash advances to its accountable officers amounting to P109.58 million, and another P10.80 million issued in 1977 which have remained unsettled to date. The accounts are subject of numerous communications between PPA, DPWH and COA and of previous request to the Commission on Audit for closure / derecognition in the books. Documents regarding the transactions were resubmitted in August 2010.
 - **P112.50 million** - carrying values of serviceable assets but no longer used in port operations and the value of unserviceable assets awaiting disposal.
- (f) *Others* - mainly represents the recorded costs of intangible assets amounting to P705.63 million from the completion of MIS Computerization project.

The breakdown of Other Non-Current Assets account by office is as follows:

	2013	2012
PDO Manila/ Northern Luzon	163,846,853	107,139,486
PDO Visayas	12,719,016	9,676,742
PDO Southern Luzon	12,161,029	9,151,656
PDO Southern Mindanao	7,163,353	2,938,375
PDO Northern Mindanao	2,300,991	1,458,629
Head Office	934,463,465	274,693,482
	1,132,654,707	405,058,370

13. ACCOUNTS PAYABLE

This account consists of the Authority's short-term obligations incurred for procurement of goods and services from private suppliers and employees arising from the conduct of business or operation, broken down as follows:

	2013	2012
Trade/Business Payables (a)	1,227,858,994	1,436,299,079
Due to Officers and Employees (b)	180,878,738	277,649,490
Dividends Payable (c)		-
Accrued Interest Payable (d)	27,655,648	33,431,610
Insurance Premium Payable (e)		1,020,938
Intra-Agency Payables (f)	901	1,397
	1,436,394,280	1,748,402,515

- (a) *Trade/Business Payables* are obligations incurred in the procurement of goods and services from private suppliers and entities arising from the conduct of business operations.

Liabilities arising from the decision of the Supreme Court on PPA vs. Acosta, et al Civil Case No. 5447 corresponding to the additional cost of lots and interest due from 2001 to 2011 were also recorded in this account.

- (b) *Due to Officers and Employees* consists of liabilities set up for the payment of services rendered by employees i.e., salaries, overtime, bonuses and incentives, allowances, reimbursement of official expenses, and other claims due to PPA personnel.
- (c) *Dividends Payable* - PPA remits 50% of its net income after tax to the national government in accordance with the provision of Republic Act No. 7656. This non-adjusting event after the balance sheet date is required to be disclosed only in the Notes to Financial Statements.
- (d) *Accrued Interest Payable* pertains to the amount of interests due for payment on loans acquired from various creditors.
- (e) *Insurance Premium Payable* - pertains to the amount of insurance due for payment to GSIS for PPA properties.
- (f) *Intra-Agency Payables* pertains to Special Take-Over Units (STUs) transactions.

14. PAYABLES TO OTHER GOVERNMENT AGENCIES

This account comprised of inter-agency payables involving the mandatory deductions withheld from salaries of personnel that are due for remittance in payment of taxes, employees' insurance premium contributions, and loan amortizations. Also included are liabilities for advances made by other government agencies for specific purposes.

	2013	2012
Due to National Treasury		13,899,567
Due to BIR	790,060,041	619,919,197
Due to GSIS	1,985,282	2,946,744
Due to Pag-Ibig	487,069	791,990
Due to Philhealth	142,912	153,875
Due to Other NGAs	258,522	429,231
Due to Other GOCCs	3,700,723	53,356,202
Due to LGUs	544,108	673,358
	797,178,658	692,170,164

The Due to BIR account represents set up for additional income tax for CY 2013 amounting to P703.08 million (refer to Note 44), and the remaining P86.98 million pertains to withholding tax on compensation, EWT, CVAT, and other taxes.

15. CURRENT PORTION OF LOANS PAYABLE

The amount of P417,635,397.42 represents maturing obligations on long-term debts or the principal amortization on foreign loans due for repayment on the following year.

16. OTHER CURRENT LIABILITIES

This account represents deposits to PPA by various contractors and suppliers and retention fees withheld to guaranty the performance and delivery of contracted services and goods. Also includes the amount of refundable taxes to PPA personnel, and amounts collected for the account of employee associations, cooperatives, etc.

	2013	2012
Depository Liabilities (a)	158,375,632	124,539,800
Performance/Bidders Bonds Payable	8,901,952	8,258,962
Tax Refund Payable	999,275	938,478
Due to Other Funds - Trust Liabilities (b)	98,839,546	168,017,978
Current Portion - Retirement Payable	105,718,136	96,035,202
Other Payables - Miscellaneous (c)	101,818,086	114,185,202
	474,652,628	511,975,622

- (a) *Depository Liabilities* are deposits other than those required to guaranty the performance of contracts.
- (b) *Due to Other Funds - Trust Liabilities* consist mainly of retention fees withheld from suppliers and contractors to guaranty the performance and delivery of contracted goods and services, and deductions on salaries of personnel for Pantalan Union dues, and Employees' Cooperatives and other funds.
- (c) *Other Payables - Miscellaneous* include liabilities not classified on the above other current liabilities accounts.

17. LOANS PAYABLE - FOREIGN

This refers to the outstanding foreign loans of the Authority which is broken down as follows:

Loan Account	Interest Rate %	No. of Years Maturity Date	Loan Amount	Outstanding Balance		
				In Foreign Currency	In Peso	
					2013	2012
ADB-875	6.53	20.0 Oct. 2012	\$ 43,083,327	¥ -	P -	-
JBIC-PH-P61	3.00	20.5 Sept. 2013	¥ 169,794,479	¥ -	P -	3,963,636
JBIC-PH-P84	3.00	20.5 Jan. 2018	¥ 61,381,669	¥ 13,473,000	P 5,711,631	7,882,753
JBIC-PH-P91	3.00	20.5 Jan. 2018	¥ 169,158,544	¥ 37,116,000	P 15,734,646	21,715,747
JBIC-PH-P122	2.70	20.5 June 2021	¥ 5,497,049,624	¥ 2,011,095,000	P 852,566,781	1,091,072,667
JBIC-PH-P172	2.30	20.5 Mar. 2027	¥ 502,889,141	¥ 331,128,000	P 140,375,633	170,252,527
JBIC-PH-P187	2.20	20.0 Sept. 2028	¥ 13,529,000,000	¥ 9,716,490,000	P 4,119,127,444	4,961,369,347
JBIC-PH-P187A	2.20	31.0 Sept. 2038	¥ 1,026,000,000	¥ 836,650,000	P 354,682,398	416,524,529
TOTAL FOREIGN LOANS OUTSTANDING *					P 5,488,198,533	6,672,781,206
Less: Current Portion Reported under Current Liability					P (417,635,397)	(475,553,984)
					P 5,070,563,136	6,197,227,222

*Equivalent to \$ 123,569,112 @ P44.414 per \$1.00

18. LOANS PAYABLE – DOMESTIC

This account pertains to the P1.0 billion two-tranche loan facility acquired from the Philippine Veterans Bank to finance the construction of port facilities. The first tranche amounting to P500 million was released on 27 May 2009 and the second tranche was released on 17 June 2011. It has a fixed interest rate for the first three years based on the three-year PDST-F rate at the date of drawdown for each tranche, plus a spread of ½% (0.50%). Thereafter, interest will be re-quoted annually based on the one year PDST-F rate plus a spread of ½%. The Philippine Dealing and Exchange Corporation defines PDST-F as the calculated average of the best 60% of firm BID rates posted by designated market-making banks for the original 12 benchmark tenors at 11:16am daily. Interest is payable quarterly and computed on a 360-day calendar period. The loan has a term of seven years from the date of release inclusive of three years grace period. The principal is payable in eight equal amortizations starting on the seventh semi-annual payment date.

Repayments have been made for this loan amounting to P250.0 million on December 31, 2013 representing the amortization on the principal for the year.

19. CORPORATE NOTES

The PPA entered into an Issue Management and Underwriting Agreement with the Development Bank of the Philippines in 2007, for the issuance of P2.0 billion seven-year Corporate Notes guaranteed by the Republic of the Philippines with fixed interest rate of 7.783%, payable every quarter. The first tranche of the Corporate Notes amounting to P1.0 billion was released on 18 July 2007. The second and third tranches amounting to P500 million each were released on 14 March 2008 and 13 May 2008, respectively. The taxes and other charges incurred in the issuance of the notes were recognized as expense in the period of release. A sinking fund (note 13) was established to redeem the Notes upon maturity in 2015.

20. RETIREMENT PAYABLE

This account represents the amount earmarked to cover the present money value of retirement gratuity of PPA personnel qualified to retire under Republic Act (RA) 1616, wherein the Agency is mandated to pay lump sum amount to the retirees, including the present money value of accumulated leave credits of personnel based on their basic salaries as of reporting date, as follows:

	2013	2012
Balance as of January 1	526,150,255	548,505,895
Less Payment of Retirement Gratuity and Terminal Leave Benefit During the Year	(73,041,455)	(63,359,587)
Add Provisions for the Year		
Accumulated Leave Credits	52,834,375	24,111,164
Retirement Gratuity	(15,349,464)	16,892,783
Total Retirement Payable December 31	490,593,711	526,150,255
Less Current Portion	(105,718,136)	(96,035,202)
Retirement Payable - Non-Current Portion	384,875,575	430,115,053

21. DEFERRED CREDITS

This account includes the amount of income received before it is earned or realized, such as Output VAT on income earned that is due for remittance to the Bureau of Internal Revenue, amounts received in advance on leased property and deferred tax liability representing final tax from interest income earned or realized by the Authority from its investments/placements.

	2013	2012
Output VAT	415,193,818	374,300,456
Deferred Credits to Income	11,699,205	12,285,744
Other Deferred Credits	145,633,997	12,305,281
	572,527,020	398,891,481

22. CAPITAL CONTRIBUTION

Executive Order No. 513, amending PD 857, increased the authorized capital of the Authority from P3.0 billion to P5.0 billion.

Government Contribution to the Authority as initial paid up capital consisted of:

- The value of assets (including port facilities, quays, wharves, and equipment) and such other property, movable and immovable contributed or transferred by the Government and its agencies valued at the date of contribution or transfer after deducting the loans and other liabilities of the Authority.
- The initial cash appropriation of P2.0 million out of the funds of the National Treasury and further sums, including working capital contributed by the National Government.

23. DONATED SURPLUS

Donated Surplus represents the amount of cash or property received as donations from entities other than the National Government.

24. APPRAISAL SURPLUS

Appraisal increase, which is the difference between the sound value and net book value of fixed assets, is added to the carrying value of property and equipment. Appraisal Surplus corresponds to the cumulative amounts of appraisal increments determined by independent appraisers hired by the Authority in the conduct of appraisal of its Fixed Assets, once every five years. The latest appraisal was conducted on June 2011.

25. RETAINED EARNINGS

This account represents the recorded cumulative net profit/loss of the PPA from the start of its operation, dividends paid to the BTr and other prior year adjustments.

Pursuant to Section 5 of Republic Act 7656 dated 9 November 1993, the Authority declares and remits fifty percent (50%) of its annual earnings as dividends to the National Government. Dividend payment is a post year-end event that only requires disclosure. The Authority's dividends due to the national government for CY 2013 computed based on unaudited financial figures is at P1,300,967,836.82, net of the overpayment made in CY 2012 in the amount of P93,314,130.28.

26. WHARFAGE DUES

This refers to the charges levied on loaded/unloaded cargoes whether imports, exports, inbound, outbound, or transshipments. The computation is based on metric ton for non-containerized cargoes and per box for containerized cargoes.

27. SHARE IN ARRASTRE/STEVEDORING INCOME

This account represents the government share on the receipts or earnings of cargo handlers from arrastre and stevedoring service. Arrastre refers to the set of shore-based cargo handling activities that includes, but is not limited to, the receiving or loading of cargoes to/from ship's tackle with the use of dock gang and cargo handling equipment. On the other hand, stevedoring service cover the discharging and loading of containers, loaded or empty, from the vessel to the dock/apron and vice-versa, and the opening and closing of hatch covers, lids and supporting beams.

The account includes lump-sum fee of P670.00 million from ICTSI for MICT operations and P270.00 million from ATI for South Harbor operations, both payments were received during the year.

28. DOCKAGE FEES

Dockage or berthing fee is the amount assessed against a vessel engaged in international (foreign) trade for berthing. It is levied on the cargo vessels based on the number of days of stay for the purpose of discharging and/or loading cargo; and on non-cargo vessels for the purpose of loading and/or taking passengers or for taking fresh water supply or receiving bunker fuel.

29. PORT DUES

Vessels engaged in foreign trade, including those engaged in barter trade, that enter any port, whether private or government-owned, for loading and discharging cargoes, embarking/disembarking passengers, bunkering or taking provisions or repairs and changing members of the crew are charged with port dues based on the vessel gross revenue tonnage (GRT). It is a one-time charge assessed against vessels anytime that they call at the port.

30. STORAGE CHARGES

Storage fees are charges on cargoes that remain in the cargo sheds, warehouses or in the open storage area of any government-owned port beyond the "free storage period" allowed. Increase or decrease in storage revenue can be attributed to the growth or decline in the number of shippers/port users availing of storage services.

31. PORT USAGE FEES

Vessels engaged in coastal domestic trade that berth or temporarily lay up or drop anchor at any government port are charged a port usage fee based on gross revenue ton (GRT).

32. TERMINAL FEES

The account consists of the amount charge on vehicles for the use of the port facilities and services which is collected by the PPA on a per sea-leg journey at the port of loading or embarkation.

33. VESSEL TRAFFIC MANAGEMENT SERVICE (VTMS) FEES

PPA Administrative Order No. 03-2006 dated 16 June 2006 authorized the collection of the VTMS Fee. It includes fees collected/assessed on all international and domestic vessels entering, departing, navigating, operating, and anchoring/mooring within the VTMS covered areas.

34. PILOTAGE

This represents the government share on the service rendered or required to be performed by the harbor pilots to maneuver vessels to/from the ports as required or as deemed necessary in each pilotage district.

35. LAY-UP FEES

This pertains to the amount assessed against vessels engaged in coastal (domestic) trade that are authorized to temporarily lay-up and anchor at any port.

36. OTHER INCOME

PPA also derives income from non-traditional sources broken down as follows:

	2013	2012
Permits and Licenses		
Permit Fees	14,538,609	12,118,345
Other Permits and Licenses	9,289,803	8,303,578
Fines and Penalties - Permits & Licences	2,451,400	1,815,925
	26,279,811	22,237,848
Service Income		
Fines and Penalties - Service Income	6,239,303	10,454,120
Seminar Fees	1,036,222	803,792
Other Service Income	3,951,575	2,835,720
	11,227,099	14,093,632
Business Income		
Rent Income - Buildings, Warehouses & Guesthouses	282,620,587	185,467,437
Reefer Services	31,728,929	22,211,241
Sale of Water	9,779,909	8,024,390
Sale of Power	19,861,350	18,012,609
Printing and Publication Income	13,225,811	11,024,655
Net Income from STUs	12,760,002	6,200,237
Parking Fees	3,788,916	3,683,646
Fines and Penalties - Business Income		
Rent Income - Operations/Rental of Crane/ Cargo Handling Equipment	656,708	647,556
Other Business Income	89,855,170	94,350,571
Income from Dormitory Operations	766,846	652,241
Truck Scale	468,406	669,048
Others	32,357,216	36,021,978
	497,869,849	386,965,607
	535,376,759	423,297,087

37. PERSONAL SERVICES

The breakdown of expenses incurred for PPA employees in 2013 follows:

	2013	2012
Salaries & Wages	633,893,994	638,945,948
Other Compensation		
Other Bonuses and Allowances	96,834,613	225,008,926
Collective Negotiation Agreement Incentive- Civilian	48,796,549	-
Overtime and Night Pay	70,943,046	71,283,547
Year-End Bonus	53,467,172	55,480,504
Personnel Economic Relief Allowance (PERA)	46,478,320	48,760,213
Representation Allowance (RA)	18,282,251	16,549,986
Transportation Allowance (TA)	13,085,303	11,979,191
Clothing/Uniform Allowance	9,934,000	10,051,303
Honoraria	6,296,701	5,827,359
Hazard Pay	199,954	218,149
Longevity Pay	166,390	153,335
	364,484,299	445,312,512
Personnel Benefits Contribution		
Life/Retirement Insurance Prem. Contri.	76,118,451	76,518,391
PHILHEALTH Premiums	7,025,436	6,847,029
PAG-IBIG Premiums	2,332,500	2,441,383
ECC Contributions	2,559,767	2,850,748
	88,036,153	88,657,550
Other Personnel Benefits		
Rice Allowance	46,564,828	48,866,954
Retirement Benefits	3,850,000	20,692,783
Monetized Leave	38,034,309	24,111,164
Medical Allowance	4,599,889	5,017,926
Meal Subsidy	1,584,336	1,659,243
Children's Allowance	743,464	795,455
Other Benefits	12,870,377	10,986,485
	108,247,204	112,130,010
	1,194,661,650	1,285,046,020

38. MAINTENANCE AND OTHER OPERATING EXPENSES

The account consists of:

	2013	2012
<i>Maintenance and Other Operating Expenses</i>		
Travelling Expense	34,930,342	34,187,390
Training and Scholarship Expense	20,865,291	16,309,916
Supplies and Materials Expense	59,609,488	55,642,489
Utility Expense (a)	167,411,237	165,199,887
Communication Expense	30,284,207	30,705,558
Membership Dues and Contri. to Organizations	1,329,700	236,470
Awards and Indemnities (b)	1,042,615	103,024,982
Advertising Expense	2,704,869	2,982,749
Printing and Binding Expense	20,934,031	16,721,337
Rent Expense	7,454,093	3,960,994
Representation Expense	20,593,031	14,126,767
Subscription Expense	601,849	655,877
Professional Services (c)	691,155,304	642,136,895
Repairs and Maintenance (d)	1,256,232,905	989,016,440
Subsidies and Donations	28,610	12,039,416
Miscellaneous Expense	1,457,592	5,999,075
Intelligence Expense (e)	6,000,000	2,000,000
Taxes, Insurance & Other Fees (f)	143,709,970	81,684,969
Demolition and Relocation Expense (g)	95,349,516	32,796,428
Dredging Expense (h)	268,470,074	366,203,841
	2,830,164,725	2,575,631,479
<i>Non-Cash Expenses</i>		
Bad Debts Expense (i)	12,301,115	112,130,667
Depreciation Expense (j)	1,838,028,593	1,822,133,925
Final Tax (k)	25,382,226	29,146,111
Loss on Assets/Other Losses (l)	369,969,902	25,275,430
	2,245,681,836	1,988,686,133
	5,075,846,560	4,564,317,612

38 (a) Utility Expense

This account covers the costs of water, electricity, and gas for illumination consumed at office buildings, grounds and other port structures.

38 (b) Awards and Indemnities

This account pertains to amounts awarded by courts or administrative bodies to persons affected by the destruction of property/death/injury as well as the monetary service/loyalty awards given to officials and employees for attaining several years of service to the PPA.

38 (c) Professional Services

This account pertains to contract of services for legal, auditing, consultancy, janitorial, security, and general services.

	HO	PDO	Combined
Professional Services:			
Auditing Services	42,243,572	-	42,243,572
Consultancy Services	66,496,400	12,785,456	79,281,856
General Services	156,135	168,743	324,878
Janitorial Services	-	45,576,101	45,576,101
Security Services	7,588,548	267,051,137	274,639,685
Other Professional Services	75,645,448	173,443,765	249,089,213
	192,130,103	499,025,201	691,155,304

38 (d) Repairs and Maintenance

These are expenses for the ordinary repairs and maintenance of PPA structures, facilities and equipment to keep or restore the assets into their normal operating condition.

	2013	2012
Land Improvements	1,175,137,524	913,819,139
Buildings and Structures	17,849,132	15,546,884
Furniture, Fixtures & Equipmt.	49,155,769	44,870,469
Motor Vehicles/Other Transport Equip.	14,090,480	14,779,948
	1,256,232,905	989,016,440

	HO	PDO	Combined
Repairs and Maintenance:			
Repairs and Maintenance			
– Land Improvement	-	1,175,137,523.75	1,175,137,524
Repairs and Maintenance			
– Office Building	9,678,341.81	8,163,728.81	17,842,071
Repairs and Maintenance			
– Leasehold Improvements	-	7,061.60	7,062
Repairs and Maintenance			
– Office Equipment	8,021,986.19	8,326,652.24	16,348,638
Repairs and Maintenance			
– Furniture & Fixtures	15,625.00	910,922.24	926,547
Repairs and Maintenance			
– Tech. & Scien. Equipmt.	-	10,493,839	10,493,839
Repairs and Maintenance			
– Other Mach.&Equipmt.	-	21,386,744	21,386,744
Repairs and Maintenance			
– Motor Vehicles	4,963,507	9,126,974	14,090,480
	22,679,460	1,233,553,445	1,256,232,905

38 (e) Intelligence Expense

This account pertains to expenses incurred for highly sensitive activities. Liquidation documents for this transaction are submitted to the COA Central Office for audit.

38 (f) Taxes, Insurance and Other Fees

This account represents the amounts incurred for taxes, duties, licenses, vehicle registration fees, fidelity bond premiums of accountable officers, and insurance premiums for motor vehicle and other property.

38 (g) Demolition and Relocation Expense

This account represents cost incurred in demolition and relocation of structures affected by port development projects.

38 (h) Dredging Expense

This account represents cost incurred in dredging the harbours to the required depth through removal of silts. It also includes expenses in the maintenance of basins and navigational channels, cost of minor repairs of dredging equipment, spare parts, salaries and wages of casual and contractual employees, incidental travelling expenses and other related costs.

Original contract was entered into by and between PPA and F. F. Cruz & Co. Inc. (FFCCI) on November 06, 2001 for a ten (10) year Rehabilitation, Operation and Maintenance of the PPA Dredging Fleet under the Rehabilitate and Maintenance Scheme. The Contract stipulated that FFCCI shall rehabilitate, operate and maintain the six (6) dredge vessels (PHILPORTS D-I to D-VI) and the two (2) supply boats (PHILPORTSA-I and A-II) and shall undertake the maintenance dredging of the country's ports included in the PPA Port System. Within the contract period, the Authority will pay FFCCI the cost of the actual volume dredged per year based on the contract rate per cubic meter and guaranteed annual minimum dredging volume of two (2) million cubic meters.

A supplemental contract was executed by PPA and FFCCI on October 28, 2008 mainly for the upward adjustment, effective 01 February 2008, of the dredging contract rates per cubic meter based on the locality to be dredged and the type of dredging work to be applied by the Contractor. A second supplemental contract was signed by both parties on September 04, 2009 extending the term of the dredging contract period for another ten (10) years whereby FFCCI waived any unexpired term under the original contract. Pursuant to Clause 3 of the supplemental contract, FFCCI, as the Assignor, has executed on October 09, 2010, a Deed of Assignment, transferring its rights and interest in the PPA Dredging Contract, to FF Marine Corporation, Assignee and wholly owned corporation of the Assignor.

38 (i) Bad Debts Expense

The decrease in Bad Debts expense for the year by ₱99.83 million was mainly due to the effect of provision made in CY 2012 at PMO North Harbor based on the allowance for bad debts required to be maintained per existing PPA guidelines.

	2013	2012
PDO Manila/Northern Luzon	9,908,571	104,165,882
PDO Visayas	1,625,955	7,138,787
PDO Southern Luzon		35,979
PDO Southern Mindanao	166,409	536,187
PDO Northern Mindanao	600,181	253,832
	12,301,116	112,130,667

38 (j) Depreciation Expense

Depreciation of PPE is computed using the straight-line method over the estimated useful lives of the assets with ten percent (10%) residual value, in accordance with PPA Memorandum Circular No. 37-2005 and COA Circular No. 2004-003.

	HO	PDO	Combined
Depreciation Expense:			
Depreciation – Land			
– Improvements	-	58,436,370	58,436,370
Depreciation – Office Buildings			
& Other Structures	5,170,872	1,420,377,317	1,425,548,189
Depreciation – Office Equipment	16,162,385	85,147,676	101,310,061
Depreciation – Furniture and			
– Fixtures	493,805	3,461,976	3,955,781
Depreciation – Library Books	92,004	178,485	270,489
Depreciation – Medical, Dental			
and Lab. Equipmt.	34,671	19,781	54,451
Depreciation – Military and			
– Police Equipment	635,926	66,945	702,871
Depreciation – Tech. & Scientific			
– Equipment	1,027,936	162,601,656	163,629,592
Depreciation – Other			
– Machineries and Equipment	71,308	24,762,280	24,833,588
Depreciation – Motor Vehicles	8,975,176	9,350,341	18,325,517
Depreciation – Watercrafts	37,982,883	2,978,799	40,961,682
TOTAL	70,646,966	1,767,381,627	1,838,028,593

	2013	2012
PDO Manila/Northern Luzon	355,305,388	354,059,905
PDO Visayas	311,730,201	345,201,391
PDO Southern Luzon	735,417,693	710,648,406
PDO Southern Mindanao	182,478,935	160,532,296
PDO Northern Mindanao	182,449,410	175,842,855
Head Office	70,646,966	75,849,073
TOTAL	1,838,028,593	1,822,133,925

Comparing this years' depreciation expense with that of previous year, there is an increase of ₱15.89 million or 0.87%.

38 (k) Final Tax

This account pertains to the tax deducted on the interest income earned on investments in securities.

38 (l) Loss on Assets/Other Losses

Losses on Assets are due to accidents, theft, robbery, negligence, manmade conflict, fire, typhoon, and other calamities. An impairment loss of ₱362.27 million was recognized in the books of PMOs Tagbilaran, Ormoc, Tacloban and Legaspi due to the damaged on various fixed assets brought by the recent calamities in the Visayas area.

Other Losses represents the difference between the carrying value and the 10% Residual Value of Fixed Asset reclassified to Unserviceable Asset account upon retirement from proper fixed asset account.

39. FUND MANAGEMENT INCOME (FMI)

This account covers interest earned from various deposits and investments in T-bills, bonds and other marketable securities.

40. OTHER GENERAL INCOME

This account consists of:

	2013	2012
Interest Income	6,979,829	7,363,772
Dividend Income		357
Miscellaneous Income	24,143,303	16,011,243
	31,123,132	23,375,372

41. FOREIGN EXCHANGE GAIN/(LOSS) ON REVALUATION

In accordance with the Philippine Accounting Standards (PAS) 21, balances of foreign currency-denominated accounts (i.e., foreign loans and dollar deposits) are revalued at year end to reflect the actual exchange rate at balance sheet date. The difference is recognized as gain/loss on revaluation.

The net effect of gain or loss in foreign currencies for foreign denominated bank deposits and loan balances is as follows:

	2013	2012
Gain/(Loss) on Revaluation of Outstanding Balances of Foreign Loans	709,028,689	1,186,241,238
Gain/(Loss) on Revaluation of Balance of Foreign Currency Deposit Accounts	1,931,373	(1,704,256)
Net Gain/(Loss) on Revaluation	710,960,062	1,184,536,982

The following are the peso equivalent per Bangko Sentral ng Pilipinas guiding rates of exchange that were used in determining the outstanding balances of foreign loans and dollar deposits as of December 31, 2013:

Currency	2013	2012
United States Dollar (\$)	44.4140	41.1920
Japanese Yen (¥)	0.4239	0.4787

42. FINANCIAL EXPENSES

This account is composed of financial charges as follows:

	2013	2012
Interest Expenses - Loans/Borrowings	320,730,808	377,130,991
Other Financial Charges (a)	58,246,400	82,628,932
Loss/(Gain) on Foreign Exchange (b)	(45,165,966)	(59,966,344)
Documentary Stamp Expenses		91,790
Bank Charges	158,533	127,474
	333,969,775	400,012,843

- (a) Other Financial Charges include payments to the BTr for guarantee fees on the PPA Corporate Notes and foreign loans guaranteed by the Republic of the Philippines and management fees and other expenses as Fund Manager of the Corporate Notes Sinking Fund.
- (b) Loss/(Gain) on Foreign Exchange represents the amount recognized as actual gain/loss from foreign currency transactions. This consists of (a) the difference between the actual amount billed and settled at the time of debt servicing of the foreign loan and its recorded book value and (b) the difference between the peso equivalent of the amount of withdrawal from dollar bank deposits at actual rates prevailing at the time of withdrawal as against its carrying value using the adopted booking rate.

43. GAIN/(LOSS) ON SALE OF DISPOSED ASSETS

This pertains to the difference between the net book value of asset and the proceeds or amount actually received from the disposal of assets.

44. INCOME TAX EXPENSE

The Statement of Comprehensive Income for 2013 reflects a Net Profit amounting to P3,711.90 million. For this year, the Authority is subject to payment of Income Tax based on the 30% Regular Tax Rate as this is higher than the Minimum Corporate Income Tax (MCIT) which is computed at 2% of Gross Income after deducting investments in fixed assets or CAPEX during the year. As of third quarter of 2013, PPA already remitted to BIR P769.00 million of income tax. The provision for income tax for the year is reported at P1,472.07 million which will be settled using the application of prepaid income tax made during the last three quarters and the balance of P703.08 million will be recorded as tax liability for the year.

45. CONTINGENT ACCOUNTS

In compliance with the provisions of PAS 37 – Provisions, Contingent Liabilities and Contingent Assets, Contingent Assets and its contra account Contingent Surplus were excluded among the accounts presented in the Statement of Financial Position. Depending on the outcome of events, income or surplus that may be realized on contingent assets amounts to P1,149.30 million and P1,175.97 million in 2013 and 2012 respectively. The account consists mainly of contested accounts receivable with expected income from increased rates on lease of land and other PPA port facilities. It is the policy of the Authority and as embodied in the lease agreements that rental rates are automatically adjusted based on the appraised value of the property. This adjusted rate on lease serves as the basis of computation of charge in the invoice issued to the lessee.

The breakdown of contingent accounts in 2013 follows:

<i>PDO Manila</i>		
PMO South Harbor		866,299,314
PMO North Harbor		
PMO San Fernando		203,767,669
PDO Proper		35,737,456
Sub-Total		<u>1,105,804,439</u>
<i>PDO Southern Luzon</i>		
PMO Legazpi		9,808,747
Sub-Total		<u>9,808,747</u>
<i>PDO Visayas</i>		
PMO Ormoc		19,006,994
Sub-Total		<u>19,006,994</u>
<i>PDO Northern Mindanao</i>		
PMO Nasipit		5,991,916
PMO Iligan		400,764
PMO Ozamis		99,162
Sub-Total		<u>6,491,843</u>
<i>PDO Southern Mindanao</i>		
PMO General Santos		1,171,103
PMO Zamboanga		7,021,425
Sub-Total		<u>8,192,527</u>
TOTAL		<u>1,149,304,550</u>

46. SUPPLEMENTARY INFORMATION REQUIRED BY BIR UNDER RR No. 15-2010

On 25 November 2010, the BIR issued Revenue Regulations (RR) No.15-2010 prescribing additional procedural and/or documentary requirements in connection with the preparation and submission of Financial Statements accompanying the Tax Returns. Under the said RR, it is required that, in addition to the disclosures mandated under the Philippine Financial Reporting Standards, and such other standards and/or conventions as may be adopted, the Notes shall include information on taxes, duties and license fees paid or accrued during the taxable year.

In compliance with the requirements set forth by Revenue Regulations 15-2010 hereunder are the information on taxes, duties and license fees paid or accrued during the taxable year:

PHILIPPINE PORTS AUTHORITY	
Notes to Financial Statements on Taxes and Licenses	
CY 2013	
In compliance with the requirements set forth by Revenue Regulations 15-2010 hereunder are the information on taxes, duties and licenses fees paid or accrued during the taxable year.	
1. VAT Output Tax	
Philippine Ports Authority is a VAT-registered company with VAT output tax declaration of P1,113,903,744.84 for CY 2013 based on the amount reflected in the Sales Account of P9,280,852,169.03	
The company has zero-rated sales amounting to P1,520,353,475.09 pursuant to the provision of R.A. 7716 as amended by R.A. 8241, R.A. 8424 and R.A. 9337 and RR 16-2005 Sec. 4.108-5(b)(4) law/regulations.	
2. VAT Input Tax	
The amount of VAT Input Taxes claimed are broken down as follows:	
2.1. Beginning of the year:	P 24,137,267.79
2.1.1 Excess Input VAT carried over	5,016,115.12
2.2. Current year's domestic purchases/payments for:	394,230,038.73
2.2.1. Goods for resale/manufacture or further processing	-
2.2.2. Goods other than for resale or manufacture	18,555,919.26
2.2.3. Capital goods subject to amortization	3,625,954.55
Input VAT adjustment on Capital Goods	(72,917.68)
2.2.4. Capital goods not subject to amortization	119,416.70
2.2.5. Services lodged under cost of goods sold	-
2.2.6. Services lodged under other accounts	<u>372,001,665.90</u>
2.3. Claims for tax credit/refund and other adjustments	416,954,987.83
Add/Deduct: Adjustments	
Input Tax on Sales to Government closed to expense/income	<u>(288,203.12)</u>
Total	P 416,666,784.71
2.4. Balance at the end of the year	6,716,636.93
3. Other Taxes and Licenses:	
4.1. Local	
Community Tax	P 10,500.00
Business Tax/Mayor's Permit/Others	96,931,836.03
Other taxes and licenses	182,533.25
4.2. National	
BIR (Annual Registration Fee)	104,575.00
BOT (Bond Premiums)	1,548.50
Bureau of Fire Protection	4,093.00
NTC (Radios Licenses)	58,703.00
ERC	17,500.00
EMB	77,877.00
CSC	2,000.00
LTO (Vehicle Registration)	<u>775,648.85</u>
Total	P 98,166,814.63

47. PENDING LAWSUITS

The Authority is involved as a party litigant in several lawsuits still pending for resolution that could materially affect its financial position. Among these lawsuits are the following:

No.	Case Title	Case No. / Court	Description	Status
1	Aboitiz Transport System Corp. (ATSC) vs. PPA	RTC-Manila, Branch 24, Civil Case No. 08-119020 CA-G.R. CV 95141 SC G.R. 158401	Maritime Damages and Injunction allegedly for the losses suffered by ATSC when it transferred its operation to South Harbor	Case dismissed by RTC Manila in favor of PPA. Appeal on the decision of RTC filed by ATSC was denied and RTC decision affirmed. Considering that CV No. 95141 had been decided, consolidation is no longer possible and the Motion for Reconsideration of the 13 October 2011 had been rendered moot and academic. No reply brief having been filed, the filing thereof is deemed waived and the appeal is submitted for decision as per Resolution dated March 11, 2013.
2	Amelia Aquino et al vs. PPA	RTC-Manila, Br. 7, Civil Case No. 00-98161 CA-G.R. SP 91743 Court of Appeals SC G.R.181973/146665	Mandamus and Prohibition instituted by PPA employees praying that the supervisors appointed after the SC decision in PPA v. COA be given 40% of their basic salary as reimbursable RATA	RTC ordered PPA to pay RATA equivalent to 40% of the standardized basic salary and to cease and desist from requiring refund. Parties already filed their respective Memorandum. Entry of Judgment issued on June 3, 2013. The instant Petition for Review on Certiorari is DENIED. The Decision dated 29 August 2007 and Resolution dated 29 February 2008 of the Court of Appeals in CA-G.R. SP 91743 are AFFIRMED. No pronouncement as to costs.
3	Antonio Altas et al vs. Iloilo River Wharf Port Services et al (IRWPRS)	NLRC SRAB Case No. VI-05-50142-06 CA G.R CEB SP No. 03559	Claim for Underpayment of Wages and Profit Sharing	PPA-IRWPRS ordered to pay complainants their share in the net profit in the amount of P4,869,793 and to pay salary differentials in the amount of P10,614,136.96. CA Resolution dated Nov. 25, 2010 reversing the NLRC Decision and declaring Altas et. al not to be entitled to profit sharing and differentials. The Resolution has become Final and Executory on January 2, 2013 as per resolution issued by CA dated September 24, 2013.
4	Arnel Dilay Diaz vs. PPA	Civil Case No. 8289 RTC Br. 2, Batangas	Judicial Determination of Just Compensation with Alternative Prayer	RTC ruled in favor Mr. Diaz and ordered PPA to pay just compensation. Dilay filed for a Compromise agreement with PPA. Awaiting for the approval of the Compromise Agreement.
5	AT IBA PA, Rank and File sa Sulpicio Lines, Inc. et al vs, PPA	NLRC No. 1014201-08 CA SP G.R. 116908	Claim for Underpayment of wages, Non-Payment of E-COLA, Night Shift Differential et. al	Labor Arbiter granted the petition. NLRC reversed the decision which was also affirmed by NLRC after the MR filed. Petitioner's Motion for Reconsideration was denied for lack of merit per CA Resolution dated July 19, 2013. Pending with CA.
6	Banago Port Stevedoring vs. PPA	Civil Case No. 12721 RTC-Negros Occ., Branch 51 CA-G.R. CV 02471 Court of Appeals, Cebu City	Sum Of Money, Alleged Refund Of Excess Payment Of Government Share During Moratorium Under PPA AO No. 06-95 in the amount P2,889,577.65	RTC ordered PPA to pay amount P2,889,577.65 less P40,000 plus interest On October 22, 2008, PPA filed Appellant's Brief. On January 12, 2009, OGCC received plaintiff's Brief. Awaiting further orders.
7	Barangay 650, Zone 68 et al. vs. PPA et al	Civil Case No.00-98093, RTC Manila, Branch 42	Prohibition with Application for Preliminary Injunction and With Prayer for the Issuance of a TRO, Damages and Relocation	PPA has presented Engr. Candaroma, Libranda and Leonardo Protacio during the Presentation of Evidence. Next hearing is scheduled on January 31, 2014 at 2:00 pm and February 19, 2014 at 1:30 pm.
8	Barangay 651, Zone 68 et al vs. PPA et al.	C.C. No. 00-97859 RTC-Manila, Br. 8	Prohibition with Application for Preliminary Injunction and With Prayer for the Issuance of TRO, Damages and Relocation	Continuation of Cross examination of Aida Lavapie and for the said witness to bring the official population list of Brgy. From the City of Manila and Census on January 21, 2014 at 10:00 am as per Order dated 22 October 2013.

No.	Case Title	Case No. / Court	Description	Status
9	Benny Espinosa vs. PPA et al	RTC Br. 29, Iloilo CC 02-27373 CA-G.R. CV- No. 03213	Petition for Injunction with Application for Preliminary Injunction and TRO and Damages	RTC denied the prayer for damages and the case dismissed for being moot and academic. The appeal is hereby DISMISSED for lack of merit. The Order dated September 15, 2008 issued by the RTC Iloilo City Branch 29 in Civil Case 02-27373 is hereby AFFIRMED with modification to reflect that the complaint in Civil Case 02-27373 is dismissed for failure to state cause of action. Let the records of this case be removed from the docket of this Court as per Decision dated May 27, 2013. Directing defendants-appellees to file Comment on Plaintiff-appellant's Motion for Reconsideration. Within 10 days from receipt of this Resolution. (as per Resolution dated 05 Nov 2013.)
10	Cebu Fortune Gas, Inc. vs. PMO Cagayan de Oro, PPA rep by Necitas Layola	Civil Case No. 2011-249	Replevin with Damages, with prayer for the release of tanks	Cebu Fortune filed a Motion to Dismiss last July 26, 2012. RTC issued an Order dated July 31, 2012 dismissing the case considering that Cebu Fortune is no longer interested to pursue the case.
11	Danilo S. Malacad et al. vs. Pantalan, Mr. Antonio C. Ignacio, Jr & PPA and Goldcrest Investment International Consultancy Services (GIICS), Intervenor	Civil Case No. 10123320 RTC-Manila, Branch 21	Declaration of Absolute Nullity/ Nullification of "Joint Authority" Separate Enforcement of Final Judgment, with TRO; Prayer for release of a portion of COLA and AA receivables	Hearing for TRO is still ongoing.
12	Government Service Insurance System vs. PPA	Arbitration Case No. 2012-01	Ownership of the Manila International Container Terminal Area	Awaiting for the Order directing PPA and GSIS to draft Joint Terms of Reference.
13	Lepanto Consolidated Mining Co. vs. PPA	Civil Case No. 3920, MTTC Br. 2, San Fernando, La Union	Unlawful Detainer, With Prayer For PPA to Vacate the Premises and for Reasonable Compensation For The Actual Occupancy Of The Property Payment of Rental Fees amounting to P 7,325,121.90 as referred to with the proposed rental rates provided by Lepanto Consolidated Mining Co., dated March 28, 2012.	At pre-trial stage. Referred for Judicial Dispute Resolution (JDR). JDR reset to January 14, 2014.
14	Manila International Ports Terminal Inc. (MIPTI) vs. PPA	RTC-Manila, Branch 15, Civil Case No. 86-37673 C.A No.80775 SC GR.NO. 196252 196199	Damages arising from the takeover by PPA of the MICT just after the EDSA revolution.	RTC declared EO 30 unconstitutional and ordered PPA to return and restore all equipment and properties taken during take over or to pay P180M; P1.5M/mo for actual damages for loss of income; P1.5/mo as rental for use of equipment; P200k exemplary damages; P500k attorney's fees. CA modified RTC decision as follows: PPA ordered to pay MIPTI P19M at interest rate of 6%; P250,000/mo. for unrealized profits Awaiting Court Resolution.
15	United Harbor Pilot's Association of the Philippines (UHPAP) vs. PPA et al.	RTC-Manila, Branch 55, Civil Case No. 02-104716; Re-raffled to Branch 22, Civil Case No. 88-4726 CA-G.R. 93775	Declaratory Relief, Injunction with Preliminary Injunction or Temporary Restraining Order and Damages; To order PPA to reimburse collected amount equivalent to 10% government share	RTC denied prayer for injunctive relief; declared illegal and unconstitutional provisions of PPA AO 03-85 and all subsequent issuances imposing 10% government as illegal; with permanent injunction from implementing said issuance. PPA filed an appeal with CA and in a Decision dated July 26, 2013, the latter quashed the writ of injunction issued by RTC and set aside the RTC decision and declared PPA AO 03-85 as valid and constitutional. UHPAP filed a Motion for Reconsideration on September 2013 and PPA filed its Comment thereon on October 23, 2013.
16	PPA vs. Pambansang Tinig at Lakas ng Pantalan	Special Civil Action No. 08118633 C.A.G.R. SP NO. 107730 SC G.R. No. 192836	Mandamus with Prayer for Issuance of a Writ of Preliminary Mandatory Injunction; To direct PPA to actually integrate COLA and AA	RTC granted the prayer and ordered PPA to actually integrate COLA and AA to the employees' basic salaries and to pay differentials and attorneys fees. CA Decision dated Jan. 29, 2010 affirming RTC Decision. PPA filed Petition for Review with SC which is still pending.

No.	Case Title	Case No. / Court	Description	Status
17	PPA vs. Mindanao Terminal and Brokerage Services (MINTERBRO)	Civil Case No. 87-42747, RTC Br. 14, Manila CA GR CV No. 35884 SC G.R. No. 170269 G.R. No. 163286	Collection of Sum of Money in the amount of P13,738,590.40 Petition for Review on Certiorari with prayer for TRO and Preliminary Injunction	RTC granted the prayer ordering MINTERBRO to pay P36,585,901.18 and cost of suit. CA issued Decision dated Nov. 21, 2002 affirming in toto the RTC decision. Decision became final and executory on Dec. 20, 2002. On April 21, 2004, CA issued a resolution affirming the entry of judgment. However, the judgment was not implemented in view of the pendency of the resolution on Minterbro's motion for reconsideration of the declaration of finality of judgment. PPA received the petition on May 20, 2004. In a Decision dated Aug. 22, 2012, SC declared as final and executory the CA Decision dated Nov. 21, 2002 which affirmed the decision of RTC Manila dated August 28, 1990 in favor of PPA ordering Minterbro to pay the amount of P36,585,901.18 and the cost of suit. MINTERBRO'S Motion for Reconsideration of the Decision dated 22 August 2012 was DENIED with FINALITY, the basic issues raised therein having been duly considered and passed upon by the Court in the decision and no substantial argument having been adduced to warrant the reconsideration sought. No further pleadings or motions shall be entertained. Let entry of final judgment be made in due course as per Resolution dated December 5, 2012. Entry of Judgment and Letter of transmittal to the CA on 12 March 2013, the Court resolves to EXPUNGE from the records the motion for reconsideration of the Resolution dated 19 June 2013 filed by MINTERBRO dated 20 August 2013 as per SC Resolution dated 09 October 2013.
18	PPA vs. Heirs of Paulina Acosta, (Represented by Aniceto Tolentino, et al.); Heirs of Marciano Gabia Manalo and Lucia Gabia (represented by Romeo Manalo, et al.	Civil Case No. 5447 RTC Batangas City Branch 84	Expropriation	This is a case for Expropriation covering the batangas port development Project Phase II. On June 22, 2009, the Supreme Court issued a Resolution declaring the just compensation at P425 per square meter and with a directive to pay 12% interest per annum from the date of PPA's entry to lots on Sept. 11, 2001 until fully paid less initial payments made to lot owners and deductible taxes. Payments to the landowners are currently being undertaken subject to the presentation of appropriate documents. Remaining balance for Just Compensation as of December 31, 2013 is Php 99,000,118.41.
19	Pier 8 Arrastre and Stevedoring Services, Inc. vs. PPA, Juan C. Sta. Ana, Oscar Sevilla and MNHPI	Civil Case No. 11-125680 RTC Branch 33, Manila	Damages, Actual, Moral and Exemplary Damages of at least 2 million, and Injunction	At pre-trial stage. Next Pre-trial hearing is scheduled on March 4, 2014 at 8:30 A.M.
20	Pier 8 Arrastre and Stevedoring Services, Inc. vs. PPA	Civil Case No. 00-97157 RTC Branch 19, Manila Court of Appeals CA-G.R. 100359	Injunction with Damages (With Prayer for Temporary Restraining Order and Writ of Preliminary Injunction)	A Decision dated December 28, 2012 was issued by RTC dismissing the case but ordering PPA to pay rentals for the equipment of PASSI in the amount of P4,800,838.00. In an Order dated February 20, 2013, PPA is considered discharged of its liability as adjudged in the Decision dated December 28, 2012. PASSI filed its Appeal with the CA. PPA filed its Appeal Brief dated January 3, 2014.
21	Shipside Inc. vs. PPA	Civil Case No. 3917, RTC Br. 2, San Fernando La Union	Unlawful Detainer, With Prayer For Reasonable Compensation For The Actual Occupancy Of The Property located in San Fernando	Pre-trial Conference is terminated. Parties were directed to file position paper within 30 days from receipt of the Court's Pre Trial Order. Still awaiting for the Court's Pre-trial Order.
22	United Dumangas Port Development Corp. (UDPDC) and Wilhelm Divinagracia vs. Juan Sta. Ana et. al	Sp. Civil Action No. 11-30890	For Indirect Contempt, with Prayer for Damages of P50K per day from Feb. 18, 2011, P330k as attorney's fees, P250k litigation expenses, P1M for moral and other damages	The case was submitted for Decision per Resolution dated 23 May 2013.

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