

ANNUAL
REPORT
2016

SHAPING
THE FUTURE
OF PHILIPPINE
GATEWAYS

SHIPPING & TRADE

Total cargo volume during the year posted an 8.98% increase. Meanwhile, container traffic grew 11.23% year-on-year. Passenger count went up by more than six million for a 9.86% growth, while shipcalls increased by nearly 38,500, mostly by domestic ships, as tourists and travellers increasingly patronized and relied on sea travel.



PORT SERVICES

As part of its mandate to provide responsive, uninterrupted and streamlined services to its clients, the Philippine Ports Authority engages and partners with private entities for the development of private port facilities.



ABOUT THE REPORT

Beyond promoting good governance, PPA has created an environment that has brought out the best in its leaders and has continuously nurtured a strong, well-trained workforce. These efforts have brought PPA to the forefront of the future and have opened gateways for the country to realize national progress and development. These initiatives are expressed on the cover design, centering on the theme – *Shaping the Future of Philippine Gateways*.

An aerial view of one of the country's upgraded port facilities brings to focus the Organization's continued initiative in elevating the standards of doing business and in upholding its mission in uplifting its workforce to promote developments in different port communities. The front cover gatefold showcases the new vision, mission, values and performance highlights, presented in vibrant play of colors and images, expressive of the work culture of PPA.

SUSTAINABILITY

In 2016, the Authority targeted 16 ports for Quality Management System Certification for Vessel Entrance/Clearance (VEC) under the ISO 9001:2008 standards: North Harbor, South Harbor, Lamao, Tagbilaran, Lucena, San Fernando, Tacloban, Dumaguete, Ormoc, Calapan, Nasipit, Surigao, Cotabato, Dapitan, Pulpandan and Iligan. The PPA Head Office was likewise included for Certification on Corporate Support and Services on the Administration, Planning and Control of Resources for Port Management Offices.



INFRASTRUCTURE DEVELOPMENT

Considerable resources are allotted by the Authority each year for the construction and maintenance of infrastructure and facilities nationwide to improve the ports' efficiency, capacity and service standards consistent with the government's development agenda and strategic objectives as well as PPA's vision of providing globally competitive services.



01
MISSION / VISION
MANDATE
CORE VALUES

MESSAGE OF THE
GENERAL MANAGER 04

A BOLD STATEMENT

02 PERFORMANCE
AT A GLANCE

SHIPPING
& TRADE

08

PERFORMANCE

07
PPA STRATEGY MAP
AND CSR STATEMENTS

PORT SERVICES 12

16
PHYSICAL
INFRASTRUCTURE
DEVELOPMENT &
MAINTENANCE

FINANCIAL
PERFORMANCE 18

22
SUSTAINABILITY,
ENVIRONMENT
& PEOPLE

37
LOCALLY-FUNDED
PROJECTS

41
PORT STATISTICS

32
OUR
LEADERS

45
STATEMENT OF
MANAGEMENT
RESPONSIBILITY

46
INDEPENDENT
AUDITOR'S
REPORT

47
FINANCIAL
STATEMENTS

51
NOTES TO FINANCIAL
STATEMENTS

CORE VALUES

Excellence. Professionalism, Efficiency
Creativity. Innovation, Adaptability
Customer Satisfaction. Customer Focus
Responsible Citizenship. Sustainability,
Accountability, Risk Management

Ethics. Integrity within moral bounds.
Sincerity. Commitment to fulfill mandate.
Teamwork. Synergy of working together.
Esprit de corps



MANDATE

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

VISION

"By 2020, PPA shall have provided port services of global standards."

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.

PERFORMANCE AT A GLANCE

Financial Performance



TOTAL REVENUE
Php14.320B
 ▲ 7.78%
 from 2015



EXPENSES
Php7.648B
 ▲ 4.09%
 from 2015

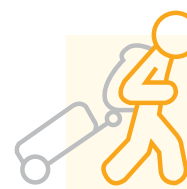


NET INCOME AFTER TAX
Php4.699B
 ▲ 15.82%
 from 2015

Shipping & Trade Performance

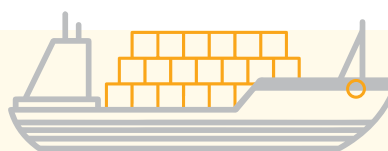


CONTAINER TRAFFIC
6.520M TEUs
 ▲ 11.23%
 from 2015



PASSENGER TRAFFIC
68.951M
 ▲ 9.86%
 from 2015

CARGO THROUGHPUT
243.758 MMTs
 ▲ 8.98%
 from 2015



SHIP TRAFFIC
433,580
 ▲ 9.74%
 from 2015

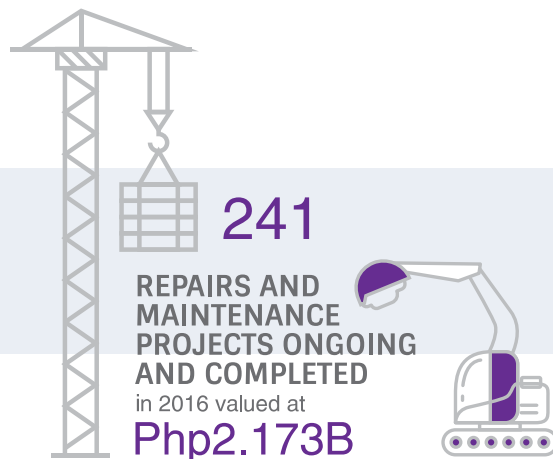
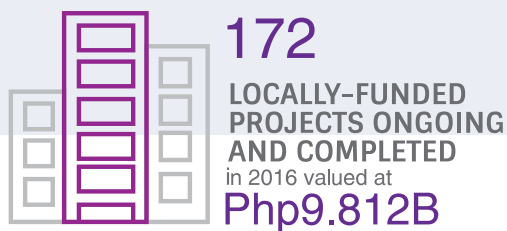
Dividend Remittance



REMITTED TO THE NATIONAL GOVERNMENT
CASH DIVIDEND
Php1,956,428,807

▼ Php202,033,820 or 9.36% from 2015 due to increased Investment in Fixed Assets which is a special deduction in arriving at the Dividend due the National Government based on the revised IRR issued by DOF on the GOCC Dividend Law.

Physical Infrastructure Development & Maintenance



Financial Performance Indicators

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

3.06:1 in 2016 versus 2.81:1 in 2015

This year's ratio increased to 3.06 from last year's 2.81; meaning PPA has Php3.06 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%

14.46% in 2016 versus 12.45% in 2015

This year's ROA went up to 14.46% from last year's 12.45% due to the increase in net operating income.

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

35.55% in 2016 versus 36.28% in 2015

This year's port operating ratio decreased to 35.55% from last year's 36.28% which is 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 the PPA at the relevant time. Resultant ratio must be <1.

0.09:1 in 2016 versus 0.09:1 in 2015

This year's ratio of 0.09:1 is safely within the required limit.

A BOLD STATEMENT



We shall continue to support nation-building by improving inter-connectivity within the archipelago and further enhancing passenger experience by continuously upgrading facilities and strengthening safety and security protocols without compromising operational efficiency, passenger comfort and convenience.





The Philippine Ports Authority performed well in 2016, both financially and operationally, enabling the agency to remit almost Php2.0 billion in cash dividends to the National Treasury while at the same time improving service delivery for the convenience and satisfaction of our passengers, customers and port stakeholders.

Our revenues for the year posted a 7.78% growth to Php14.32 billion from Php13.29 billion in 2015, resulting in a net income after tax of Php4.7 billion, a 15.8% increase from the previous year's Php4.06 billion.

The significant increase in PPA's revenues and net profit compared with the previous year is mainly due to higher volume of vessels, cargo and passengers passing through the country's seaports – reflecting a buoyant economy and a robust tourism industry that is primarily catered to by inter-island travel.

Such accomplishments have contributed to the efforts of the national government to enhance the country's positive image and attract more tourists and investments to further boost one of the region's fastest growing economies that in 2016 posted an impressive GDP growth of 6.9%.

We shall continue to support nation-building by improving connectivity within the archipelago while at the same time enhancing passenger experience by continuously upgrading facilities and strengthening safety and security protocols without compromising operational efficiency, passenger comfort and convenience.

This is of course in line with President Rodrigo Duterte's marching orders to ensure connectivity using the Roll-on Roll-off (Ro-Ro) vessels, as well as to pursue an intermodal transport system to complement the Ro-Ros.

The upward trend in the utilization of our ports has also led the PPA leadership to think forward by expanding capacities in existing ports and further improving our frontline services, or venturing into areas not traditionally served by the Authority.

Likewise, we revisited all the rules and regulations governing our ports during the year to identify what needs to be updated because these regulations have remained practically static over the last few decades while the world has undergone profound and highly dynamic change driven by innovation and cutting edge technology.

We have initiated a rationalization and indexation of these rules, setting annual targets for the medium- to long-term. Among the results of these efforts is the Orange Book, a practical, three-volume handbook on safety and dangerous cargo handling that should become a handy reference for port operators and even the private sector.

We started categorizing ports according to their capabilities in cargo handling and providing other major services, as well as their potentials for privatization, among others.

MICT



The year 2016 also showed the need for a rationalized implementation of a succession planning within the Authority because many senior staff members are soon to retire, so we started a major policy study to address this. The plan includes training future managers and filling up vacant positions to ensure seamless transition.

To ensure compliance with internationally accepted maritime policies and best practices, we continue to improve our internal systems and procedures by shifting to an integrated management system and pursuing Quality Management Systems and ISO certifications as part of PPA's vision to provide globally competitive services.

We streamlined our frontline services and business procedures, in particular reducing by up to 90% the processing time for the issuance of the most common permits sought by port users by limiting to a maximum of three the required signatures per document, among others. This was adopted in August 2016.

Likewise, we operationalized the e-Permit System, an online platform that allows port users to file applications for various permits such as to operate ancillary services; entrance and clearance of vessels; entry or withdrawal of cargo from government ports; as well as the issuance of annual and daily vehicle passes.

And, to further enhance the public's travelling experience by sea, we installed free Wi-Fi connections in 69 passenger terminal buildings all over the archipelago as of October 2016, leaving only 34 PTBs without free Wi-Fi connectivity due to various constraints, including the lack of service providers in some areas.

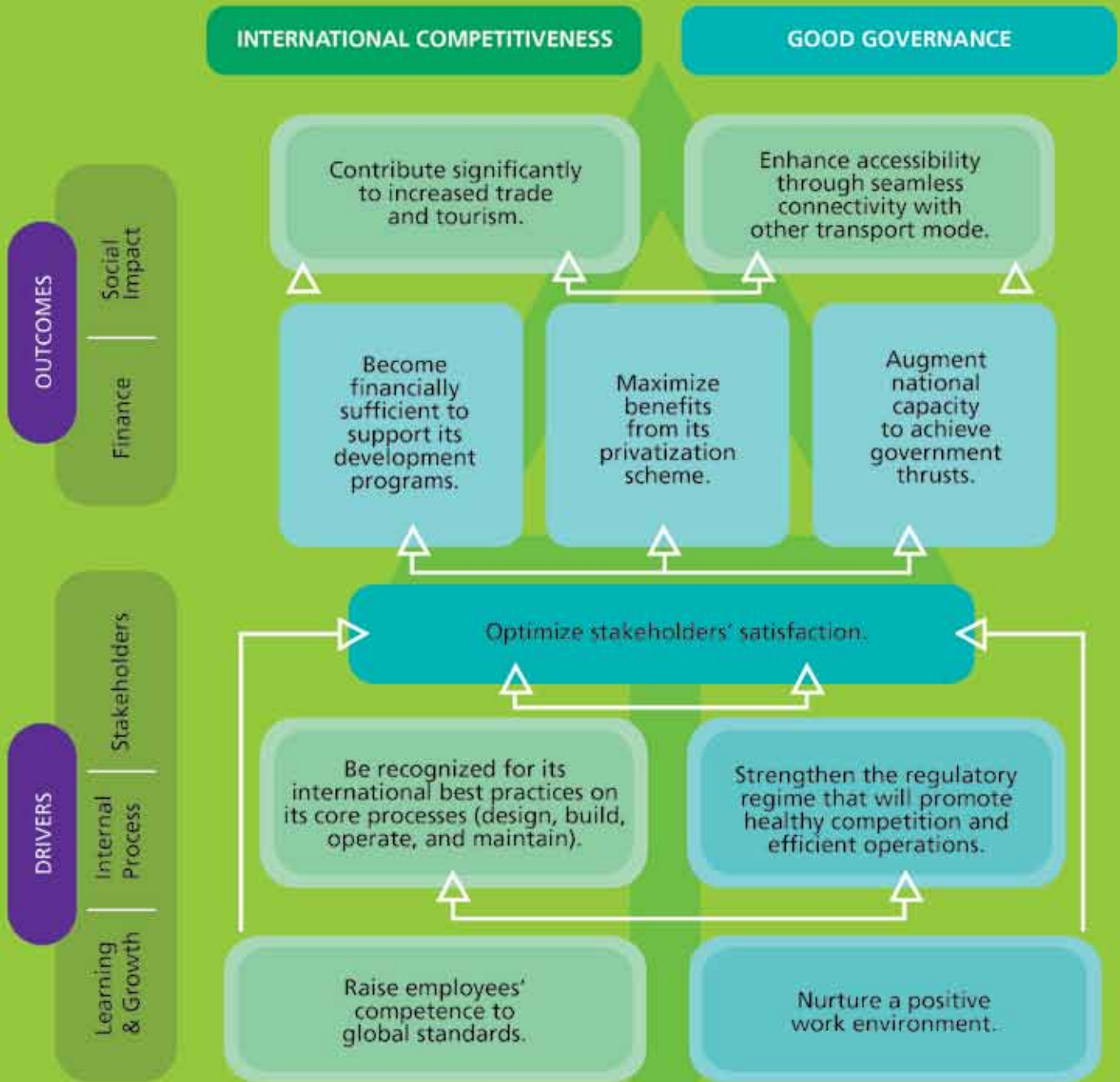
On top of all these, we laid the groundwork for major projects such as the Wharf for Rail-Mounted Gantry Crane for the Ports of Iloilo, Makar (General Santos), Zamboanga and Cagayan de Oro, while continuing to improve existing facilities for increased productivity and to maintain the ports' optimum capacity.

All of these sterling achievements, however, have only been possible because of the dynamic team spirit among the men and women of the PPA – each of whom rises to the challenge of providing efficient and dedicated service to all port stakeholders even under the most difficult circumstance.

Mabuhay po tayong lahat and full speed ahead!


JAY DANIEL R. SANTIAGO
 General Manager

THE PPA STRATEGY MAP



CORPORATE SOCIAL RESPONSIBILITY (CSR) STATEMENTS

As a leading GOCC, PPA continued in 2016 to work towards upholding the highest standards of corporate governance by simply being a responsible corporate citizen. This entailed: (i) developing and operating ports that catered 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 benefited to both port stakeholders and the government; and (iv) uplifting the lives of its employees by giving them a conducive work environment and offering opportunities for career advancement.

SHIPPING & TRADE PERFORMANCE



Port of Batangas

The significant increase in the Authority's revenues and net income in 2016 mirrored the Philippines' robust economic performance which posted an impressive 6.9% GDP growth – topping the previous year's 5.8% acceleration – as more vessels, cargo and passengers passed through the country's seaports.

Total cargo volume during the year posted an 8.98% increase. Meanwhile, container traffic grew 11.23% year-on-year. Passenger count went up by more than six million for a 9.86% growth, while shipcalls increased by nearly 38,500, mostly by domestic ships, as tourists and travellers increasingly patronized and relied on sea travel.

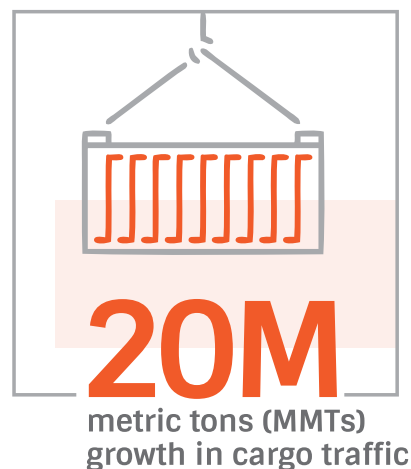
Cargo

Cargo traffic grew by more than 20 million metric tons (MMTs) in 2016, reaching 243.78 MMTs from the previous year's 223.67 million for an 8.98% hike. Foreign cargo increased by 10.97%, reaching 149.39 MMTs or more than 14.77 million from the previous year's 134.62 MMTs. Domestic cargo went up by 5.97% from 89.05 MMTs to 94.36 MMTs.

The growth in foreign cargo was mainly driven by imports which totalled 85.03 MMTs, showing an increase of more than 11.26 million from the 73.77 MMTs in 2015. The 15.27% annual growth was the result of a robust domestic consumption and increased economic activities.

Export cargo, likewise, saw a 5.76% increase from 60.86 MMTs to 64.36 MMTs to reflect a growing export market. Growths were most pronounced at the ports of MICT, South Harbor, Limay, Cagayan de Oro and General Santos.

Domestic cargo improved nearly 6.00% with notable performances, registered in the ports of North Harbor, MICT, Cagayan de Oro, Davao and Iloilo due to higher demand for crude minerals, grains, fuel products and construction materials, i.e., cement and metals, especially in the countryside.



	2016	2015	Inc/(Dec)	
			Volume	%
Cargo (MT)	243,757,530*	223,672,070	20,085,460	8.98
Domestic	94,364,460	89,051,207	5,313,253	5.97
Foreign	149,393,069	134,620,863	14,772,206	10.97
Import	85,031,592	73,765,548	11,266,044	15.27
Export	64,361,478	60,855,315	3,506,163	5.76
Container (in TEUs)	6,520,264	5,861,830	658,434	11.23
Domestic	2,636,882	2,379,708	257,174	10.81
Foreign	3,883,382	3,482,122	401,260	11.52
Import	1,976,050	1,737,873	238,177	13.71
Export	1,907,332	1,744,249	163,083	9.35
Passenger	68,951,205	62,762,732	6,188,473	9.86
Embarked	33,316,950	32,194,820	1,122,130	3.49
Disembarked	35,634,255	30,567,912	5,066,343	16.57
Shipcalls	433,580	395,095	38,485	9.74
Domestic	421,265	384,897	36,368	9.45
Foreign	12,315	10,198	2,117	20.76

*Discrepancy due to rounding off.





Port of General Santos

658,434
TEUs

growth in
containerized
cargoes



Container (TEUs)

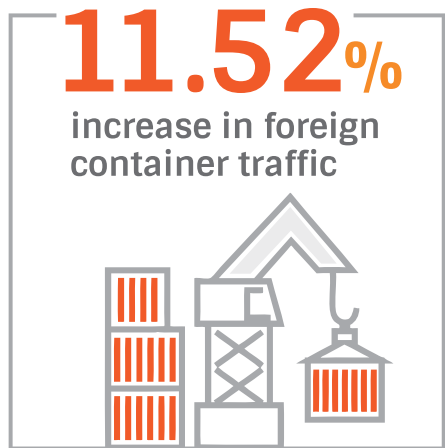
Traffic in containerized cargoes grew to 658,434 TEUs, or 11.23% from 2015, with domestic container volume rising at 10.81%. Among the baseports, North Harbor ranked first in terms of domestic volume handled in 2016 with 1,238,514 TEUs out of the total 2,636,882 TEUs, or 46.97% of the domestic container volume for the year.

Foreign container traffic expanded by 11.52%, a major improvement compared with the previous year's 3.82% growth, reflecting a recovery in the global economy. In particular, growth in import container volume was significant at 13.71% from the previous year's 1.50% as a result of renewed investor confidence in the new administration.

The MICT was the leader in terms of the volume of foreign containerized cargo, handled during the period with 2,173,988 TEUs, or 55.98% of the total of 3,883,382 TEUs.



Port of Davao



Passenger

Passenger traffic increased by 6.19 million (9.86%) during the year, owing primarily to increased reliance on Ro-Ro vessels, fastcrafts and motorized bancas for domestic inter-island travel. Vigorous government promotions of leisure travel to island destinations like Boracay, Puerto Galera, Coron, El Nido and other popular tourist spots likewise helped achieve a total passenger count of nearly 69 million from 62.76 million in 2015.

Shipcalls

A total of 433,580 vessels were serviced nationwide by the Authority in 2016, higher by 38,485 compared with the previous year's 395,095 vessels, showing a 9.74% growth. Domestic shipcalls, which comprised more than 97% of all shipping traffic, posted a 9.45% increase due to higher number of passenger vessel trips. Foreign shipcalls also registered a healthy 20.76% volume hike as the growing economy needed to bring in more raw materials, commodities and consumer goods.

Productivity Performance of Manila's Ports (North Harbor, South Harbor and MICT)

The Authority strengthened the monitoring of anti-port congestion measures, as well as the movement of containers at Manila ports in 2016 to ensure interminable operations and to ease congestion that became a pressing issue in the prior years. Performance indicators were established along with other measures to gauge the productivity and capacity of ports to deliver efficient service.

Following are the comparative performances of Manila's ports, based on key indicators:

**Performance Indicators of Manila Ports
Monthly Average Rate as of December 2016**

	Berth Occupancy Rate	Yard Utilization Rate	Quay Crane Productivity (move/hr)
North Harbor	71.48%	47.00%	25.90
South Harbor	58.42%	68.42%	26.17
MICT	69.42%	61.57%	26.32

Indicative data, particularly Yard Utilization Rate, showed no signs of congestion.

For ports outside Manila, PPA considered the adoption of similar indicators to benchmark the performance of vessel and cargo operations according to the type of traffic that the ports catered to - be they bulk, breakbulk or containerized.



PORT SERVICES



Port of Basco

Permits/Clearances to Develop Private Port Facilities

As part of its mandate to provide responsive, uninterrupted and streamlined services to its clients, the Philippine Ports Authority engaged and partners with private entities for the development of private port facilities.

In 2016, the Authority approved seven applications for Permit/Clearance to develop private port facilities in various locations nationwide:

	PRIVATE PORT OWNER/OPERATOR	LOCATION
1	Titan Mining and Enegy Corporation	Brgy. San Ignacio, Manay, Davao
2	Mil-Oro Mining Corporation	Brgy. Macambol, City of Mati, Davao
3	ERENAS Petroleum & General Services, Inc.	
4	Atlantic Grains Incorporated	Calaca, Batangas
5	Phoenix Petroleum Philippines, Inc.	Brgy. Katipunan, Villanueva, Misamis Oriental
6	Phoenix Petroleum Philippines, Inc.	Tambler, General Santos City
7	Phoenix Petroterminals & Industrial Park Corporation	Brgy. Puting Bato, Calaca, Batangas

Real Estate Management

To optimize idle assets at the ports and to generate additional revenues, the Authority sought private partners to provide ancillary port services, resulting in the approval of four lease contracts and 579 applications for permit to occupy vacant port properties.

Lease Contracts Issued CY 2016

	LESSEE	PORT MANAGEMENT OFFICE
1	Manila North Harbour, Inc.	NCR North
2	Maritime Industry Authority	Surigao
3	Maritime Industry Authority	Misamis Oriental/Cagayan de Oro
4	Movers and Managers Corporation	NCR South

The Authority sought private partners to provide ancillary port services

4 approved lease contracts



&

579 applications for permits



Port of Batangas



Port of Batangas

Operation and Development of Private Ports

The following port operators were issued Certificates of Registration or Permits to Operate (COR/PTO) by the Authority during the year:

PRIVATE PORT OWNER/OPERATOR	LOCATION
1 SMC Shipping and Lighterage Corporation	Brgy. Namonitan, Sto. Tomas, La Union
2 San Miguel Consolidated Power Corporation	Brgy. Culaman, Malita, davao del Sur
3 Palm Concepcion Power Corporation	Sitio Puntales, Brgy. Nipa, Concepcion, Iloilo
4 Siddharta Holdings Co., Inc.	Sitio Baloy, Brgy. Tablon, Cagayan de Oro
5 SMC Shipping and Lighterage Corporation	Baseco Compound, Mariveles, Bataan
6 Empire East Land Holdings, Inc./ South Point Science Park, Inc.	Brgy. Guimalas Balayan, Batangas
7 Algimar Port Management and Allied Services, Inc.	Brgy. Tugbo, Pinamarbuhon, Mobo, Masbate
8 Rolando M. Magsino (Landoor Pier)	Brgy. San Juan, Mabini, Batangas
9 Santa Clara Shipping Corporation	Brgy. Jubasan, Allen, Northern Samar
10 Universal Robina Corporation	Km. 10, Sasa, Davao
11 Jetti Petroleum, Inc.	Brgy. Lucanin, Mariveles, Bataan
12 Island Integrated Offshore Services, Inc. (ISLOFF)	Cristobal, Paco, Manila
13 North Luzon Renewal Energy Corp.	Brgy. Caparispisan, Pagudpud, Ilocos Norte
14 La Filipina Uygongco Corp. (LFUC)	Brgy. Ignore, La Paz, Iloilo City
15 Hinatuan Mining Corporation	Brgy. Buenavista, Guiuan, Eastern Samar
16 Unifrutti Tropical Philippines, Inc. (Craft Haven International Services, Inc.)	Km. 15, Panacan, Davao City
17 Mil-Oro Mining Corporation	Brgy. Macambol, Mati City, Davao Oriental
18 Minergy Power Corporation	Brgy. Mandangao, Balingasag, Misamis Oriental
19 Dive Industries Philippines, Inc.	Sitio Marina Beach, Brgy. Alas-Asin, Mariveles, Bataan
20 Pagbilao Energy Corporation	Brgy. Ibabang Polo, Pagbilao, Quezon
21 Cathay Pacific Steel Corporation	No. 18, Purok 1, Dr. A. Natividad St., Napindan, Taguig City
22 Simon Lori Holdings, Inc./ Simon Enterprises, Inc.	3403 Lubiran St., Bacood, Sta. Mesa, Manila
23 Universal Robina Corporation	Pasig, Blvd., Bagong Ilog, Pasig City
24 Rio Tuba Nickel Mining Corporation (Hydrometallurgical Processing Plant)	Rio Tuba, Bataraza, Palawan
25 Pilipinas Shell Petroleum Corporation	Brgy. Rawis, Anibong, Tacloban City
26 SR Metals, Inc.	Brgy. La Fraternidad, Tubay, Agusan del Norte
27 Westernshore Nickel Corporation	Brgy. Imelda, Tubajon, Dinagat Island

Cargo Handling Operations

As a matter of policy, PPA continuously delegated the provision of cargo handling services to private partners. In 2016, the Authority awarded 26 Cargo Handling Contracts/Permits/Hold-Over Authorities (HOA), ranging in duration from six months to ten years, as follows:

CHO Contracts/Permits/HOA Issued CY 2016

CARGO HANDLING CONTRACTOR	PORT
10-year Contract	
Prudential Customs Brokerage Services, Inc.	Dapitan
5-year Contract	
Batanes Merchant Services Corporation	Basco
3-year Contract	
CCF Seaport Services	Salomague
Southports Arrastre Stevedoring Services, Inc.	Cantilan
Liloy Cargo Handling Services Corp.	Lamao
1-year HOA	
Calapan Labor Service Development Cooperative	Calapan
Sorsogon Terminals and Arrastre Services Corp.	Matnog
Masbate Consolidated Arrastre and Stevedoring, Inc.	Masbate
Prudential Customs Brokerage Services, Inc.	Brooke's Point
Iloilo Integrated Arrastre Services Co.	Iloilo
PPA Culasi Port Services	Culasi
Antique CH & Port Terminal Services, Inc.	San Jose de Buenavista

CARGO HANDLING CONTRACTOR	PORT
1-year HOA (continued)	
Visayan Vets Port Services	Iloilo Commercial Port Complex
FTM Brokerage & Port Services, Inc.	Jordan
FTM Brokerage & Port Services, Inc.	Estancia
Panaon Arrastre Services, Inc.	Maasin
IMASCO Arrastre and Stevedoring Co., Inc.	Iligan
Concord Arrastre and Stevedoring Corp.	Butuan/Masao
Apollo Arrastre and Stevedoring Services, Inc.	Tandag
South Cotabato Integrated Port Services, Inc.	General Santos
6-months HOA	
Batanes Merchant Services Corporation	Basco
Prudential Customs Brokerage Services, Inc.	Larena
San Jose United Arrastre Stevedoring Services, Inc.	San Jose, Carangian
Davao Integrated Port and Stevedoring Services Corp.	Sasa
Filipinas Port Services, Inc.	Sasa

Harbor Pilot Appointments

For the year in review, eight regular and three probationary appointments for harbor pilots were issued in different pilotage districts. Per PPA A.O. No. 01-95, there were 181 authorized harbor pilot positions, of which 112 were filled up while five posts were under probation and the remaining were 64 vacant positions.

Harbor pilot selection and appointment would be further rationalized upon the issuance of the Omnibus Pilotage Regulations aimed at addressing issues and concerns hounding the sector for quite some time.

Privatization of Passenger Terminal Buildings

Biddings were conducted in various ports for the privatization of PTBs, resulting in the issuance of Notice of Award to eight winning bidders for a 5-Year Contract of Lease, Management, Operation and Maintenance to PTB Operators during the year. These biddings were as follows:

- a. RASI (Port of Legazpi on 29 Jan. 2016)
- b. PAPTSI (Port of Tubigon on 13 Apr. 2016)
- c. WCCHSS (Port of Pio Duran on 01 Apr. 2016)
- d. JASI (Iloilo Fastcraft Terminal on 15 Apr. 2016)
- e. JASI (Port of Larena on 05 May 2016)
- f. JASI (Port of Dumaguete on 05 May 2016)
- g. MCASSI (Port of Bulado, Guihulngan on 04 July 2016)
- h. SMISCO (Port of Tagbilaran on 03 Oct. 2016)



PHYSICAL INFRASTRUCTURE DEVELOPMENT & MAINTENANCE



Port Development

Considerable resources were allotted by the Authority for the year for the construction and maintenance of infrastructure and facilities nationwide to improve ports' efficiency, capacity and service standards, consistent with the government's development agenda and strategic objectives, as well as PPA's vision of providing globally competitive services.

Locally-Funded Projects

The amount of PPA's Locally-Funded Projects (LFP) during the year totalled Php9.812 billion, covering 172 projects, both new and carry-over. Of these, 54 projects were in Luzon ports, 63 in the Visayas ports, and 55 in Mindanao ports. As of December 2016, the conditions of these locally-funded projects were as follows:

	Luzon			Visayas			Mindanao			Total
	Head Ofc	Field Ofc	Total	Head Ofc	Field Ofc	Total	Head Ofc	Field Ofc	Total	
Completed	8	12	20	10	16	26	5	17	22	68
Ongoing	14	2	16	13	7	20	12	4	16	52
Terminated	-	-	-	-	-	-	-	-	-	-
Suspended	-	-	-	-	1	1	-	-	-	1
Under Procurement (Under DE/POW/etc.)	-	18	18	-	16	16	-	17	17	51
Total	22	32	54	23	40	63	17	38	55	172

Dredging Operations

PPA engaged, during the year in review, private firms WTG Construction & Development, Kwan Sing Construction Corp. and IBC Builders International Corporation to perform silt removal at various piers and harbors to ensure serviceable water depths for the safe navigation of large vessels.

As of end of December 2016, a total of 773,644.70 cubic meters of silt was removed from the following: Zamboanga Port; South Harbor Entrance Channel and Fairway leading to Pier 15; El Codo at the Pasig River, Manila; Fort San Pedro, Panay/Guimaras; Sta. Cruz Port, Marinduque/Quezon; Bulan Port, Sorsogon; San Andres Port, Catanduanes; Tagbilaran Port, Bohol; North Harbor Pier 16 (Marine Slipway); Port of Legazpi; Port of Lucena; Piers 3 and 15 at the South Harbor; Port of Currimao; and, Port of Salomague.

Repair and Maintenance Program

Total earmarks for repairs and maintenance in 2016 amounted to Php2.511 billion, covering 241 projects nationwide. They included Php1.502 billion for new repairs, Php1.104 billion for carry-over repairs and Php137.89 million for routine maintenance works.

By yearend 2016, 157 projects were completed and 68 were ongoing while 16 were started. Value of physical accomplishments was at Php2.173 billion or 86.5% of the outlay.



FINANCIAL PERFORMANCE

Overview

With the ascent of the popular Duterte administration starting at the second half of 2016, the Philippine Ports Authority displayed renewed vigor during the year, as the entire country looked up with hope and enthusiasm for a better future which, in turn, created a positive socio-economic environment, conducive to business and tourism.

The accompanying surge in business and investor confidence propelled the Philippine economy to new heights, posting an impressive 6.9% GDP growth, which placed the country as one of the best performing economies in the region and in the world. It also breathed new life into the country's tourism industry, as more domestic and foreign travellers explored the archipelago's unique and diverse tourist destinations.

The economic boom, translated to more economic activities, increased demand for consumer goods, commodities, raw materials and other production inputs. The enthusiasm, brought about by a positive economy and stronger confidence in government, encouraged the general population to travel in search of better business and livelihood opportunities, or simply to find new places to explore and discover.

Against this backdrop, the Philippine Ports Authority proved ready and able to fulfil its institutional mandates, as well as to respond to the challenge of the new leadership to be a catalyst in national development by providing reliable, efficient and customer-focused services for the benefit of all port stakeholders and the general public nationwide.

Comparative Revenue and Expense

For the Years ended 31 December 2016 and 2015

(In Million Pesos)

Particulars	2016		Inc/Dec.		2015		Inc./Dec.	
	Actual	Target	Amount	%	As Restated	Amount	%	
REVENUE								
Port Revenue	14,228.24	13,097.23	1,131.01	8.64	13,197.61	1,030.63	7.81	
Port Dues	617.84	515.84	102.00	19.77	519.88	97.95	18.84	
Dockage (Berthing)	599.73	474.57	125.15	26.37	476.45	123.27	25.87	
Dockage (Anchorage)	604.15	549.02	55.13	10.04	574.89	29.27	5.09	
Usage Fees	410.91	369.51	41.40	11.20	364.68	46.23	12.68	
Lay-up Fees	6.60	1.76	4.83	274.89	2.17	4.43	204.07	
Wharfage Dues	2,497.16	2,423.58	73.58	3.04	2,296.11	201.05	8.76	
Storage	1,009.85	1,128.48	(118.63)	(10.51)	1,527.49	(517.64)	(33.89)	
Arrastre/Stevedoring	615.94	645.83	(29.88)	(4.63)	583.54	32.41	5.55	
Ro-Ro Fees	276.61	205.64	70.96	34.51	190.26	86.34	45.38	
VTMS	18.82	16.89	1.93	11.44	17.90	0.92	5.13	
Other Income	738.41	646.15	92.27	14.28	712.45	25.96	3.64	
Pilotage	63.39	50.81	12.58	24.75	52.17	11.22	21.51	
ICTSI Fees	4,494.74	4,002.64	492.11	12.29	3,960.32	534.42	13.49	
ATI Fees	2,062.04	1,854.46	207.58	11.19	1,715.39	346.64	20.21	
MNHPI	212.05	212.05	0.00	0.00	203.90	8.16	4.00	
FMI	91.89	45.49	46.40	101.99	88.97	2.91	3.27	
Total Revenue	14,320.12	13,142.71	1,177.41	8.96	13,286.58	1,033.54	7.78	
EXPENSES								
Operating Expenses	7,419.98	8,274.69	(854.70)	(10.33)	7,188.31	231.67	3.22	
Personal Services	1,093.71	2,553.55	(1,459.84)	(57.17)	1,225.21	(131.51)	(10.73)	
R&M	2,034.86	2,511.06	(476.20)	(18.96)	1,819.39	215.47	11.84	
Dredging Costs	326.13	767.34	(441.21)	(57.50)	344.98	(18.84)	(5.46)	
Other Admin Costs	1,584.99	2,442.73	(857.74)	(35.11)	1,365.92	219.07	16.04	
Depreciation	2,239.16	-	2,239.16	0.00	2,291.67	(52.51)	(2.29)	
Amortization	141.13	-	141.13	0.00	141.13	0.00	0.00	
Non-Operating Expenses	228.43	131.50	96.93	73.71	159.31	69.12	43.39	
Financial Charges	142.51	131.50	11.01	8.37	119.90	22.61	18.86	
(Gain)Loss on ForEx	50.10	-	50.10	0.00	7.03	43.07	613.08	
Other Losses	18.53	-	18.53	0.00	31.90	(13.36)	(41.89)	
(Gain)Loss on Sale of Assets	17.29	-	17.29	0.00	0.49	16.79	3,421.34	
Total Expenses	7,648.41	8,406.19	(757.78)	(9.01)	7,347.62	300.80	4.09	
EARNINGS BEFORE REVALUATION	6,671.71	4,736.52	1,935.18	40.86	5,938.96	732.75	12.34	
ForEx (Gain)Loss on Revaluation	(329.41)	-	(329.41)	0.00	(233.73)	(95.68)	40.93	
EARNINGS BEFORE INCOME TAX	6,342.30	4,736.52	1,605.78	33.90	5,705.23	637.07	11.17	
Income Tax	(1,643.60)	(1,420.96)	(222.65)	15.67	(1,648.46)	4.85	(0.29)	
NET INCOME AFTER TAX	4,698.70	3,315.57	1,383.13	41.72	4,056.77	641.92	15.82	

Revenues

Revenues saw impressive growth during the year, posting a 7.78% rise, compared with the previous year as all revenue items, except Storage Charges, posted increases on the back of higher domestic and foreign cargo volumes, passenger traffic, shipcalls and containerized cargo throughput in all major ports.

Revenues jumped to Php14.32 billion from Php13.29 billion in 2015; while Net Income After Tax correspondingly rose to Php4.70 billion, a hefty 15.82% hike from the previous year's Php4.06 billion after-tax income.

The single biggest revenue source was still Manila International Container Terminal private operator ICTSI's Fees to the Authority amounting to Php4.495 billion, a 13.49% increase over the previous year's list - topping Php3.960 billion remittance. The ICTSI Fee accounted for 31.55% of all revenues, excluding Fund Management Income (FMI), in 2016.

The next biggest revenue item came from Wharfage Dues at Php2.497 billion (17.44% of Total Revenue) which improved by Php201.05 million, or 8.76% from the previous year's Php2.296 billion. Fees from Manila South Harbor operator ATI totaled Php2.062 billion (14.40% of Total Revenue), up by 20.21% from Php1.715 billion in 2015.

Revenues from Storage, on the other hand, declined by Php517.64 million, or 33.89% to Php1.010 billion from Php1.527 billion in 2015 due to the imposition of higher charges which discouraged users from using ports as storage facilities. The measure was adopted to ease ports congestion which became a pressing issue in 2014.

The purely passive investment FMI, derived from Treasury Bonds and other temporary and short-term instruments placed with government depository banks, posted a modest gain of Php2.91 million (3.27%) to Php91.89 million despite an unstable global market behavior and local risks, including, but not limited to, economic and political uncertainties.

The FMI growth was also credited to renewed investor confidence and upbeat consumer spending, as well as improved peace and order under the new administration which positively impacted market interest rates.

Expenses

Total Expenditures went up by Php300.80 million, or 4.09% to Php7.648 billion. Operating Expenses accounted for the biggest outlay with Php7.420 billion, up by Php231.67 million, or 3.22% from the previous year primarily due to accelerated repair and maintenance projects and increase in Other Administrative Costs.

Non-Operating Expenses were likewise up by Php69.12 million for a 43.39% increase as a result of higher Financial Charges and recorded Losses on Foreign Exchange and on Sale of Assets.

Net Income After Tax

The higher expenditures during the year (up 4.09%) were more than offset by the 7.78% surge in Total Revenue as a result of robust increases in cargo, passenger and shipcall numbers; so that Net Income After Tax stood at Php4.699 billion, higher by 15.82% or Php641.92 million compared with the preceding year.

Dividend Remittance

Pursuant to R.A. 7656 requiring all Government Owned and Controlled Corporations (GOCC) to remit at least 50% of their annual net earnings to the National Treasury in either cash, stock or property dividends, the Authority had a total of Php1.956 billion in cash dividend, realized in 2016 and to be remitted the following year. The amount was Php202.03 million lower, compared with the previous year's dividend of Php2.158 billion. This was the result of increased Investment in Fixed Assets for the year which is treated as a special deduction in arriving at the Dividend due the National Government based on the revised Implementing Rules and Regulations (IRR) issued by the Department of Finance on the GOCC Dividend Law.

Financial Position

The Authority's Financial Position as of end-2016 remained strong, with Current Assets improving by 12.72% year-on-year to Php15.974 billion, compared with the previous year's 14.171 billion. During the year in review. Non-Current Assets grew 1.72% to Php105.772 billion.

Overall, PPA's Total Assets amounted to Php121.746 billion, up by 3.04% for the year, while Total Liabilities stood at Php9.878 billion, showing an increase of only 1.66%, or Php161.38 million from the 2015 level of Php9.717 billion.

Retained Earnings went up 11.62% to Php32.941 billion from the year-ago level of Php29.512 billion. These resulted to Equity improvement of 3.16% to Php111.867 billion from the previous year's Php108.439 billion.



Comparative Statement of Financial Position

For the Years ended 31 December 2016 and 2015
(In Million Pesos)

	As of December 2016	% of Total	As of December 2015	Inc./.(Dec.)	
				Amount	%
ASSETS					
Current	15,973.71	13.12	14,171.14	1,802.57	12.72
Cash and Cash Equivalents and Int'l Reserves	10,933.63	8.98	9,788.66	1,144.97	11.70
Investments	300.51	0.25	301.13	(0.62)	(0.20)
Receivables - Net	1,947.43	1.60	1,686.05	261.38	15.50
Inventories	75.58	0.06	62.14	13.44	21.63
Prepayments	2,406.76	1.98	2,125.36	281.40	13.24
Other Current Assets	309.80	0.25	207.81	101.99	49.08
Non-Current	105,771.86	86.88	103,985.04	1,786.82	1.72
Property, Plant and Equipment - Net	105,066.16	86.30	103,237.06	1,829.01	1.77
Other Non-Current Assets	705.70	0.58	747.98	(42.28)	(5.65)
Total Assets	121,745.57	100.00	118,156.18	3,589.38	3.04
LIABILITIES					
Current	5,124.34	4.21	4,933.81	190.52	3.86
Payables	2,837.06	2.33	2,780.73	56.33	2.03
Inter-Agency Payables	1,007.52	0.83	1,148.73	(141.20)	(12.29)
Current Portion of Foreign Loans Payable	418.79	0.34	386.18	32.61	8.44
Trust Liabilities	860.96	0.71	618.17	242.79	39.28
Non-Current	4,079.00	3.35	4,191.63	(112.62)	(2.69)
Foreign Loans Payable	3,828.18	3.14	3,916.28	(88.10)	(2.25)
Retirement Payable	250.82	0.21	275.35	(24.52)	(8.91)
Deferred Credits	675.09	0.55	591.61	83.48	14.11
Total Liabilities	9,878.43	8.11	9,717.05	161.38	1.66
Government Equity	6,378.99	5.24	6,378.99	(0.00)	(0.00)
Revaluation Surplus	72,547.65	59.59	72,547.68	(0.03)	(0.00)
Retained Earnings(Deficit)	32,940.50	27.06	29,512.47	3,428.03	11.62
EQUITY	111,867.14	91.89	108,439.14	3,428.00	3.16
Total Liabilities & Equity	121,745.57	100.00	118,156.18	3,589.38	3.04

SUSTAINABILITY, ENVIRONMENT & PEOPLE



2016 STRATEGIC INITIATIVES

In 2016, the Authority programmed various strategic initiatives based on PPA's Vision, Mission and Strategy Map, as well as aligned its activities with the priority thrusts of the government. Among the relevant programs undertaken in 2016 to enhance sustainability, protect the environment and promote the welfare of the Filipino people were the following:

DOTr-Approved Tourism and Social Reform-Related Projects

The Department of Transportation programmed for bidding 47 social reform projects to promote tourism and the government's economic development agenda through the PPA in 2016. Of the total, 34 projects were successfully bid out while seven of the remaining projects had pending requests for downloading of funds. The six others had issues in the preparation, evaluation and approval of programs of work.

Future Proofing of Gateway Ports

PPA programmed for the year the modernization of three of major gateways, namely: Iloilo Commercial Port Complex (ICPC) in La Paz, Iloilo City, Port of Zamboanga and Port of Makar, General Santos. The future proofing works, which formed part of the Authority's Locally-Funded Projects, involved the construction of wharf for rail-mounted gantry cranes on the aforementioned ports.

As of yearend, the accomplishments of civil works on the ports were as follows: ICPC in Iloilo was 64.54% complete, Zamboanga Port was 32.53% complete and Makar Port was 49.83% complete.

Quality Management System pursuant to E.O. 605

In 2016, the Authority targeted 16 ports for Quality Management System Certification for Vessel Entrance/ Clearance (VEC) under the ISO 9001:2015 standards: North Harbor, South Harbor, Lamao, Tagbilaran, Lucena, San Fernando, Tacloban, Dumaguete, Ormoc, Calapan, Nasipit, Surigao, Cotabato, Dapitan, Pulpandan and Iligan. The PPA Head Office was likewise included for Certification on Corporate Support and Services on the Administration, Planning and Control of resources for Port Management Offices.

47

social reform projects programmed for bidding to promote tourism



Port of Puerto Princesa

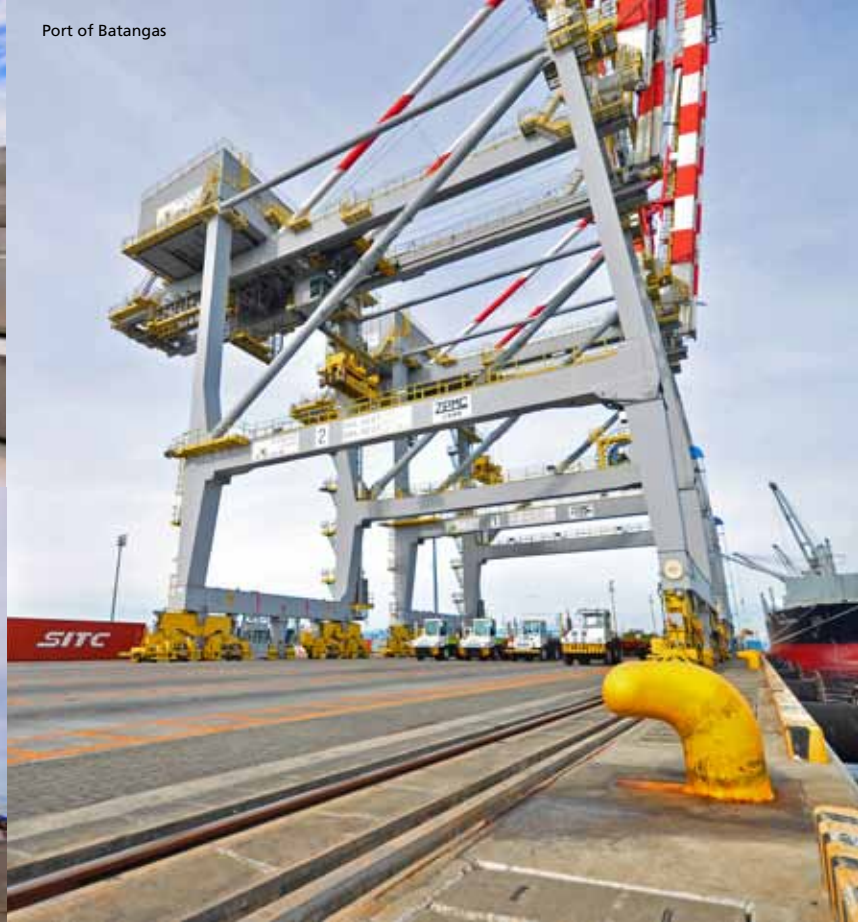
Port of Masao



Port of Masao



Port of Batangas



Internal audit for the 16 ports and the Head Office was completed in December 2016 and the certification process was expected to be finished by the second quarter of 2017.

Nine ports were previously certified for QMS on Vessel Entrance/Clearance, namely: Batangas, Cagayan de Oro, Davao, Zamboanga, General Santos, Iloilo, Ozamiz, Legaspi and Puerto Princesa.

Port Users' Annual Satisfaction Survey (PASS)

For the second year in a row, PPA contracted the Development Academy of the Philippines for the conduct of its 2016 Port Users' Annual Satisfaction Survey or PASS, a simpler customer satisfaction survey to gauge the overall satisfaction of PPA's stakeholders as well as to check the effectiveness of improvements established by the Authority in the PMOs.

The survey focused on port users' perception of the services and administration of PPA. The respondents were limited to passengers and shipping lines at targeted baseports with high passenger volume like North Harbor, Bohol, Ozamiz, Cagayan de Oro, Siquijor, Bicol and Batangas.

The PASS Final Report, submitted by DAP in December, showed that the overall Service Quality Index (SQI) stood at Satisfactory, reflecting the level of perception of port users with PPA's services and administration.

Comparative results for the same respondents, i.e. passengers and shipping lines, showed that overall SQI improved from 3.68% in 2015 to 3.79% in 2016.

Enhanced Transport Connectivity

Part of the strategic initiatives of PPA was the enhancement of transport connectivity through the provision of Ro-Ro ramps, of which 13 were completed in 2016 at the following ports:

- a. San Jose (Caminawit);
- b. Maguino-o (Calbayog);
- c. Hayanggabon (Surigao del Norte);
- d. Jasaan (Misamis Oriental);
- e. San Agustin (Romblon);
- f. Bulalacao (Oriental Mindoro);
- g. Romblon (Romblon)*;
- h. Balanacan (Marinduque);
- i. Jagna (Bohol);
- j. Sogod (Southern Leyte); and,
- k. Dapitan (Zamboanga del Norte)

*Consisting of three (3) Ro-Ro Ramps

Installation of Automatic Identification System (AIS)

In compliance with the provisions of the International Maritime Organization (IMO) on Safety of Navigation, the Authority had installed a Vessel Traffic Management System or VTMS, a state-of-the-art vessel monitoring facility, being jointly operated with the Philippine Coast Guard. To date, there are three operational VTMS Control Centers in Manila, Batangas and Bataan.

To complement these VTMS facilities and further enhance operational security, PPA acquired during the year four Automatic Identification System (AIS) units for the Ormoc, Cagayan de Oro, Iligan and General Santos baseports. This brought to five the total number of ports with AIS after the Port of Surigao where the system was introduced in 2014.

MAINTAINING CORPORATE STRUCTURE

Shore Reception Facility (SRF)

The Authority is a signatory to MARPOL 73/78, the main international marine environmental convention for the prevention of pollution from ships, including, but not limited to, dumping, oil and exhaust pollution or accidental causes.

Following are the PMOs with active SRFs in various ports in 2016:

1. NCR South
2. NCR North (including MICT)
3. Bataan/Aurora
4. Batangas
5. Palawan
6. Negros Oriental/Siquijor
7. Panay/Guimaras
8. Western Leyte/Biliran
9. Negros Occidental/Banago/BREDCO
10. Eastern Leyte Samar
11. Misamis Oriental/CDO
12. Agusan
13. Surigao
14. Davao
15. SOCSARGEN
16. Zamboanga
17. Bohol
18. Northern Luzon (San Fernando)

Other PMOs have contracts with local independent service providers for the collection and disposal of solid wastes from the PTB, offices, passengers, buses and private vehicles including vessel-generated wastes.





Port of Batangas

As such, PPA provided Shore Reception and Treatment Facilities in ports under its jurisdiction through a private service provider, Golden Dragon International Terminal Services (GDIT). The company's 15-year contract would expire in August 2018.

Further more, PPA submitted to the Supreme Court Quarterly Monitoring and Progress Report of activities undertaken by the agency to clean up Manila Bay pursuant to Sections 2 and 6c of E.O. 513 and the International Convention for the Prevention of Pollution from Ships.

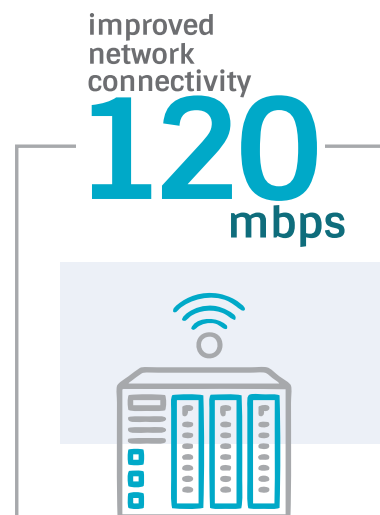
Terminal Management Operation and Service Policy

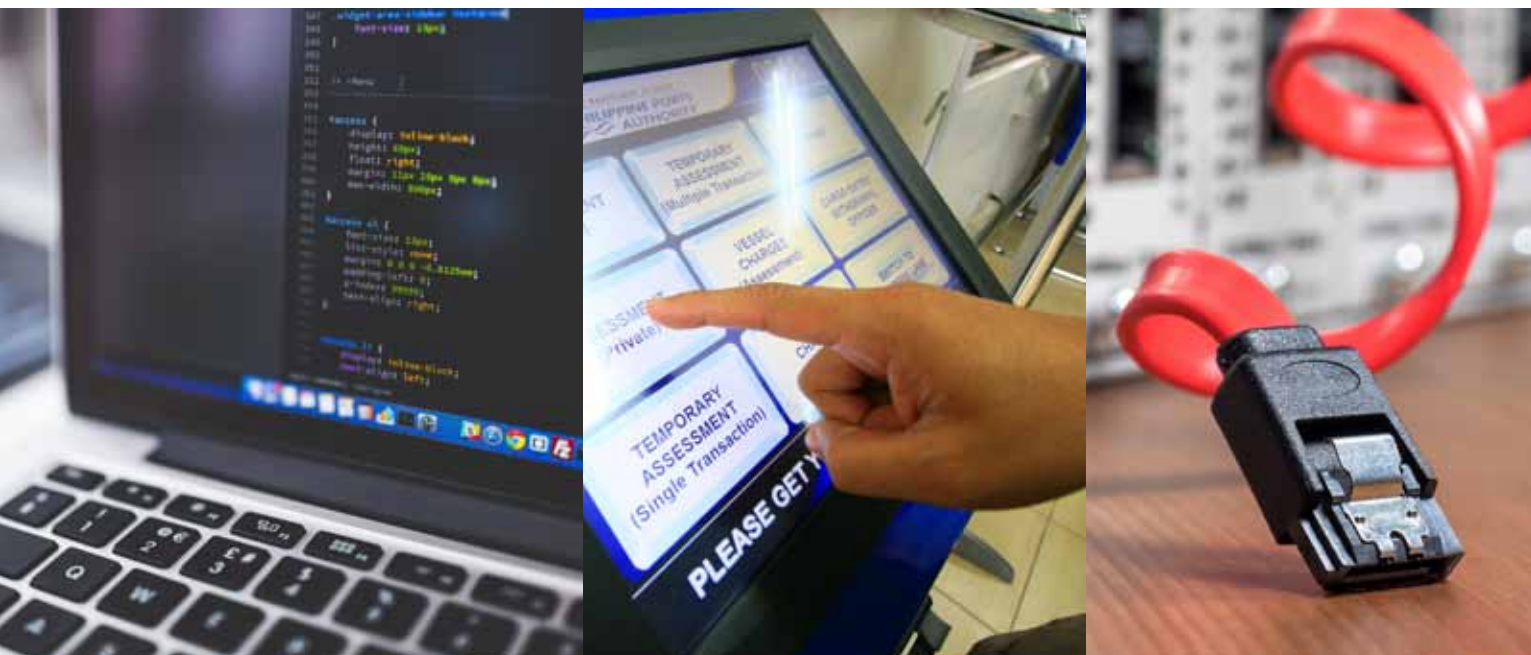
The Authority approved its Terminal Management Operation Policy in October 2016 to foster higher efficiency and productivity in port operations through, among others, greater private sector participation and consistency in procedures and requirements for awarding port terminal management contracts under various modes of private sector involvement.

After due consultations with various stakeholders on the new policy, PPA came up with a Tier Mapping/ Classification scheme which initially classified ports according to investment requirements and potential arrangements with the prospective terminal operators.

Upgrading of Enterprise Strategy Program

PPA underwent an agency-wide network infrastructure upgrade for improved network connectivity during the year, resulting in faster internet connection speeds of 120Mbps from 6Mbps. To further broaden its network facilities, it installed Wi-Fi connection and firewall at the Head Office and the installation of 5Mbps IPVPN Links and Branch Routers in the PMOs.





Other components of the enterprise upgrade included the setting up of Virtual Machines and application deployment on Azure; setting up of and configuration of Production Environment; creating an inventory of PPA hardware and software components; backing up of images in servers in virtualized environment to make the migration easier and faster; virtualizing servers delivered by iOne and used as Production Servers for in-house applications; and installing and utilizing of Networking Platform, Servers, and IPPBX and Media Gateway Equipment.

Local and Foreign Engagements

PPA is an active member of international associations, composed of the International Association of Ports and Harbors (IAPH), International Maritime Organization (IMO), Asia-Pacific Economic Cooperation (APEC), ASEAN Port Authorities (APA), APEC Port Services Network (APSN), Organization for Economic Cooperation and Development (OECD), Permanent International Association of Navigation Congresses (PIANC), and the Brunei-Indonesia-Malaysia-Philippines East Asia Growth Association (BIMP-EAGA).

For 2016, authorized PPA officials attended international meetings and conferences including the following:

- a. 83rd Meeting of ASEAN Coordinating Committee on Services (CCS) and Related Meetings;
- b. Permanent Task Group on Climate Change Meeting and 44th Meeting of the Environmental Commission;
- c. 3rd Session on the Sub-Committee on Pollution Prevention and Response (PPR);
- d. 13th ASEAN-Japan Port Technology Group Meeting;
- e. 31st ASEAN Transportation Facilitation Working Group Meeting;
- f. 3rd Session on the Sub-Committee on Ship Systems and Equipment;
- g. 5th Experts Group Meeting on ASEAN-Japan Cruise Promotion Strategy;
- h. 40th Session on Facilitation Committee (FAL);
- i. 42nd APEC TPT-WG Meeting;
- j. Marine Environment Protection Committee (MPEC) – 69th Session;
- k. 12th Meeting of the Regional Comprehensive Economic Partnership (RCEP) Trade Negotiating Committee (TNC) and Related Meetings;
- l. Maritime Safety Committee (MSC) – 96th Session;
- m. 4th BIMP-EAGA Transport Working Group Meeting 2016;



- n. 84th ASEAN Coordinating Committee on Services (CCS) and Related Meetings;
- o. UNCTAD Port Management Events and Training of Trainers (ToT) Workshop Modules 1-4 for English Speaking Network;
- p. 76th Council Meeting and IX PIANC Conference on Coastal and Port Engineering in Developing Countries;
- q. 70th Session on the Marine Environment Protection Committee Meeting of the IMO;
- r. 11th BIMP-EAGA Transport Ministers Meeting;
- s. 9th APSN Council and Workshop on Safety of Dangerous Goods at Ports;
- t. 97th Session of the Maritime Safety Committee Meeting; and,
- u. Russia-ASEAN Transportation Ministerial Meeting.

Personnel Complement

The Authority completed during the year the second tranche of filling up of vacant positions nationwide, based on the Rationalization Plan approved by the Governance Commission for GOCCs (GCG). The plan identified 647 vacant positions for the Head Office and 2,504 for the field offices, showing a total of 3,151 positions.

Results of a study of newly hired/promoted/transferred/reemployed personnel compared with the previous year are tabulated below.

	Promoted	Transferred	Reemployed	Demoted	Newly Hired	Total	Approved Authority To Fill	% of Filling-Up Per Year*
As of December 2016	97	9	7	0	108	221	484	45.66
Head Office	19	1	6	0	18	44	107	9.09
PMOs	78	8	1	0	90	177	377	36.57
As of December 2015	331	10	3	2	160	506	604	83.77
Head Office	71	2	1	1	38	113	148	18.71
PMOs	260	8	2	1	122	393	456	65.07

* Total employees newly hired/promoted/transferred/reemployed/demoted divided by Total Approved Authority to Fill (i.e. 604 in 2015 and 484 in 2016)

As of end 2016, organic personnel count totalled 1,833, with 401 assigned to the Head Office and 1,432 detailed in the Field Offices. Outsourced personnel for technical and administrative positions as of December totalled 1,203, with 265 assigned to the Head Office and 938 to the Field Offices.

Furthermore, a total of 4,797 graduates benefited from various scholarships/training programs offered by PPA and in cooperation with various sponsoring institutions. The schedule of human resource development programs for CY 2016 is shown at the right.

Employment Generation/Poverty Alleviation Program

In 2016, PPA continuously participated with government agencies, including Government Owned and Conrolled Corporations (GOCCs), in implementing the Department of Labor 's Community-Based Employment Program, a Kabuhayan Program aimed at providing employment to skilled, semi-skilled and low-skilled workers through government infrastructure projects.

During the year, the Authority provided 1,427 workers with temporary or immediate employment through the various infrastructure projects. Of the total number of accepted employees, 1,145 were assigned at the Field Offices and the remaining 282 were assigned at the Head Office.

Gender And Development Accomplishments

Various programs and activities were undertaken by the Authority in 2016 to address gender-related issues based on the validated research findings of the Development Academy of the Philippines. The findings included, among others, the following:

- a. Existence of violence against women and lesbian, gay, bisexual and transgender (LGBT) persons, and among men in port premises;
- b. Lack of gender responsive facilities to address the needs of women and men particularly persons with special needs;
- c. Rampant trafficking in persons particularly of women and children in ports, used as trafficking transit points;
- d. Lack of private sector participation in providing Passenger Terminal Buildings that are gender-responsive and friendly to persons with special needs;
- e. Inadequate monitoring capacities and functions, in particular to ascertain the gender sensitivity and responsiveness of PPA personnel;
- f. Inadequate training for PPA technical staff to enable them to design, implement and monitor gender-responsive PPA programs; and,
- g. Absence of a comprehensive database to provide appropriate intervention programs to gender concerns.

Responsibility Center	New Plantilla			No. of Outsourced Personnel Approved Authority to Outsource
	Positions Filled	Vacant Positions	GCG Approved Staffing Pattern	
Head Office	401	246	647	265
Manila/Northern Luzon Cluster	218	141	359	181
Southern Luzon Cluster	320	277	597	209
Visayas Cluster	374	270	644	238
Northern Mindanao Cluster	303	227	530	205
Southern Mindanao Cluster	217	157	374	105
GRAND TOTAL	1,833	1,318	3,151	1,203

Human Resource Programs	No. of Participants/Scholars		
	Male	Female	TOTAL
In-House Training Programs (to include Management Systems Training Program)	2,204	2,053	4,257
Foreign Scholarship	13	17	30
Local Scholarship	34	13	47
Local Training Programs	197	255	452
Academic Programs (Master in Government Management-Regular Program)	1	10	11
TOTAL	2,449	2,348	4,797

1,427

workers were given either temporary or immediate employment through various infrastructure projects





To address these issues, PPA through its GAD Focal Points implemented the following:

- a. Conducted seminars and trainings on violence against women and children (VAWC), women and children sex-tourism, rights of persons with special needs (PWSN), occupational sexism for stakeholders, and anti-sexual harassment for CHO employees, PPA employees and security guards;
- b. Actively participated in Women’s Month Celebration, National Disability Prevention and Rehabilitation Week and World Day Against Trafficking in Persons;
- c. Disseminated anti-VAWC information and campaign materials;
- d. Provided gender-responsive facilities in PTBs and port premises;
- e. Maintained/improved/repared PWSN ramps and railings, Halfway Houses, and other PTB amenities;
- f. Established Sex-Disaggregated Database;
- g. Reviewed structural and functional layout of the PPA Template Design for PTBs and other port facilities; and,
- h. Reviewed/Amended Terms of Reference for the privatization of PTBs at PMO Bicol and Marinduque/Quezon to ensure they remained gender-responsive and persons with special needs (PWSN)-friendly.



Corporate Governance

Throughout the year, the Authority complied with the provisions of the Code of Corporate Governance for Government Owned or Controlled Corporations issued by the Governance Commission for GOCCs or GCG. In addition, PPA Management committed to provide the highest standards of corporate governance practices and to sustain and continually improve best practices.

Among the relevant guidelines and policies being implemented by PPA included its Manual of Corporate Governance, No Gift Policy and Information and

Communication Technology Security Policy. The Authority had also pursued its own Freedom of Information (FOI) rules as mandated by Executive Order No. 2 of President Rodrigo Roa Duterte to enhance the public's access to information.

As of yearend, the Authority was still in the process of complying with GCG Memorandum Circular No. 2016-02 on the Whistle Blowing Policy for the GOCC Sector, as well as in formulating a Code of Conduct and Ethical Standards for PPA officers and employees.

BOARD OF DIRECTORS



Arthur P. Tugade



Jay Daniel R. Santiago



Ernesto M. Pernia



Mark A. Villar



Carlos G. Dominguez, III



Regina L. Lopez



Ramon M. Lopez



Marcial Q. C. Amaro, III



Apollo S. Enriquez



Atty. Jasmin A. Pararuan
Corporate Board Secretary

PROFILES

ARTHUR P. TUGADE

Chairman and Secretary of Transportation

Academic Qualifications:

- Post Graduate Studies, National University of Singapore under the NUS-Stanford Executive Program
- Bachelor of Laws, San Beda College
- Bachelor of Arts in Philosophy, San Beda College

Professional Qualifications:

Government Posts

- President and Chief Executive Officer, Clark Development Corporation

Other Positions Held

- Founder, Perry's Group of Companies
- President and Chief Operating Officer, Transnational Diversified Group
- Served as Chairman and President of several firms, including Yusen Air and Sea Services, TDG Asia Corporation, Harmony Organic Farms, and Easycall Communications
- Engaged in private law practice and was a partner at Bengzon, Verano, Tugade and Escolin Law Office

JAY DANIEL R. SANTIAGO

Vice Chairman and General Manager of Philippine Ports Authority

Academic Qualifications:

- Bachelor of Laws, University of the Philippines
- Bachelor of Arts, University of the Philippines

Professional Qualifications:

Government Posts

- Member of the Board, Maritime Industry Authority

Other Positions Held

- Vice-President, Chief Legal Counsel and Corporate Secretary, Philippine Amusement and Gaming Corporation
- Managing Partner, Santiago Gaspar Caneba Franco Law Offices
- Name Partner, FERIA Tantoco Robeniol Santiago Law Offices
- Partner, FERIA FERIA Lao Tantoco Law Offices
- Associate, FERIA FERIA Lugtu Lao Noche Law Offices

ERNESTO M. PERNIA, PH.D

Board Member, and Secretary of Socioeconomic Planning and Director General of National Economic Development Authority

Academic Qualifications:

- Doctor of Philosophy, University of California Berkeley
- Master of Arts in Economics, University of Bridgeport, Connecticut
- Bachelor of Arts in Economics, University of San Carlos
- Bachelor of Arts in Philosophy, San Carlos Major Seminary
- Bachelor of Sacred Theology, University of Sto. Tomas Central Seminary

Professional Qualifications:

Government Posts

- Professor Emeritus of Economics, University of the Philippines
- Professor and Chairman, School of Economics, University of the Philippines
- Fellow, Institute for Development and Econometric Analysis, University of the Philippines
- Professor and Director for Public Affairs, School of Economics, University of the Philippines
- Director for Research, School of Economics, University of the Philippines

Other Positions Held

- Lead Economist, Asian Development Bank
- Chairman, Board of Trustees, University of San Carlos
- Board Director, Philippine-American Academy of Science and Engineering
- Board Member, Holy Name University, Tagbilaran
- Board Member, Philippine-Russian Business Assembly
- Board Member, First Philec Solar Corporation
- Board Member, Philippine Center for Population and Development
- Board Member, Friendly Care Foundation
- Board Member, Forum for Family Planning and Development
- Board Member, Bahay Tuluyan
- Visiting Research Fellow, East-West Center Resource Systems Institute, Honolulu
- Regional Adviser on Population and Employment Policy for Asia and the Pacific, International Labor Organization
- Consultant to international organizations, including the World Bank and UN agencies

MARK A. VILLAR

Board Member and Secretary of Public Works and Highways

Academic Qualifications:

- Master in Business Administration, University of Chicago Booth School of Business
- Bachelor of Science in Political Science, Philosophy and Economics, University of Pennsylvania

Professional Qualifications:

Government Posts

- Representative, House of Representatives, Lone District of Las Piñas City, 2010-2016

Other Positions Held

- General Manager, Crown Asia Corporation

CARLOS G. DOMINGUEZ III

Board Member and Secretary of Finance

Academic Qualifications:

- Post Graduate Studies, Stanford University Graduate School of Business
- Master in Business Administration, Ateneo de Manila University

- Bachelor of Science in Economics, Ateneo de Manila University

Professional Qualification:

Government Posts

- Secretary, Department of Environment and Natural Resources
- Secretary, Department of Agriculture

Other Positions Held

- Chairman and President, Philippine Airlines, 1993-1995
- President, Philippine Associate Smelting and Refining Corporation
- President, Bank of the Philippine Islands Agricultural Development Bank, 1984-1986
- Executive Vice-President & Chief Operations Officer, JVA Management Corp., 1976-1983
- Executive Vice-President, AMS Farming Corporation, 1973-1976

REGINA L. LOPEZ

Board Member and Secretary of Environment and Natural Resources

Academic Qualifications:

- Master in Development Management, Asian Institute of Management
- Went to Newton College of the Sacred Heart, Boston

Professional Qualification:

Government Posts

- Chairperson, Pasig River Rehabilitation Commission

Other Positions Held

- Chairman, ABS-CBN Lingkod Kapamilya Foundation, Inc.
- Vice-Chairperson, ABS-CBN Bayan Foundation
- Chairman Emeritus, Southeast Asian Children's Television

RAMON M. LOPEZ

Board Member and Secretary of Trade and Industry

Academic Qualifications:

- Master in Development Economics, Williams College, Massachusetts
- Bachelor of Arts in Economics, University of the Philippines

Professional Qualification:

Government Posts

- Chairman, Board of Investments
- Chairman, Philippine Economic Zone Authority
- Chairman, Micro SME Development Council
- Chairman, Export Development Council
- Chairman, Industry Development Council

Other Positions Held

- Chief Executive Officer, RFM Corporation, 1994-2016
- Executive Director, Go Negosyo Group, 2005-2016

MARCIAL Q.C. AMARO III, PH.D

Board Member and Administrator of Maritime Industry Authority (MARINA)

Academic Qualifications

- Doctor of Philosophy-Management, International Academy for Management and Economics
- Master in Shipping Business Management, Philippine Merchant Marine Academy-Graduate School
- Bachelor of Science in Marine Transportation, Major in Steam and Electrical Engineering, Philippine Merchant Marine Academy

Professional Qualification:

Government Posts

- Head, National Inspection Team, Technical Education and Skills Development Authority (TESDA)
- Chairman, Technical Advisory Panel, Technical Education and Skills Development Authority (TESDA)

Other Positions Held

- Lead Auditor, Anglo Japanese American (AJA) Registrar, Inc.
- Vice President, Chelsea Ship Management and Marine Services Corporation
- Auditor, Inspector and Accident Investigator, Liberian International Ship and Corporate Registry
- Marine Manager & Consultant, Petron Corporation

APOLLO S. ENRIQUEZ

Board Member/Private Sector Representative

Academic Qualifications:

- Master of Engineering, Asian Institute of Technology
- Bachelor of Science in Civil Engineering, University of the Visayas

Professional Qualification:

Government Posts

- Chairman, Board of Civil Engineering, Professional Regulation Commission, 2009-2015
- Member, Board of Civil Engineering, Professional Regulation Commission, 2002-2009

Other Positions Held

- Director, Confederation of Filipino Consulting Organizations, Inc. (COFILCO)
- Vice-President, Construction Project Management Association of the Philippines (CPMAP)
- Vice-President, Association of Consulting Civil Engineers of the Philippines (ACCEP)
- Director, Urban Conservation Resource Center
- President/General Manager, AS Enriquez Consultancy
- Director, Mindanao Dream Ventures
- Board of Trustee, Cebu Chamber of Commerce and Industry (CCCI)

PPA ALTERNATE BOARD MEMBERS

	◀ Felipe S. Judan Undersecretary for Maritime Department of Transportation		◀ Antonette C. Tionko Undersecretary for Revenue – Operations Group Department of Finance	
	▶ Rowel S. Barba Undersecretary for Management Department of Trade and Industry		▶ Aladin A. Ancheta National Economic and Development Authority	

(Not in photo)

Arturo T. Valdez
Undersecretary for Operations
Department of Environment and Natural Resources

PPA BOARD TECHNICAL WORKING GROUP

	◀ Fernando Juan C. Perez Department of Transportation		◀ Adrian Ferdinand S. Sugay Philippine Ports Authority	
	▶ Maria Susana B. Garcia Office of the Government Corporate Counsel		▶ Primo Elvin L. Siosana Maritime Industry Authority	
	◀ Jayson L. Lopez Department of Finance		▶ Evangelina D. Salazar Private Sector	

▲ **Abdulfatak A. Pandapatan**
Department of Public Works and Highways

◀ **Criselle S. Santos**
National Economic and Development Authority

PPA EXECUTIVE OFFICERS

(Left to right)

Reynand C. Parafina
Acting Assistant General Manager,
Engineering

Hector E. Miole
Assistant General Manager,
Operations

Jay Daniel R. Santiago
General Manager

Elmer Nonnatus A. Cadano
Assistant General Manager,
Finance and Administration



PPA MANAGEMENT TEAM (composed of PPA Executives, Department Managers and Port Managers)



Not in photo: Emma L. Susara, Francisquiell O. Mancile, Enrique H. Fuentesbaja, Necitas G. Layola, Jr., Mildred J. Padilla, Leonilo E. Miole, Luis A. Cuison

Department Managers

Hector E. Miole (concurrent)
Manager
Port Management Systems & Organization
Development Department

Venicus V. Villaseñor
Manager
Internal Audit Department

Elizabeth C. Follosco
Manager
Information & Communications
Technology Department

Amelia M. Aquino
Manager
Corporate Planning Department

Ma. Asuncion Hiyasmin H. De Los Santos
Manager
Legal Services Department

Roberto C. Aquino
Manager
Port Operations & Services Department

Emma L. Susara
Manager
Commercial Services Department

Marjorie R. Rola
Manager
PPA Training Institute

Loving F. Fetalvero, Jr.
Manager
Port Police Department

Carlito M. Castillo
Manager
Port Construction & Maintenance Department

Rolando K. Perez
Manager
Dredging & Survey Department

Reynand C. Parafina
Manager
Port Planning & Design Department

Virginia S. Valero
Manager
Controllershship Department

Remedios D. Vercasi
Manager
Treasury Department

Lilian T. Javier
Manager
Human Resource Management Department

Antonio C. Ignacio, Jr.
Manager
Administrative Services Department

PORT MANAGEMENT OFFICE MANAGERS

Manila/Northern Luzon PMOs

PMO NCR South	Francisquiel O. Mancile
PMO NCR North	Clarissa S. Ignacio
PMO Northern Luzon	Marietta G. Odicta
PMO Bataan/Aurora	German P. Tuguigui

Southern Luzon PMOs

PMO Batangas	Leopoldo C. Biscocho, Jr.
PMO Bicol	Fernando B. Claveria
PMO Palawan	Jose Cesario O. Bautista
PMO Mindoro	Annie Lee F. Manese
PMO Marinduque/Quezon	Marcelino D. Manatad, Jr.
PMO Masbate	Fernando B. Claveria (concurrent)

Visayas PMOs

PMO Negros Oriental/Siquijor	Sarah R. Mijares
PMO Panay/Guimaras	Rosenda G. Sumagaysay
PMO Eastern Leyte/Samar	Dominador D. Licayan
PMO Negros Occ./Bacolod/Banago BREDCO	Enrique H. Fuentebaja
PMO Western Leyte/Biliran	Manuel Boholano
PMO Bohol	James J. Gantalao

Northern Mindanao PMOs

PMO Misamis Oriental/Cagayan de Oro	Isidro V. Butaslac, Jr.
PMO Lanao Del Norte/Iligan	Necitas G. Layola, Jr.
PMO Agusan	Carmelito Fabian C. Abitona
PMO Surigao	Mildred J. Padilla
PMO Misamis Occidental/Ozamis	Noeme W. Calderon

Southern Mindanao PMOs

PMO Davao	Leonilo E. Miole
PMO SOCSARGEN	Luis A. Cuison
PMO Cotabato	Asterio C. Gallaro, Jr. (Acting)
PMO Zamboanga Del Norte	Salvador L. Delina
PMO Zamboanga	Liberto C. Dela Rosa

NEW NOMENCLATURE OF PPA PORT MANAGEMENT OFFICES

(Bases on GCG Memorandum Order No. 2014-10 dated 25 March 2014)

OLD NAME

NEW NAME

MANILA/NORTHERN LUZON PORT MANAGEMENT OFFICES

PMO South Harbor

PMO NCR South

PMO North Harbor

PMO NCR North

PMO San Fernando

PMO Northern Luzon

PMO Limay

PMO Bataan/Aurora

SOUTHERN LUZON PORT MANAGEMENT OFFICES

PMO Batangas

PMO Batangas

PMO Legazpi

PMO Bicol

PMO Puerto Princesa

PMO Palawan

PMO Calapan

PMO Mindoro

*PMO Marinduque/Quezon

*PMO Masbate

VISAYAS PORT MANAGEMENT OFFICES

PMO Dumaguete

PMO Negros Oriental/Siquijor

PMO Iloilo

PMO Panay/Guimaras

PMO Tacloban

PMO Eastern Leyte/Samar

PMO Pulupandan

PMO Negros Occidental/

Bacolod/Banago/BREDCO

PMO Ormoc

PMO Western Leyte/Biliran

PMO Tagbilaran

PMO Bohol

NORTHERN MINDANAO PORT MANAGEMENT OFFICES

PMO Cagayan de Oro

PMO Misamis Oriental/

Cagayan de Oro

PMO Iligan

PMO Lanao del Norte/Iligan

PMO Nasipit

PMO Agusan

PMO Surigao

PMO Surigao

PMO Ozamiz

PMO Misamis Occidental/Ozamiz

SOUTHERN MINDANAO PORT MANAGEMENT OFFICES

PMO Davao

PMO Davao

PMO General Santos

PMO SOCSARGEN

PMO Cotabato

PMO Cotabato

PMO Dapitan

PMO Zamboanga del Norte

PMO Zamboanga

PMO Zamboanga

* Newly created PMOs

LOCALLY-FUNDED PROJECTS FOR 2016 (Carry-Over & New Projects)

Head Office-Implemented
Status as of December 2016, in Pesos

Port/Location	Implementing Office	Project Description	Date Started	Completion/Target	Project Cost/Contract Amount	Status
PMO NCR-South						
1	South Harbor, Manila	HO	Pasig River Widening of Wharf	Mar 24 2016	Jan 17 2017	48,619,955.03 Ongoing-70.370%
PMO Northern Luzon						
2	Basco, Batanes	HO	Port Expansion Project	Mar 18 2016	Sept 8 2017	147,678,654.34 Ongoing-38.071%
PMO Bataan/Aurora						
3	Casiguran, Aurora	HO	Extension of Wharf & Back-up Area	Jun 20 2016	Jun 14 2017	64,438,002.78 Ongoing-30.613%
PMO Marquez						
4	Balanacan, Mariinduque	HO	Construction of RC Wharf, Roro Ramp and Back-up Area	Jul 9 2014	Feb 17 2016	76,834,077.80 Completed
5	Lucena, Lucena City	HO	Construction of Breakwater	Nov 4 2015	Mar 27 2017	240,885,746.22 Ongoing-98.111%
6	Lucena, Lucena City	HO	Construction of Port Operations Bldg	May 10 2016	Jul 3 2017	58,740,885.30 Ongoing-28.150%
PMO Mindoro						
7	Balatero, Puerto Gal., Or. Min.	HO	Construction of Back-up Area, PTB and RORO Ramp	Feb 20 2015	Aug 11 2016	82,834,616.08 Ongoing- 67.038%
8	Bulalacao, Oriental Mindoro	HO	Port Expansion Project	Feb 5 2015	Jul 9 2016	108,606,056.68 Ongoing-97.726%
9	Calapan, Oriental Mindoro	HO	Construction of Passenger Terminal Building	Jun 15 2015	Sept 20 2016	52,014,773.70 Completed
10	Calapan, Oriental Mindoro	HO	Construction of Port Operations Building	Aug 5 2015	Nov 7 2016	51,328,888.00 Completed
11	Calapan, Oriental Mindoro	HO	Construction of Back-up Area & Fastcraft Pier	Sept 11 2015	Jan 2 2017	183,522,920.47 Ongoing-76.031%
12	San Jose, Caminawit, Occ. Min.	HO	Port Expansion Project	Jan 10 2014	Jan 6 2016	112,509,102.39 Completed
PMO Bicol/Masbate						
13	Castilla, Sorsogon	HO	Port Expansion Project	Nov 11 2015	Nov 4 2016	54,861,176.42 Ongoing-95.563%
14	Legazpi, Albay	HO	Rehabilitation/Upgrading of Damaged Wharf	Aug 24 2015	Dec 15 2016	154,701,297.82 Ongoing-35.548%
15	Matnog, Sorsogon	HO	Port Expansion Project	Dec 9 2015	May 1 2017	312,948,885.71 Ongoing-24.561%
16	Sorsogon, Sorsogon City	HO	Port Expansion Project	Mar 11 2015	May 25 2016	102,388,955.25 Completed
17	Tabaco, Tabaco City	HO	RC Wharf Extension and Construction of Back-up Area	Aug 21 2014	Nov 25 2016	97,510,725.52 Completed
18	Tabaco, Tabaco City	HO	Rehabilitation/Upgrading of Damaged Wharf	Jul 31 2015	Nov 21 2016	192,588,909.00 Ongoing-48.845%
19	Virac, Catanduanes	HO	Construction of Back-up Area	Sept 16 2015	Oct 19 2016	51,176,243.40 Ongoing-59.013%
PMO Palawan						
20	Bataraza, Palawan	HO	Port Expansion Project	Mar 14 2016	Jul 6 2017	121,301,913.94 Ongoing-41.181%
21	Puerto Princesa, Palawan	HO	Construction of Back-up Area	Feb 3 2015	Mar 28 2016	201,202,844.99 Completed
22	Puerto Princesa, Palawan	HO	Port Expansion Project	Aug 17 2015	Nov 28 2016	309,388,778.31 Completed
Luzon Ports					2,826,083,409.15	
PMO Negros Occidental/Bacolod/Banago-BREDCO						
23	Tandayag, Negros Occidental	HO	Port Improvement Project	Aug 18 2014	Jul 11 2016	37,002,615.79 Completed
PMO Negros Oriental/Siquijor						
24	Larena, Siquijor	HO	Port Expansion Project	Sept 16 2015	Mar 8 2017	157,022,007.61 Ongoing-85.300%
25	Siaton, Negros Oriental	HO	Port Improvement Project	Sept 22 2015	Sept 15 2016	45,331,608.26 Ongoing-94.460%
PMO Panay/Guimaras						
26	Alegria, Buruanga, Aklan	HO	Port Expansion Project	Mar 30 2015	Oct 11 2016	56,153,837.21 Ongoing-72.911%
27	Culasi, Roxas City	HO	Widening of RC Wharf and Relocation of Roro Ramp	Jul 31 2015	Nov 21 2016	145,467,052.00 Ongoing-75.715%
28	Dumangas, Iloilo	HO	Port Expansion Project	Jan 15 2015	June 25 2016	110,721,302.70 Completed
29	Iloilo Commercial Port Complex, Iloilo City	HO	Extension of RC Wharf	Feb 9 2015	Jul 11 2016	272,057,371.42 Completed
30	Iloilo Commercial Port Complex, Iloilo City	HO	Construction of Wharf for Rail Mounted Gantry Crane	Mar 24 2016	Nov 13 2017	626,995,008.23 Ongoing-64.539%
31	Iloilo Commercial Port Complex, Iloilo City	HO	Paving of Existing Back-up Area	May 10 2016	Apr 4 2017	77,341,127.00 Ongoing-23.918%
32	Lipata, Culasi, Antique	HO	Port Expansion Project	May 19 2016	Apr 13 2017	62,758,790.50 Ongoing-51.415%
PMO Western/Southern Leyte						
33	Baybay, Leyte	HO	Construction of Back-up Area and RC Pier Extension	Jul 28 2015	Dec 9 2016	77,369,025.69 Completed
34	Ormoc, Leyte	HO	Removal of Existing Roro Ramp and Widening of RC Pier	Jan 27 2015	Oct 4 2016	60,951,916.35 Completed
35	Ormoc, Leyte	HO	Construction of Port Operations Bldg	May 19 2016	June 12 2017	47,845,978.90 Ongoing-1.199%
36	Ormoc, Leyte	HO	Rehabilitation of Existing Pier	June 16 2016	Sept 8 2017	141,018,295.92 Ongoing-23.129%
PMO Eastern Leyte/Samar						
37	Javier, Casulongan, Leyte	HO	Port Development Project	May 10 2016	May 4 2017	50,443,309.81 Ongoing-91.656%
38	Maguino-o, Samar	HO	Port Improvement Project	Dec 8 2014	Mar 30 2016	39,403,543.95 Completed
39	Tacloban, Tacloban City	HO	Port Improvement/Rehabilitation, Phase 3	May 6 2015	Sept 30 2016	375,974,534.93 Completed

LOCALLY-FUNDED PROJECTS FOR 2016 (Carry-Over & New Projects)

Head Office-Implemented
Status as of December 2016, in Pesos

Port/Location	Implementing Office	Project Description	Date Started	Completion/Target	Project Cost/Contract Amount	Status	
PMO Bohol							
40	Catagbacan, Loon, Bohol	HO	Port Expansion Project	Jun 23 2016	Aug 16 2017	237,550,226.17	Ongoing-45.115%
41	Jagna, Bohol	HO	Construction of Roro Ramp, RC Platform and Back-up Area	May 26 2015	Jan 28 2016	91,424,494.76	Completed
42	Tagbilaran, Bohol	HO	Construction of Administration Building	Apr 24 2015	May 17 2016	54,495,306.15	Completed
43	Tagbilaran, Bohol	HO	Construction of Back-up Area w/ Roro Ramp-on-fill	Dec 14 2015	Mar 7 2017	157,200,190.85	Ongoing-43.334%
44	Tapal, Ubay, Bohol	HO	Port Expansion Project	Nov 3 2015	Oct 4 2016	76,675,947.17	Completed
45	Tubigon, Bohol	HO	Port Expansion Project	Jul 17 2015	May 15 2017	206,421,785.88	Ongoing-90.507%
Visayas Ports					3,207,625,277.25		
PMO Misamis Oriental/Cagayan de Oro							
46	Cagayan de Oro, Cagayan	HO	Passenger Terminal Bldg.	June 21 2016	June 10 2018	276,704,480.48	Ongoing-7.951%
47	Cagayan de Oro, Cagayan	HO	Extension of Wharf & Expansion of Back-up Area Project	June 24 2016	Nov 15 2017	334,059,656.63	Ongoing-34.006%
48	Jasaan, Misamis Oriental	HO	Port Development Project	Sept 17 2015	Dec 17 2016	70,829,972.98	Completed
PMO Lanao del Norte/Iligan							
49	Iligan, Lanao del Norte	HO	Construction of Alternate Access Road	Nov 12 2015	Jan 4 2017	115,596,431.05	Ongoing-78.907%
PMO Misamis Occidental/Ozamiz							
50	Jimenez, Misamis Occidental	HO	Port Improvement	Mar 17 2016	Dec 11 2016	45,718,212.14	Ongoing-41.880%
51	Ozamiz, Misamis Occidental	HO	Port Expansion Project	Mar 24 2016	Jul 16 2017	243,223,946.72	Ongoing-45.006%
52	Plaridel, Misamis Occidental	HO	Port Improvement	Apr 2 2015	Jul 31 2016	92,830,151.45	Completed
PMO Surigao							
53	Dapa, Surigao del Norte	HO	Construction of Back-up Area, Roro Ramp, Site Development & Cargo Shed	July 14 2014	Aug 26 2016	45,531,105.71	Ongoing-97.7%
54	Hayangabon, Claver, Surigao DN	HO	Port Development Project	Jul 15 2015	May 8 2016	65,747,917.36	Completed
55	San Jose, Dinagat Island	HO	Port Improvement Project	June 23 2015	Apr 17 2016	41,452,605.98	Completed
56	Surigao, Surigao del Norte	HO	Port Improvement Project	Mar 17 2015	Apr 18 2017	188,126,193.31	Ongoing-89.627%
PMO Agusan							
57	Masao, Butuan City, Agusan del Norte	HO	Wharf Extension Project	Jul 21 2015	Sept 6 2016	140,837,727.52	Completed
58	Nasipit, Agusan del Norte	HO	Construction of Port Operations Bldg	June 23 2016	June 17 2017	52,101,986.80	Ongoing-16.258%
PMO Socsargen							
59	Makar, General Santos, South Cotabato	HO	Rehabilitation/Upgrading of Western Wharf	Dec 1 2014	Oct 26 2016	102,155,817.65	Ongoing-98.165%
60	Makar, General Santos, South Cotabato	HO	Construction of Wharf for Rail Mounted Gantry (RMG) Crane	May 10 2016	Apr 29 2018	593,888,778.31	Ongoing-49.826%
PMO Zamboanga							
61	Zamboanga, Zamboanga City	HO	Construction of Wharf for Rail Mounted Gantry Crane Project	June 21 2016	Feb 10 2018	480,690,518.21	Ongoing-32.529%
PMO Zamboanga del Norte							
62	Sta. Maria, Siocon, Zamboanga del Norte	HO	Port Improvement Project	Jul 15 2015	Dec 26 2016	81,992,483.53	Ongoing-36.502%
Mindanao Ports					2,971,487,985.83		
Grand Total					9,005,196,672.23		

LOCALLY-FUNDED PROJECTS FOR 2016(Carry-Over & New Projects)

Field Office-Implemented
Status as of December 2016, in Pesos

Port/Location	Implementing Office	Project Description	Date Started	Completion/Target	Project Cost/Contract Amount	Status
PMO NCR-North						
1	North Harbor, Manila	Proposed Entry/Exit Access Gate for PMO-NCR North Admin Bldg				POW under evaluation
2	North Harbor, Manila	Extension of Port Police Office				POW in order; for review by DOTC
PMO Northern Luzon						
3	Sual, Pangasinan	Proposed Back-up Area				POW under evaluation
4	Salomague, Cabugao, Ilocos Sur	Construction of Roro Ramp on Fill				POW under evaluation
PMO Bataan/Aurora						
5	Dingalan, Aurora	Extension of RORO Ramp & Construction of Breasting Dolphin at Finger Pier	Dec 30 2015	Nov 30 2016	28,841,202.26	Completed
6	Lamao, Bataan	Concreting of unpaved storage area, construction of security fence & installation of lighting system				Revised POW in order; For review by DOTC
PMO Batangas						
7	Ambulong, Magdiwang, Romblon	Improvement and Extension of PTB including Back-up Area				POW under evaluation
8	Banton, Romblon	Construction of RC Pier and Roro Ramps	Jan 14 2016	Oct 9 2016	32,688,388.88	Ongoing-85.00%
9	Batangas, Batangas	Construction of Perimeter Fence, Welcome Arch, Covered Walkway & Parking Shed including provision of Solar Powered Lighting	Dec 7 2015	Aug 18 2016	27,498,018.00	Completed
10	Bauan, Batangas	Widening and Extension of RC Pier	Nov 18 2015	May 15 2016	24,142,507.85	Completed
11	Nasugbu, Batangas	Construction of Back-up Area, PTB, Welcome Arch, Steel Gate, Guardhouse & Cyclone Wire Fence	Oct 7 2015	Apr 23 2016	15,397,128.64	Completed
12	Romblon, Romblon	Construction of 2 units Roro Ramp	Nov 23 2015	Apr 19 2016	17,698,570.10	Completed
13	Romblon, Romblon	Construction of additional two (2) units Roro Ramp	Jul 12 2016	Oct 9 2016	8,927,527.74	Completed
14	San Agustin, Tablas Island, Romblon	Extension of RC Pier w/ Roro Ramps	Sept 11 2015	Apr 21 2016	24,833,821.83	Completed
15	Tablas, Odiongan, Romblon	Extension and Improvement of PTB	Jan 11 2016	Jun 8 2016	12,405,806.14	Completed
PMO Marquez						
16	Balanacan, Mogpog, Marinduque	Conversion of Existing Warehouse to PTB				POW for submission
17	Cawit, Boac, Marinduque	Expansion of PTB	Jul 7 2016	Nov 4 2016	6,462,284.20	Completed
18	Lucena, Talao Talo, Lucena City	Expansion of PTB and Construction of Perimeter Fence covered walk	Oct 27 2015	Oct 15 2016	18,697,007.76	Completed
19	Lucena, Talao Talo, Lucena City	Construction of RC Finger Pier	Jul 6 2016	June 10 2017	32,951,733.79	Ongoing-31%
20	Lucena, Talao Talo, Lucena City	Fencing and Greening				POW in order; for review by DOTC
21	Lucena, Talao Talo, Lucena City	Proposed Expansion of Back-up Area				POW under evaluation
22	San Andres, Quezon	Reconstruction of Existing Causeway Damaged by Typhoon Nona				Under DE
PMO Mindoro						
23	Calapan, Oriental Mindoro	Rehabilitation of Fendering System at Fastcraft Berth				POW reviewed by DOTC
24	Lubang, Tilik, Occidental Mindoro	Upgrading of Port Access Road with Perimeter Fence				POW in order; For review by DOTC
PMO Bicol/Masbate						
25	Castilla, Sorsogon	Solar Powered Port Lighting System				POW under evaluation
26	Catangaan, Masbate	Proposed Passenger Shed				For study/ evaluation
27	Codon, San Andres, Catanduanes	Construction of Passenger Shed with CR	Nov 23 2015	Jan 20 2016	2,047,316.61	Completed
28	Matnog, Sorsogon	Construction of Drainage System of Back-up Area				POW returned for revision
29	Pasacao, Camarines Sur	Construction of PPA Office Building				Revised POW under evaluation
30	Pio Duran, Albay	Construction of Powerhouse and Installation of 3-100KVA Transformer with Primary Metering Facilities				POW returned for revision
PMO Palawan						
31	Puerto Princesa, Palawan	Expansion of PTB	Jan 23 2016	Jul 20 2016	11,493,987.23	Completed
32	Puerto Princesa, Palawan	Installation of Port Lighting System				POW in order; For review by DOTC
Luzon Ports					264,085,301.03	
PMO Panay/Guimaras						
33	Brgy. Villa Miranda Feeder Port, Victorias City, Negros Occ.	Construction of Roro Terminal and Expansion of Brgy. Villa Miranda Feeder Port				Revised POW in order; POW for review by DOTC
34	Culasi, Roxas City	Additional Facilities for PTB	Jan 29 2016	Jan 9 2017	4,678,686.00	Ongoing-96.05%
35	Culasi, Roxas City	Demolition of Old Port Terminal Building/PTB and Paving of Existing Sunken Area Occupied	Jan 29 2016	Mar 28 2016	2,355,811.49	Suspended-
36	Dumangas, Iloilo City	Additional Facilities for PTB	Nov 19 2015	Jan 21 2017	15,617,644.85	Ongoing-93.7%
37	Dumangas, Iloilo City	Provision of Buffer Fence at Operational Area				Revised POW under evaluation
38	Fort of San Pedro, Iloilo City	Replacement of Paving Blocks to PCCP				POW in order; For review by DOTC
39	Jordan, Guimaras	Construction of PTB and Other Support Facilities	Jul 25 2016	Apr 22 2017	12,005,706.50	Ongoing-77.82%
40	Lipata, Culasi, Antique	Construction of PTB	Nov 29 2015	Jul 27 2016	7,234,294.69	Completed
41	Iloilo Commercial Port Complex, Iloilo City	Provision Solar Power System				POW returned for revision
42	Iloilo Commercial Port Complex, Iloilo City	Proposed Fencing of newly Reclaimed Area				Revised POW under evaluation
43	Iloilo Commercial Port Complex, Iloilo City	Provision of Water Supply connection to Local Source				Revised POW under evaluation
44	Iloilo Commercial Port Complex, Iloilo City	Provision for the supply of electrical for the port user at newly paved Container Yard				revised POW under evaluation
45	Progreso, Lapuz, Iloilo City	Additional Facilities for Roro and Fastcraft Terminal @ IRW, Lapuz Wharf	Jul 24 2014	Dec 31 2016	13,254,158.85	Ongoing-68.24%
46	Progreso, Lapuz, Iloilo City	Proposed Additional Development Terminal Hall & Reception Area & Fastcraft Terminal	Jul 20 2015	Apr 27 2016	18,543,513.64	Completed
47	Sitio Nalu-oyan, Sapaog, Dumangas, Iloilo	Widening of Port Road	Jan 29 2016	Nov 29 2016	19,649,136.51	Ongoing-
PMO Negros Oriental/Siquijor						
48	Bulado, Guihulgan, Negros Oriental	Refurbishing of PTB	Jul 12 2016	Oct 19 2016	1,834,244.04	Completed
49	Dumaguete, Negros Oriental	Proposed Wave deflector and Passenger Walkway	Feb 4 2015	Oct 4 2016	27,161,843.47	Completed
50	Dumaguete, Negros Oriental	Refurbishing of PTB	Feb 2 2016	Feb 1 2017	24,743,877.17	Ongoing-89.35%
51	Siquijor, Siquijor	Construction of PTB	Jan 5 2015	Aug 7 2016	23,968,724.91	Completed
52	Tandayag, Amlan, N. Oriental	Construction of PTB				POW returned for revision
PMO Eastern Leyte/Samar						
53	Borongan, Eastern Samar	Construction of Roro Ramp				For DE
54	Brgy. San Pedro, Talisay Is., Biri, Northern Samar	Extension/Repair of Causeway with Stairlanding				POW returned for correction
55	Catbalogan, Samar	Improvement of Transit Shed No. 2	Dec 25 2015	Jul 5 2016	18,399,852.12	Completed

LOCALLY-FUNDED PROJECTS FOR 2016(Carry-Over & New Projects)

Field Office-Implemented
Status as of December 2016, in Pesos

Port/Location	Implementing Office	Project Description	Date Started	Completion/Target	Project Cost/Contract Amount	Status
56	Catbalogan, Samar	Improvement of Transit Shed No. 1				POW in order; For review by DOTC
57	Guiuan, Eastern Samar	Port Improvement				POW in order; For review by DOTC
58	Lavezares, Northern Samar	Improvement of Berthing Facilities and Back-up Area	Sept 9 2015	Mar 1 2016	8,226,022.85	Completed
59	Maguino-o, Calbayog, Samar	Additional Port Facilities Port Improvement	Aug 26 2015	Mar 7 2016	7,279,834.78	Completed
60	San Jose, Northern Samar	Construction of two (2) Breasting Dolphin & Improvement of Back-up Area	Dec 25 2015	Aug 24 2016	12,899,259.57	Completed
61	San Vicente, Biri, Northern Samar	Extension/Repair of Causeway	Sept 3 2015	Apr 29 2016	11,306,396.30	Completed
62	Victoria, Northern Samar	Improvement of Berthing Facilities	Sept 3 2015	Jan 10 2016	6,919,317.39	Completed
63	Vinisitahan, San Antonio, Dalupiri, Northern Samar	Proposed Shore Protection Wall	Mar 18 2016	Dec 2 2016	8,487,495.35	Completed
PMO Western/Southern Leyte						
64	Babatngon, Leyte	Improvement of Babatngon Municipal Port	Jan 15 2016	Jul 10 2016	9,577,897.54	Completed
65	Ormoc, Leyte	Temporary Office of Phil Coast Guard Eastern Visayas				Revised POW in order; For review by DOTC
66	Palompon, Leyte	Improvement of PTB, Extension of Transit Shed and Construction of Roro Ramp				Revised POW in order; For review by DOTC
67	Sogod, Southern Leyte	Port Improvement & Roro Construction	Dec 25 2015	Aug 20 2016	18,698,951.34	Completed
PMO Bohol						
68	Tagbilaran, Bohol	Widening of Causeway, Improvement of Guardhouse, Welcome Arch, Center Island and Provision of Covered Walkway and Sidewalk	Jul 30 2016	May 25 2017	34,403,494.46	Ongoing-53.67%
69	Tagbilaran, Bohol	Proposed Reclamation of Motorpool, Office Storage, Ticketing Office and Back-up Area				POW under evaluation
70	Talibon, Bohol	Provision of 50 KVA Power Transformer for the PTB	Sept 23 2016	Dec 23 2016	402,199.67	Completed
71	Tubigon, Bohol	Improvement of Guardhouse, Welcome Arch, Center Island and Provision of Covered Walkway and Sidewalk				POW in order; For review by DOTC
72	Ubay, Bohol	Concrete Paving of Back-up Area	Nov 26 2015	Aug 1 2016	34,684,055.85	Completed
Visayas Ports					342,332,419.34	
PMO Misamis Oriental/Cagayan de Oro						
73	Benoni, Mahinog, Camiguin	Improvement of Back-up Area (Phase 2)	May 25 2016	Feb 18 2017	25,555,143.35	Ongoing-72.66%
74	Cagayan de Oro, Misamis Occidental	Cluster Lighting Installation of Operational and Security Led Lights with Solar Panels (Phase 1)				POW under evaluation
75	Cagayan de Oro, Misamis Occidental	Construction of Perimeter Fence at Newly Paved Area at Berth 12 to 13	Jan 22 2016	May 20 2016	4,941,730.92	Completed
76	Cagayan de Oro, Misamis Occidental	Installation of Power Line in the Temporary PTB & Upgrading of Pre-Departure Area	Dec 29 2015	May 20 2016	6,020,957.30	Completed
77	Guinsiliban, Camiguin	Rehabilitation of RC Pier				POW under revision
PMO Lanao del Norte/Iligan						
78	Iligan, Lanao del Norte	Rehabilitation of Roro Ramp No. 3	Jan 22 2016	May 2 2016	13,316,029.98	Completed
79	Iligan, Lanao del Norte	Construction of Pedestrian Walkway from Entrance Gate to PMO Bldg. - 35m	Jan 22 2016	Apr 28 2016	2,862,571.07	Completed
PMO Agusan						
80	Butuan, Agusan del Norte	Improvement of Ferry Terminal Complex				Revised POW under evaluation
81	Masao, Agusan del Norte	Construction of Water Supply System				Revised POW under evaluation
82	Nasipit, Agusan del Norte	Construction of Secondary Containment System of Dangerous Cargoes	Dec 25 2015	May 3 2016	1,150,644.50	Completed
83	Nasipit, Agusan del Norte	Improvement of Power System	Jan 5 2016	Oct 26 2016	12,413,190.42	Completed
84	Nasipit, Agusan del Norte	Provision of Prayer Room at PTB	Feb 4 2016	Mar 5 2016	113,928.57	Completed
PMO Misamis Occidental/Ozamiz						
85	Jimenez, Misamis Occidental	Installation of 2 cluster breasting dolphin at Nine (9) Pile Cluster	Mar 29 2016	Nov 8 2016	9,133,975.08	Ongoing-90.5%
86	Ozamiz, Misamis Occidental	Installation of 2 cluster breasting dolphin at Nine (9) Pile Cluster	Jan 21 2016	Oct 18 2016	9,139,422.05	Completed
87	Ozamiz, Misamis Occidental	Installation of Multi-Purpose Shed				POW under evaluation
88	Ozamiz, Misamis Occidental	Installation of Well-Wisher's Facilities	June 21 2016	Oct 14 2016	2,462,382.04	Completed
89	Plaridel, Misamis Occidental	Construction of PTB				Revised POW under evaluation
PMO Surigao						
90	Brgy. Caub Port, Siargao Island, Surigao del Norte	Extension of Causeway				POW under evaluation
91	Brgy. Pamusaingan Port, Socorro Bucas Grande Island, Surigao del Norte	Completion of Barangay Port-Causeway RC Pier				POW under evaluation
92	Brgy. San Fernando Port, Del Carmen, Siargao Island, Surigao del Norte	Completion of Barangay Port Widening of Causeway				POW under evaluation
93	Del Carmen, Siargao Is., Surigao	Construction of Drainage System				POW under evaluation
94	Gen. Luna, Siargao Island, Surigao del Norte	Port Development-Improvement of existing jetty & construction of passenger shed	June 24 2015	June 20 2016	19,250,004.87	Completed
95	Lipata, Surigao del Norte	Construction/Installation of Reinforced Concrete Slope Protection Riprap Along Elevated Perimeter Fence				POW under evaluation
96	Sta. Monica, Siargao Island, Surigao del Norte	Improvement of Causeway Phase 2 with Lighting Facilities and Repair of Passenger Shed	June 12 2015	Mar 15 2016	14,905,114.06	Completed
97	Surigao, Surigao del Norte	Construction of Gen Set and Provision of Electrical System	Nov 10 2015	May 5 2016	9,960,520.95	Completed
PMO Zamboanga						
98	Zamboanga, Zamboanga del Sur	Construction of QMS-VEC Transaction Bldg and Multi-Purpose Hall				POW under evaluation
99	Zamboanga, Zamboanga del Sur	Construction of QMS Storage Facility				POW under evaluation
100	Zamboanga, Zamboanga del Sur	Proposed Construction of Ticketing Booth Bldg and Perimeter Fence at Former PCG Bldg				POW under evaluation
PMO Zamboanga del Norte						
101	Dapitan, Zamboanga del Norte	Construction of R.C. Landing and RORO Ramp (9m x 11m)	Sept 1 2014	Apr 18 2016	19,027,358.00	Completed
102	Dapitan, Zamboanga del Norte	Construction of FCMD Field Office into One Stop Shop Port Operation Bldg	Jun 24 2016	Feb 19 2017	11,897,824.46	Ongoing-95%
103	Dapitan, Zamboanga del Norte	Construction of Cargo Stacking Shed				POW under evaluation
104	Sindangan, Zamboanga del Norte	Construction of six (6) units Breasting Dolphins	Nov 3 2015	Nov 7 2016	13,493,355.97	Completed
PMO Soccsargen						
105	Glan, Sarangani Province	Construction of PTB & Lighting System	Aug 26 2015	Aug 18 2016	7,780,170.58	Completed
106	Glan, Sarangani Province	Proposed Construction of Security Perimeter Fence & Gate	Jun 26 2016	Nov 12 2016	3,433,888.80	Completed
107	General Santos, Makar, S. Cotabato	Proposed Fencing of Operational Area and Provision of PWD CR at Admin Bldg and Public CR near Truck Holding Area	Jul 25 2016	Feb 24 2017	11,735,363.00	Ongoing-70.04%
108	General Santos, Makar, S. Cotabato	Parking Shed at Guest House, Back of Admin Bldg, near Eqpt. Maintenance Bldg	June 16 2016	Sept 7 2016	1,519,725.25	Completed
109	Sultan Kudarat, Kalamansig	Construction of RC Wharf and Improvement of Back-up Area				Revised POW in order; For review by DOTC
110	Sultan Kudarat, Kalamansig	Proposed 190 LM Shore Protection and Steel Fencing				POW under evaluation
Mindanao Ports					200,113,301.22	
Grand Total					806,531,021.59	

COMPARATIVE CARGO THROUGHPUT AT PORTS NATIONWIDE BY PMO

AT BERTH AND ANCHORAGE
2016 vs 2015

PMO	CARGO THROUGHPUT - in metric tons (M.T.)					
	2016			2015		
	Total	Domestic	Foreign	Total	Domestic	Foreign
MANILA/NORTHERN LUZON	96,348,868	36,651,644	59,697,224	88,137,963	31,693,579	56,444,384
<i>NCR North</i>	33,742,902	28,290,437	5,452,465	28,301,824	23,067,594	5,234,230
<i>NCR South</i>	8,058,484	1,498,262	6,560,223	7,472,825	2,044,083	5,428,742
<i>- M.I.C.T.</i>	23,255,594	0	23,255,594	21,573,324	0	21,573,324
<i>Bataan/Aurora</i>	24,384,885	6,569,878	17,815,007	22,101,235	6,147,846	15,953,389
<i>Northern Luzon</i>	6,907,002	293,067	6,613,935	8,688,755	434,056	8,254,699
SOUTHERN LUZON	38,741,293	14,227,320	24,513,973	39,547,216	14,564,485	24,982,731
<i>Batangas</i>	23,409,700	9,167,633	14,242,067	22,612,133	10,117,677	12,494,456
<i>Mindoro</i>	604,555	590,072	14,483	443,146	443,146	0
<i>Bicol</i>	2,391,701	1,701,816	689,885	1,901,353	1,405,927	495,426
<i>Palawan</i>	7,649,110	1,903,418	5,745,692	9,846,537	1,753,374	8,093,163
<i>Marinduque/Quezon</i>	4,309,737	505,763	3,803,974	4,327,929	440,906	3,887,023
<i>Masbate</i>	376,492	358,620	17,872	416,118	403,455	12,663
VISAYAS	35,361,281	20,293,303	15,067,978	26,247,612	19,629,294	6,618,318
<i>Negros Oriental/Siquijor</i>	2,474,601	2,043,494	431,107	1,993,334	1,745,734	247,600
<i>Panay/Guimaras</i>	13,829,281	4,914,108	8,915,173	8,508,897	4,789,775	3,719,122
<i>Western Leyte/Biliran</i>	4,104,891	2,185,350	1,919,541	3,316,369	2,213,679	1,102,690
<i>Negros Occidental/Bacolod/Banago/BREDCO</i>	7,267,906	6,235,463	1,032,444	6,351,940	5,739,698	612,242
<i>Eastern Leyte/Samar</i>	2,937,418	1,793,935	1,143,483	1,851,741	1,756,614	95,127
<i>Bohol</i>	4,747,184	3,120,954	1,626,229	4,225,331	3,383,794	841,537
NORTHERN MINDANAO	50,279,744	12,462,391	37,817,353	48,979,777	12,682,794	36,296,983
<i>Misamis Oriental/Cagayan de Oro</i>	8,619,701	6,770,359	1,849,342	8,440,777	6,790,545	1,650,232
<i>Lanao del Norte/Iligan</i>	2,338,099	1,342,120	995,979	2,579,350	1,495,586	1,083,764
<i>Agusan</i>	8,750,215	1,669,675	7,080,541	6,188,521	1,648,192	4,540,329
<i>Misamis Occidental/Ozamiz</i>	1,413,390	1,266,582	146,809	1,237,760	1,121,211	116,549
<i>Surigao</i>	29,158,338	1,413,656	27,744,683	30,533,369	1,627,260	28,906,109
SOUTHERN MINDANAO	23,026,344	10,729,802	12,296,542	20,759,502	10,481,055	10,278,447
<i>Cotabato</i>	23,759	23,759	0	98,912	98,912	0
<i>Zamboanga del Norte</i>	989,728	782,560	207,169	976,734	719,486	257,248
<i>Davao</i>	14,705,424	5,251,678	9,453,747	12,999,706	4,860,856	8,138,850
<i>SOCSARGEN</i>	4,268,364	1,923,404	2,344,959	3,575,941	1,928,202	1,647,739
<i>Zamboanga</i>	3,039,068	2,748,401	290,667	3,108,209	2,873,599	234,610
TOTAL	243,757,530	94,364,460	149,393,069	223,672,070	89,051,207	134,620,863

COMPARATIVE PASSENGER TRAFFIC AT PORTS NATIONWIDE BY PMO

AT BERTH AND ANCHORAGE
2016 vs 2015

PMO	PASSENGER TRAFFIC					
	2016			2015		
	Total	Domestic	Foreign	Total	Domestic	Foreign
MANILA/NORTHERN LUZON	1,353,140	675,075	678,065	1,267,948	623,528	644,420
<i>NCR North</i>	1,292,508	644,775	647, 733	1,225,533	602,698	622,835
<i>NCR South</i>	43,508	21,754	21,754	29,970	14,985	14,985
<i>- M.I.C.T.</i>	0	0	0	0	0	0
<i>Bataan/Aurora</i>	0	0	0	0	0	0
<i>Northern Luzon</i>	17,124	8,546	8,578	12,445	5,845	6,600
SOUTHERN LUZON	22,942,368	11,928,389	11,013,979	20,502,685	10,477,703	10,024,982
<i>Batangas</i>	7,953,541	4,215,588	3,737,953	7,067,444	3,677,977	3,389,467
<i>Mindoro</i>	7,386,479	3,862,141	3,524,338	6,629,921	3,441,981	3,187,940
<i>Bicol</i>	4,454,553	2,204,094	2,250,459	4,130,112	1,978,474	2,151,638
<i>Palawan</i>	615,576	313,162	302,414	508,953	259,864	249,089
<i>Marinduque/Quezon</i>	1,616,828	855,008	761,820	1,231,145	662,285	568,860
<i>Masbate</i>	915,391	478,396	436,995	935,110	457,122	477,988
VISAYAS	25,395,711	13,203,327	12,192,384	22,836,447	11,878,029	10,958,418
<i>Negros Oriental/Siquijor</i>	5,235,284	2,697,720	2,537,564	4,820,167	2,482,369	2,337,798
<i>Panay/Guimaras</i>	3,847,382	2,044,759	1,802,623	3,231,906	1,735,925	1,495,981
<i>Western Leyte/Biliran</i>	3,020,254	1,594,129	1,426,125	2,849,904	1,478,986	1,370,918
<i>Negros Occidental/Bacolod/Banago/BREDCO</i>	4,752,337	2,402,171	2,350,166	4,229,717	2,166,432	2,063,285
<i>Eastern Leyte/Samar</i>	3,406,295	1,798,149	1,608,146	3,365,913	1,743,641	1,622,272
<i>Bohol</i>	5,134,159	2,666,399	2,467,760	4,338,840	2,270,676	2,068,164
NORTHERN MINDANAO	11,709,360	6,050,825	5,658,535	10,927,090	5,598,647	5,328,443
<i>Misamis Oriental/Cagayan de Oro</i>	2,840,594	1,483,986	1,356,608	2,467,868	1,292,012	1,175,856
<i>Lanao del Norte/Iligan</i>	3,033,264	1,535,918	1,497,346	3,090,972	1,541,504	1,549,468
<i>Agusan</i>	329,736	179,083	150,653	291,222	151,289	139,933
<i>Misamis Occidental/Ozamiz</i>	3,383,789	1,751,261	1,632,528	3,393,239	1,762,057	1,631,182
<i>Surigao</i>	2,121,977	1,100,577	1,021,400	1,683,789	851,785	832,004
SOUTHERN MINDANAO	7,550,626	3,776,639	3,773,987	7,228,562	3,616,913	3,611,649
<i>Cotabato</i>	0	0	0	0	0	0
<i>Zamboanga del Norte</i>	961,803	499,081	462,722	827,473	421,604	405,869
<i>Davao</i>	2,149,176	1,066,581	1,082,595	2,180,509	1,090,560	1,089,949
<i>SOCSARGEN</i>	0	0	0	0	0	0
<i>Zamboanga</i>	4,439,647	2,210,977	2,228,670	4,220,580	2,104,749	2,115,831
TOTAL	68,951,205	35,634,255	33,316,950	62,762,732	32,194,820	30,567,912

COMPARATIVE SHIPCALLS AT PORTS NATIONWIDE BY PMO

AT BERTH AND ANCHORAGE
2016 vs 2015

PMO	SHIPCALLS					
	2016			2015		
	Total	Domestic	Foreign	Total	Domestic	Foreign
MANILA/NORTHERN LUZON	21,671	16,278	5,393	18,802	14,357	4,445
<i>NCR North</i>	6,861	6,437	424	6,067	5,697	370
<i>NCR South</i>	5,025	3,049	1,976	3,855	2,330	1,525
<i>- M.I.C.T.</i>	2,082	0	2,082	1,531	0	1,531
<i>Bataan/Aurora</i>	6,709	6,062	647	6,187	5,483	704
<i>Northern Luzon</i>	994	730	264	1,162	847	315
SOUTHERN LUZON	123,644	121,401	2,243	113,340	111,485	1,855
<i>Batangas</i>	45,224	43,569	1,655	44,113	42,794	1,319
<i>Mindoro</i>	30,091	30,087	4	28,682	28,682	0
<i>Bicol</i>	22,459	22,356	103	18,390	18,307	83
<i>Palawan</i>	9,042	8,628	414	8,274	7,887	387
<i>Marinduque/Quezon</i>	11,398	11,335	63	8,643	8,581	62
<i>Masbate</i>	5,430	5,426	4	5,238	5,234	4
VISAYAS	173,323	172,344	979	152,478	151,887	591
<i>Negros Oriental/Siquijor</i>	44,723	44,680	43	40,864	40,836	28
<i>Panay/Guimaras</i>	29,958	29,581	377	27,130	26,923	207
<i>Western Leyte/Biliran</i>	17,434	17,266	168	15,817	15,703	114
<i>Negros Occidental/Bacolod/Banago/BREDCO</i>	33,686	33,490	196	29,880	29,746	134
<i>Eastern Leyte/Samar</i>	19,392	19,294	98	14,536	14,497	39
<i>Bohol</i>	28,130	28,033	97	24,251	24,182	69
NORTHERN MINDANAO	63,912	62,685	1,227	58,564	57,369	1,195
<i>Misamis Oriental/Cagayan de Oro</i>	16,558	16,298	260	15,379	15,114	265
<i>Lanao del Norte/Iligan</i>	15,805	15,692	113	15,893	15,785	108
<i>Agusan</i>	1,839	1,703	136	1,281	1,193	88
<i>Misamis Occidental/Ozamiz</i>	15,871	15,800	71	15,610	15,554	56
<i>Surigao</i>	13,839	13,192	647	10,401	9,723	678
SOUTHERN MINDANAO	51,030	48,557	2,473	51,911	49,799	2,112
<i>Cotabato</i>	53	53	0	157	157	0
<i>Zamboanga del Norte</i>	3,886	3,853	33	3,276	3,244	32
<i>Davao</i>	32,092	30,230	1,862	32,063	30,476	1,587
<i>SOCSARGEN</i>	1,915	1,434	481	1,306	905	401
<i>Zamboanga</i>	13,084	12,987	97	15,109	15,017	92
TOTAL	433,580	421,265	12,315	395,095	384,897	10,198

COMPARATIVE CONTAINER TRAFFIC AT PORTS NATIONWIDE BY PMO

AT BERTH AND ANCHORAGE
2016 vs 2015

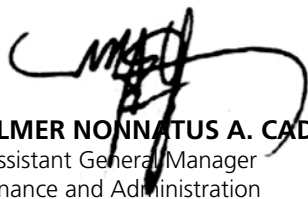
PMO	CONTAINER TRAFFIC - in TEUs					
	2016			2015		
	Total	Domestic	Foreign	Total	Domestic	Foreign
MANILA/NORTHERN LUZON	4,522,200	1,302,040	3,220,160	3,976,254	1,137,851	2,838,403
<i>NCR North</i>	1,301,099	1,301,099	0	1,137,455	1,137,455	0
<i>NCR South</i>	1,046,172	0	1,046,172	877,593	0	877,593
<i>- M.I.C.T.</i>	2,173,988	0	2,173,988	1,960,699	0	1,960,699
<i>Bataan/Aurora</i>	926	926	0	507	396	111
<i>Northern Luzon</i>	15	15	0	0	0	0
SOUTHERN LUZON	264,504	107,246	157,258	249,973	116,986	132,987
<i>Batangas</i>	200,184	42,926	157,258	188,077	55,090	132,987
<i>Mindoro</i>	96	96	0	0	0	0
<i>Bicol</i>	0	0	0	0	0	0
<i>Palawan</i>	64,224	64,224	0	61,896	61,896	0
<i>Marinduque/Quezon</i>	0	0	0	0	0	0
<i>Masbate</i>	0	0	0	0	0	0
VISAYAS	408,569	408,569	0	382,702	382,522	180
<i>Negros Oriental/Siquijor</i>	34,365	34,365	0	29,247	29,247	0
<i>Panay/Guimaras</i>	163,598	163,598	0	148,438	148,258	180
<i>Western Leyte/Biliran</i>	5,149	5,149	0	9,897	9,897	0
<i>Negros Occidental/Bacolod/Banago/BREDCO</i>	142,856	142,856	0	139,054	139,054	0
<i>Eastern Leyte/Samar</i>	32,352	32,352	0	29,289	29,289	0
<i>Bohol</i>	30,250	30,250	0	26,777	26,777	0
NORTHERN MINDANAO	366,679	366,679	0	326,391	326,391	0
<i>Misamis Oriental/Cagayan de Oro</i>	264,452	264,452	0	237,720	237,720	0
<i>Lanao del Norte/Iligan</i>	14,436	14,436	0	14,777	14,777	0
<i>Agusan</i>	40,822	40,822	0	34,442	34,442	0
<i>Misamis Occidental/Ozamiz</i>	37,920	37,920	0	32,510	32,510	0
<i>Surigao</i>	9,050	9,050	0	6,943	6,943	0
SOUTHERN MINDANAO	958,314	452,349	505,965	926,511	415,959	510,552
<i>Cotabato</i>	0	0	0	0	0	0
<i>Zamboanga del Norte</i>	14,002	14,002	0	10,709	10,709	0
<i>Davao</i>	649,691	247,470	402,222	645,700	225,081	420,619
<i>SOCSARGEN</i>	202,968	99,225	103,744	184,108	94,175	89,933
<i>Zamboanga</i>	91,653	91,653	0	85,994	85,994	0
TOTAL	6,520,264	2,636,882	3,883,382	5,861,830	2,379,708	3,482,122

Note: Values may not add up due to rounding off.

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The Management of Philippine Ports Authority is responsible for the information and representations contained in its Financial Statements for the year ended December 31, 2016. The Financial Statements have been prepared in conformity with applicable laws and regulations and generally accepted accounting principles applied on a consistent basis and reflect amounts that are based on the best estimates and informed judgment of Management with appropriate consideration for materiality.

The Authority maintain a system of accounting and reporting which provides for the necessary internal control to ensure that transactions are authorized and recorded, assets are safeguarded against unauthorized use or disposition and liabilities are properly recognized.

**ELMER NONNATUS A. CADANO**

Assistant General Manager
Finance and Administration

**JAY DANIEL R. SANTIAGO**

General Manager

INDEPENDENT AUDITOR'S REPORT



Republic of the Philippines
COMMISSION ON AUDIT
 Commonwealth Avenue, Quezon City

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, 2016 and 2015, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the years 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 the Philippine Financial Reporting Standards, 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 the Philippine Public Sector 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 for 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 qualified audit opinion.

Basis for Qualified Opinion

The accumulated cost of Construction in Progress (CIP) amounting to P3.616 billion and P2.722 billion as of December 31, 2016 and December 31, 2015, respectively was understated with the recognition of Input Value Added Tax (VAT) as separate expense item instead of capitalized part of the carrying cost of CIP which was not in conformity with the matching of cost and revenue principle and not in uniformity with the accounting treatment by other GOCCs. Also, we were not able to confirm the correctness of the amount of P240.539 million recognized as Input VAT segregated from the cost of CIP in 2016 because the contractors' Official Receipts did not indicate the tax as separate item of cost incurred by the PPA.

The accuracy of the reported consolidated balance of Property, Plant and Equipment (PPE) account totaling P105.066 billion and P103.237 billion as of December 31, 2016 and December 31, 2015, respectively was uncertain due to the unreconciled net variance of P376.639 million between the balance of PPE per books compared to the balance per physical inventory reports of PMOs Mindoro and NCR South; completed projects at PMOs Negros Oriental/Siquijor and Misamis Occidental/Ozamiz costing P61.885 million were still earned under Construction in Progress instead of reclassified to appropriate PPE thus, depreciation expense on the assets was not computed thereby overstating net income during the year; property already sold and salvage materials for disposal amounting to P11.605 million were not derecognized in the books of PMO NCR South; security equipment valued at P12.193 million at the Head Office were

unaccounted and demolished property of P1.961 million were still carried in the books of PMO NCR North. Further, major repairs and maintenance costs incurred by PMOs Mindoro and Ozamis totaling P206.50 million were not capitalized, contrary to PAS 16 resulting in understatement of appropriate PPE accounts, its Accumulated Depreciation and Retained Earnings and overstatement of repairs and maintenance expense by the same amount.

The reported balance of Cash in Bank disclosed in Note 5 amounting to P10.873 billion and P9.723 billion as of December 31, 2016 and December 31, 2015, respectively, cannot be relied upon due to the unreconciled difference of P29.873 million between the balance of the account per books of PMO Mindoro amounting to P186.167 million and the balance per bank of P216.040 million. The bank reconciliation statements submitted for verification by the PMO Management were up to March 2015 only.

Various assets and liabilities totaling P17.085 million and P12.817 million, respectively, which had been dormant or inactive in the books of the different PMOs of PPA affected the fair presentation of accounts in the financial statements.

Qualified Opinion

In our opinion, except for the effects and possible 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, 2016 and 2015, and of its financial performance and its cash flows for the years then ended in accordance with the Philippine Financial Reporting Standards.

Emphasis of Matter

We draw attention to Note 45 and 46 of the Notes to Financial Statements, which describes the uncertainty related to the outcome of the pending lawsuits and the Draft Substitute BH (House Bill No. 4312) entitled "An Act Creating the Manila Ports and Special Economic Recommendationary (MP-SER) Administration; as well, as the disputed deficiency tax assessment for FY 2007 of P4.9 billion and preliminary assessment of P125.0 million for internal revenue liabilities for taxable year 2012 which may affect the future financial condition of the PPA. Our opinion is not qualified in respect of this matter.

Report on the Supplementary Information Required Under BIR Revenue Regulations 16-2010

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 44 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 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

By: 
MAYOLA PAREDES-SALITA
 Supervising Auditor

May 19, 2017

STATEMENT OF FINANCIAL POSITION

December 31, 2016
(With Comparative Figures as of December 31, 2015)
(In Philippine Peso)

	Notes	2016	As Restated 2015
ASSETS			
Current Assets			
Cash and cash equivalents and international reserves	5	10,933,630,139	9,788,659,896
Investments	6	300,513,190	301,130,362
Receivables - net	7	1,947,426,103	1,686,045,655
Inventories	8	75,577,134	62,137,820
Prepayments	9	2,406,760,204	2,125,357,083
Other current assets	10	309,803,381	207,814,015
Total Current Assets		15,973,710,151	14,171,144,831
Non-Current Assets			
Property, plant and equipment - net	11	105,066,158,554	103,237,061,959
Other non-current assets	12	705,699,103	747,977,659
Total Non-Current Assets		105,771,857,657	103,985,039,618
TOTAL ASSETS		121,745,567,808	118,156,184,449
LIABILITIES AND EQUITY			
Current Liabilities			
Payables	13	2,837,062,568	2,780,731,880
Inter-agency payables	14	1,007,524,604	1,148,727,724
Current portion of foreign loans payable	15	418,786,415	386,178,016
Trust liabilities	16	860,963,574	618,174,883
Total Current Liabilities		5,124,337,161	4,933,812,503
Non-Current Liabilities			
Loans payable - foreign	17	3,828,178,536	3,916,279,136
Retirement gratuity payable	18	250,825,207	275,346,798
Total Non-Current Liabilities		4,079,003,743	4,191,625,934
Deferred credits	19	675,087,066	591,609,431
Total Liabilities		9,878,427,970	9,717,047,868
Equity			
Government equity	20 - 21	6,378,988,353	6,378,988,353
Revaluation surplus	22	72,547,651,741	72,547,678,617
Retained earnings/(deficit)	23	32,940,499,744	29,512,469,611
Total Equity		111,867,139,838	108,439,136,581
TOTAL LIABILITIES AND EQUITY		121,745,567,808	118,156,184,449

See accompanying Notes to Financial Statements.

STATEMENT OF COMPREHENSIVE INCOME

For the Year Ended December 31, 2016
 (With Comparative Figures for the Year Ended December 31, 2015)
 (In Philippine Peso)

	Notes	2016	As Restated 2015
REVENUES			
Share in arrastre/stevedoring income	24	6,571,007,709	5,752,115,156
Wharfage dues	25	3,037,823,485	2,781,079,118
Dockage fees	26	1,353,675,773	1,191,040,478
Storage charges	27	1,009,846,593	1,527,490,720
Port dues	28	741,144,552	606,244,324
Port usage fees	29	410,910,290	364,677,752
Terminal fees	30	276,605,723	190,263,795
Pilotage	31	63,387,995	52,165,251
Vessel traffic management service fees	32	18,821,964	17,904,286
Lay-up fees	33	6,598,197	2,169,936
Other income	34	714,339,265	681,378,499
		14,204,161,546	13,166,529,315
OPERATING EXPENSES			
Personal Services	35	1,093,707,278	1,225,214,986
Maintenance and Other Operating Expenses	36	6,344,866,098	5,995,174,863
		7,438,573,376	7,220,389,848
		6,765,588,170	5,946,139,467
PROFIT FROM OPERATIONS			
OTHER INCOME(EXPENSES)			
Fund management income	37	91,886,137	88,973,550
Other general income	38	24,131,529	31,262,470
Foreign exchange gain (loss) on revaluation	39	(329,406,385)	(233,729,314)
Financial expenses	40	(192,612,632)	(126,925,914)
Gain/(loss) on sale of disposed assets	41	(17,285,391)	(490,876)
		(423,286,742)	(240,910,083)
		6,342,301,428	5,705,229,383
NET INCOME BEFORE INCOME TAX			
INCOME TAX EXPENSE	42	1,643,604,501	1,648,456,773
NET PROFIT		4,698,696,927	4,056,772,611

See accompanying Notes to Financial Statements.

STATEMENT OF CHANGES IN EQUITY

For the Year Ended December 31, 2016
(With Comparative Figures for the Year Ended December 31, 2015)
(In Philippine Peso)

	Notes	2016	As Restated 2015
GOVERNMENT EQUITY	20		
National government contribution			
Balance at beginning of year		4,195,977,505	4,312,337,376
Cost of transferred projects to DPWH thru PMO Batangas		0	(116,359,871)
Balance at End of Year		4,195,977,505	4,195,977,506
DONATED SURPLUS	21		
Balance at beginning of year		2,183,010,848	2,100,499,872
Donations received by PMO Socsargen from Dole		0	65,635,000
Donations received by PMO Davao from PACINTER and Pilipinas Shell		0	16,420,576
Donations received by PMO Northern Luzon		0	455,400
Balance at end of year		2,183,010,848	2,183,010,848
REVALUATION SURPLUS	22		
Balance at beginning of year		72,547,678,617	72,548,666,028
Adjustments in assets appraised values		(26,876)	(987,411)
Balance at end of year		72,547,651,741	72,547,678,617
RETAINED EARNINGS	23		
Balance at beginning of year		29,512,469,611	26,577,813,916
Prior years' adjustment		887,795,833	677,399,200
Net profit during the year		4,698,696,927	4,056,772,611
Dividends paid during the year		(2,158,462,627)	(1,799,516,116)
Balance at End of Year		32,940,499,744	29,512,469,611
TOTAL EQUITY		111,867,139,838	108,439,136,581

See accompanying Notes to Financial Statements.

STATEMENT OF CASH FLOWS

For the Year Ended December 31, 2016
(With Comparative Figures for the Year Ended December 31, 2015)
(In Philippine Peso)

	2016	As Restated 2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Collection of port revenues	13,031,950,993	12,660,610,632
Receipt of other income	738,470,794	712,640,970
Fund management income	91,886,137	88,973,550
Cash paid for operating expenses	(5,196,731,900)	(6,804,499,204)
Net cash received (paid) on trust liabilities	(43,244,384)	174,103,044
Payment of accrued interest	(142,512,593)	(119,900,018)
Net cash received (paid) on depository liabilities	9,489,893	55,824,123
Net cash received (paid) on guaranty deposits	238,225	(1,302,237)
Net cash received (paid) on miscellaneous liabilities	83,477,635	(76,774,069)
Net Cash Inflows from Operating Activities	8,573,024,800	6,689,676,790
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for construction in progress	(4,738,857,328)	(3,067,762,107)
Fixed assets acquisition	(138,706,103)	(83,114,698)
Net Cash Used in Investing Activities	(4,877,563,431)	(3,150,876,805)
CASH FLOWS FROM FINANCING ACTIVITIES		
Loan repayments	(386,178,016)	(365,095,849)
Dividend payments	(2,158,462,627)	(1,799,516,116)
Calamity loans collected (granted)	(7,129,913)	61,980,333
Net Cash Used in Financing Activities	(2,551,770,556)	(2,102,631,632)
EFFECT OF EXCHANGE RATE ON CASH AND CASH EQUIVALENTS	1,279,430	1,149,724
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	1,144,970,243	1,437,318,078
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	9,788,659,896	8,351,341,818
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	10,933,630,139	9,788,659,896

See accompanying Notes to Financial Statements.

1. CORPORATE INFORMATION

The Philippine Ports Authority (PPA) is a government-owned and controlled corporation originally created under Presidential Decree (PD) No. 505 dated July 11, 1974 which was revised by substitution on December 23, 1975 by PD 857. It is attached to the Department of Transportation (DOTr) for policy and program coordination. Subsequent amendments under Executive Order (EO) No. 513 dated November 16, 1978, EO No. 546 dated July 23, 1979 and Letter of Instruction (LOI) No. 1005-A dated April 11, 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 April 13, 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.

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 on September 30, 2013 the PPA Mission Statement, Strategy Map and Performance Scorecard. Attainment of the PPA vision, originally targeted in year 2030, was revised to 2020 as the new target year.

The corporate powers of the Authority are vested in its Board of Directors composed of nine members; namely, (i) DOTr Secretary as Chairperson, (ii) PPA General Manager as Vice-Chairperson, (iii) and its members composed of NEDA, DPWH, DTI, DOF and DENR Secretaries, MARINA Administrator and a private sector representative. On October 6, 2015, the *Revised PPA Manual of Corporate Governance* that will govern board actions and limitations was approved by the PPA Board per Board Resolution No. 2469. Recommendations as a result of the review conducted by GCG were incorporated in the approved manual.

In conformity with the PPA Manual of Good Governance, the PPA Board created seven committees in addition to the Executive Committee that was created under Board Resolution No. 2323 in 2013. The new committees assisting the board in the discharge of its functions, created under Board Resolution No. 2448 dated June 8, 2015, are: (1) *Audit Committee*, (2) *Governance Committee*, (3) *Nomination and Remuneration Committee*, (4) *Risk Management Committee*, (5) *Information Technology Committee*, (6) *Project/Technical Committee* and (7) *Legal Committee*. In addition to the above committees, a Finance Committee was created per Board Resolution No. 2580 to review all financial matters and transactions of PPA prior to presentation and/or approval by the Board. The Executive Committee is composed of representatives from the Private Sector, DPWH and DOF as members, MARINA administrator as Vice-Chairman and PPA General Manager as Chairman pursuant to Board Resolution No. 2501. The compositions of the other committees were defined in Board Resolution No. 2502 to 2507.

The GCG approved PPA Rationalization Plan (RP) provided for the same composition of top management headed by a General Manager and three Assistant General Managers for Engineering Services, Operations, and, AGM for Finance, Legal and Administrative Services. The GCG approved total positions of 3,151 composed of 647 positions for the Head Office and 2,504 for the Field Offices. The second tranche of the filling-up of vacant positions has been completed in 2016 based on the GCG-approved filling up pattern to be implemented over a five year period.

To ensure PPA's compliance to the requirements of RA No. 10149, Good Governance Act of 2010, the creation of a *Compliance Office* under the Office of the General Manager was approved by the PPA Board per Board Resolution No. 2449. PPA Special Order No. 531-2015 dated June 2, 2015 was issued designating the Assistant General Manager for Special Projects as Compliance Officer. In a letter dated November 3, 2015, the GCG classified the PPA as Class "A" GOCC based on its assets and revenues for the last three years pursuant to Section 6(e) of Executive Order No. 24.

In 2016, Executive Order No. 203 was signed adopting a Compensation and Position Classification (CPC) System and General Index of Occupational Services (IOS) for the GOCC Sector covered by R.A. 10149. The GCG operational requirements for Job Levelling and Salary Administration of the Authority for the implementation of CPC has been completed and discussed with Management for review and concurrence. The processing of requirements prescribed by the GCG for the implementation of the CPC is expected to be completed by end of March of 2017. The results will then be submitted to the GCG for review and endorsement to the Office of the President for approval.

COA Circular 2015-003 classified Government Corporations into Government Business Enterprise (GBE) and Non-GBE for the purpose of determining the applicable Financial Reporting Framework and the prescribed guidelines in the preparation of Financial Statements. PPA was classified as GBE with the following characteristics: a) an entity with the power to contract in its own name; b) assigned financial and operational authority to carry on a business; c) sells goods and services, in the normal course of business, to other entities at a profit or full cost recovery; d) is not reliant on continuing government funding to be a going concern; and, e) is controlled by a public sector entity. In substance, GBEs perform similar activities as in the private sector that is generally to make profit with some having limited community service obligation.

2. HIGHLIGHTS OF CY 2016 ACCOMPLISHMENTS

2.1. Physical Infrastructure Development and Maintenance

2.1.1. Locally Funded Projects (LFP)

The cumulative value of physical accomplishment on Locally-Funded Projects (LFP) implemented by the PPA amounted to P9.809 billion covering 171 projects nationwide. The status of implementation as of December 31, 2016 are as follows: 68 fully completed; 51 on-going; one suspended; and, 51 projects under procurement.

Included among the completed LFPs are RoRo ramps constructed at the following sites which were programmed under the Enhanced Transport Connectivity:

- San Agustin, Romblon
- Bulalacao, Oriental Mindoro
- Dingalan, Aurora
- Romblon, Romblon
- Balanacan, Marinduque
- Jagna, Bohol
- Sogod, Southern Leyte
- Iligan, Lanao del Norte
- Dapitan, Zamboanga del Norte

2.1.2. Dredging Operations

As of December 31, 2016, a total of 773,645 cubic meter of silts were removed at the following ports and harbors:

- Zamboanga Port;
- South Harbor Entrance Channel and Fairway leading to Pier 15;
- El Codo, Pasig, Manila;
- Fort San Pedro, Panay/Guimaras;
- Sta. Cruz Port, Marinduque/Quezon;
- Bulan Port, Sorsogon;
- San Andres Port, Catanduanes;
- Tagbilaran Port, Bohol;
- North Harbor Pier 16 (Marine Slipway);
- Port of Legazpi;
- Port of Lucena;
- Pier 15, South Harbor;
- Pier 3, South Harbor;
- Port of Currimao; and,
- Port of Salomague.

2.1.3. Repair and Maintenance Program

Total approved budget for the funding requirements of 241 projects nationwide under the Repair and Maintenance Program amounted to P2.511 billion.

As of December 31, 2016, 157 projects have been completed; 68 are ongoing; while, 16 have not started. Physical accomplishment is valued at P2.173 billion at year-end.

2.2. Port Services

2.2.1. Installation of Vessel Traffic Management System (VTMS) and Automatic Identification System (AIS)

The procurement and installation of additional VTMS facilities at Davao, Zamboanga, Panay (Guimaras) and Dangay (Roxas) to complement the existing VTMS at Batangas, Manila, and Corregidor (Bataan) was renegotiated as part of the 2016 Performance Agreement with GCG since the Philippine International Trading Corporation (PITC) has not been successful in the procurement of the facilities covered under a Memorandum of Agreement with PITC as procuring agent. Due to the delay, management intends to directly undertake the procurement of the new VTMS as well as upgrading of existing units.

PPA also successfully installed in 2016 the Automatic Identification System (AIS) units at the following selected base ports, Ormoc, Cagayan de Oro, Iligan, and General Santos bringing the total number of ports with installed AIS to five ports including the Port of Surigao, which was installed in CY2014.

2.2.2. Quality Management System (QMS) pursuant to E.O. 605

Nine ports have been QMS certified from Vessel Entrance/Clearance (VEC) procedures under the 9001:2008 standards. These are Batangas, Cagayan de Oro, Davao, Zamboanga, General Santos, Iloilo, Ozamiz, Legaspi and Puerto Princesa.

In December 2016, the internal audit for 14 ports and for the Head Office was already completed. The certification process is expected to be completed by the 1st Quarter of 2017.

2.2.3. Port Users' Annual Satisfaction Survey (PASS)

In 2015, the 3rd Port Users Needs and Satisfaction Survey (PUNSS III), a comprehensive survey for the overall satisfaction of PPA's stakeholders nationwide covering diversified respondents including the Cargo Handling Operators, Cargo Owners and Private Port Operators was conducted and administered by the Development Academy of the Philippines (DAP).

In 2016, PPA again contracted the DAP for the conduct of Port Users' Annual Satisfaction Survey (PASS). The survey focuses on the perception of the services and administration of PPA. The respondents were limited only to Passengers and Shipping Lines at targeted base ports with high passenger volume, i.e., North harbor, Bohol, Ozamiz, Cagayan de Oro, Siquijor, Bicol and Batangas.

The PASS Draft Final Report of the DAP in December, showed an overall Service Quality Index (SQI) of 3.79 percent which is within the satisfactory range of 3.50 to 4.49. In 2015, overall SQI under PUNSS II stood at 3.92 percent. However, comparison between the CY 2015 and CY 2016 overall results of the survey cannot be made since the PUNSS SQI encompass dimensions for measuring the satisfaction of other port stakeholders aside from Passengers and Shipping Lines, i.e. Cargo Handling Operators, Cargo Owners, and Private Port Operators.

2.2.4. Shore Reception Facility (SRF)

The MARPOL 73/78 is the main international marine environmental convention covering the prevention of pollution from ships including, but not limited to, dumping, oil, and exhaust pollution or accidental causes. As a signatory to the Convention, PPA complies with the requirements of the Shore Reception Facilities (SRF) in different ports within its jurisdiction through the procurement of the services of Golden Dragon International Terminal Services (GDITI) which shall establish and operate Shore Reception and Treatment Facilities. GDITI was awarded with a 15-year contract which shall expire in August 2018.

2.2.5. Privatization Initiatives

- In 2016, PPA awarded 26 Cargo Handling Contracts/Permits/Hold-Over Authorities with varying duration from six months to 10 years
- Eight Passenger Terminal Buildings (PTBs) were successfully privatized with Notice of Award (NOA) issued to the winning bidder (PTB Operator) for a Five-Year Contract of Lease, Management, Operation and Maintenance as of end of December 2016

2.2 Regulatory and Enforcement

- As of December 2016, PPA approved seven applications of Permit/Clearance to Develop private port facilities in various locations nationwide
- PPA approved four Contracts for Lease and 579 applications for Permit to Occupy, for the purpose of optimizing the utilization of identified idle areas at the ports, provide additional revenue, as well as to encourage the active participation of private entities in providing ancillary services at the ports.
- In 2016, the Authority issued a total of 28 Certificates of Registration/Permits to Operate (COR/PTO) to various port operators nationwide

2.4 Human Resource

Personnel complement as of December 31, 2016 stood at 1,833, of which 401 are assigned at Head Office (HO) while, the remaining 1,432 are at the Field Offices. In 2016, 108 new employees were hired, distributed 18 for HO and 90 for PMOs. Meantime, the employment of 1,203 outsourced personnel, 265 for HO and 938 for field offices, continue to augment PPA's manpower to ensure uninterrupted port services.

2.5 DOTr Approved Tourism and Social Reform Related Port Projects

PPA bid-out 47 Social Reform Projects of the Department of Transportation (DOTr) mainly to promote Tourism and Economic Development Agenda of the Government. Of the total 47 port projects for implementation by PPA, 34 projects were successfully bid out while 13 are still pending with the DOTr. Of the 13 projects, seven have pending requests for downloading of funds and the other six projects have issues involving the preparation, evaluation, and approval of Program of Work (POW).

3. MAJOR CONTRACTS / SERVICE CONCESSION ARRANGEMENTS

The following highlights of the terms and conditions of major contracts entered into by PPA are reiterated, and updated information on accomplishments in 2016 on development commitment is provided in accordance with SIC 29 on *Service Concession Arrangements*.

A. Contracts involving Port of Manila -

1) *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 November 18, 2009.

Following are the highlights of the contract:

- a. MNHPI will 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 shall continue to collect charges on Port Dues, Dockage Fees, Usage Fees, Wharfage Dues, VTMS Fees and management fees to be recognized as PPA revenues.

- b. The financial considerations to be paid to PPA:

- Fixed Fee of P6,818,855,000 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 for a period of 25 years from year 2010 up to 2034.
- Reimbursement of past service benefits advanced by PPA in the amount of P20.6 million per year for a period of five years or a total of P103.0 million. As of year-end 2016, P61.8 million have been received representing the first three years of remittance from MNHPI. The remaining balance of P41.2 million will be remitted within the next two years.

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

The PPA Board of Directors approved the development plan "Manila North Harbor Modernization Project" (MNHMP) per Board Resolution No. 2254 dated June 2, 2011. The total estimated project development cost is P14.8 billion to be implemented during the contract period from 2010 to 2034.

Based on the MNPHI Modernization Project Quarterly Report as of December 31, 2016, a total of P10.26 billion had been invested in various development initiatives since 2010 broken down as follows:

Financial Investments	Value of Accomplishment as of December 31, 2016
1. Infrastructure and Port Development	P 5,647,337,796
2. Cargo Handling Equipment	4,361,758,246
3. Safety and Security	69,229,930
4. Information and Technology	185,980,465

The net book value of PPA constructed assets turned over for use and management by MNHPI under the contract is P463.12 million as of December 31, 2016.

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

The PPA entered into an agreement with Asian Terminal, Inc. (ATI) for the management and operation of South Harbor. The Third Supplemental Contract executed on October 19, 2007 extended the contract term up to May 18, 2038. It covers provisions under the (i) Lease Agreement of January 15, 1997 concerning services and areas of South Harbor 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 remitted to the PPA on May 19, 2013 a lump sum fee of P282.0 million. In addition, the following financial considerations shall be paid to PPA:

- From income derived on international containerized cargo handling operations, Fixed Fee of US \$9.0 million and Variable Fee of 20 percent 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 are payable quarterly in arrears not later than the 5th day of the first month 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 P55.0 million; Variable Fee of 30 percent of annual gross storage revenues from international cargo storage operation in excess of P273.0 million whether collected or uncollected; and, Variable fee of 10 percent 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.
- Adjunct Fee in case actual international container volume throughput exceeds 1,900,000 Twenty Equivalent Units (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 percent of gross stevedoring revenues and government share of 20 percent of gross arrastre revenues.

Further, the contract provides for investment commitment from ATI. Among its highlights are:

- ATI shall implement the projects for rehabilitation, development and expansion of the South Harbor facilities in accordance with the Investment Plan, as may, from time to time be revised or updated pursuant to the Third Supplement. Summary of Investments to be implemented from Year 2009 to 2022 are as follows:

Source of Revenue	Infrastructure	Equipment	IT	Total
	In Million US dollar (\$)			
International Containers	P 126.685	P 123.075	P 8.987	P258.747
International Gen. Cargo	6.473	1.930	.362	8.765
Domestic Cargo	17.061	15.180	.706	32.947
Total	P 150.219	P 140.185	P10.055	P300.459

- Investment of P120.0 million for additional works and other costs related to the construction of the PPA Head Office building.

Actual value of investments or costs of implemented projects by ATI from CY 2011 to 2016 has aggregated to P1,592,915,293 composed of infrastructure projects of P216,572,358; investments in information technology of P106,647,000; and acquisition of port equipments costing - P1,269,695,935.

The net book value of PPA constructed assets at South Harbor which were turned over for the management and operation of Asian Terminal Inc. amounted to P38.09 million, as of December 31, 2016.

3) *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 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 April 20, 2005 which provides for an extension of the contract period for another 25 years reckoned from May 19, 2013 up to expiration of 'Extended Term' on May 18, 2038.

Part of the financial consideration was the lump sum fee of P670 million which was remitted to PPA on May 20, 2013. Also, additional investment of not less than US\$125.0 million for the construction and development of new facilities completed by May 18, 2013;

Aside from the abovementioned financial consideration, the contract provides for the following financial consideration under the 'Extended Term':

- Fixed Fee of US\$600.0 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 need of demand; and,
- Variable fee of 20 percent 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.
- Remittance of 10 percent of its gross income in the preceding month derived from domestic operation, billed/unbilled or collected/ uncollected, due not later than the 5th day of every month. This is based on the 2007 Supplemental Contract executed, relative to the contract signed on May 19, 1988 and renewed in April 2005, granting the contractor the authority to provide arrastre, stevedoring and other related cargo handling services to domestic vessels and cargoes at MICT.

On June 23, 2010, a Supplemental Contract to the May 19, 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 to 2012. The actual value of completed port development on ICTSI's estimated cost of investment commitment has amounted to \$216.22 million.

For the Port Development Commitment estimated at \$146.38 million from 2013 to 2037, provided in Annex E of the contract, the actual cost of recorded investment has amounted to \$48.08 million as of December 31, 2016.

As of December 31, 2016, PPA constructed assets turned over for use under the original management contract with ICTSI has net book value of P18.32 billion, carrying value of land included.

4) *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 October 20, 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).

A contract extension and renewal was executed and as a material condition the contractor commits to develop, finance and construct the required development within the specified timelines. The contract extension shall become effective and commence on October 01, 2015 until September 30, 2025.

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

- Annual Fixed Fee in the total amount of P1,252,491,855 payable for a period of ten (10) years and summarized as follows:

Contract Year	% Escalation	Fixed Fee Amount
Year 1	none	112,700,000
2	none	112,700,000
3	none	112,700,000
4	5%	118,335,000
5	4%	123,068,400
6	3%	126,760,452
7	3%	130,563,266
8	3%	134,480,164
9	3%	138,514,568
10	3%	142,670,005
Total		1,252,491,855

- Annual Volume-Triggered Government Share in the amount equivalent to:
 - Ten percent of the Gross Income for handling and servicing all types of domestic cargoes and those derived from passenger terminal fees, in excess of the Defined Threshold Volume and;
 - Twenty percent of the Gross Income for handling and servicing all types of foreign cargoes, in excess of the Defined Threshold Volume.

The Defined Threshold Volumes of the various types of cargoes and services shall be as follows:

Cargo Type / Port Traffic	Annual Volume Threshold
1. Non-Containerized Cargo (MT)	
Domestic	400,000
Foreign	100,000
2. RORO Cargoes Units	
Domestic (RRTS)	240,000
Foreign (CBUs)	115,000
Domestic (CBUs)	4,000
3. Domestic Containerized Cargo (TEUs)	35,000
4. Passengers (Outbound)	3,000,000

The Annual Fixed Fees and Volume Triggered Government share are exclusive of Value-Added Tax (VAT).

5) *Management, Operation, Maintenance, Development and Promotion of Container Terminal "A-1", Phase II at Port of Batangas*

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

The net book value of assets constructed by PPA that are operated and managed by ATI at Port of Batangas amounts to P1.910 billion as of December 31, 2016.

6) *Construction, Management and Operation of Reefer Rack at Port of Davao*

Davao Integrated Port and Stevedoring Services Corporation (DIPSSCOR) was awarded on April 23, 2010 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. The contract is 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 percent of the gross income on 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 facilities which was constructed by PPA and turned over to DIPSSCOR under the contract has net book value of P 5.26 million as of December 31, 2016.

The accounts required to be presented in the face of the Statement of Financial Position and Statement of Comprehensive Income conforms to the applicable provisions of the Philippine Financial Reporting Standards (PFRS) 1 – *First Time Adoption of PFRS*. The financial statements were prepared using the accrual basis principle except for the Cash Flow Statement. Comparative information and aggregation of each material class of items are presented separately consistent with prior years' presentation. Each material class of similar items is presented separately in the financial statements while dissimilar items whose amounts are considered immaterial were aggregated. Offsetting is permitted to those allowed under PFRS.

There is no change in account composition / classification that would require restatement of prior year's statement for purposes of comparability.

Assets

The assets are categorized into Current and Non-current Assets. "Restricted Cash" is presented under Non-Current Assets as in the prior years.

Investments

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

Accounts Receivables

Receivables composed of trade and non-trade accounts 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 moving average method of costing.

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

Intangible Assets

Cost pertains only to 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 change 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. The portion of long-term loans payable due for settlement within the next twelve months after reporting date is presented as Current Liability.

Foreign Currency

The financial statements are presented in Philippine currency. Foreign-currency denominated depository accounts and loan balances are revalued and translated into Philippine currency based on exchange rate as of reporting date, December 31, 2016.

4.4. Recognition, Derecognition and Reclassification of Assets and Liabilities

Inventories

Supplies and materials for stock whether purchased and/or received as donations are recorded under the appropriate inventory accounts following the perpetual inventory method. In conformity with COA Circular 2016-006 dated December 29, 2016 and PPA Finance Memo Order 01-2016, semi-expendable items with estimated useful life of more than a year but below the capitalization threshold of P15,000 shall be considered as part of the inventory upon acquisition.

Item issued/consumed during the year is treated as expense, charged to profit or loss for the period. The moving average costing method is used in determining the amount to be recognized as expense for the period.

There is no change in the recognized net realizable value of dredger spare parts. Consistent with the provision of PAS 2 on *Inventories*, the value of spare parts for dredgers were written down to net realizable value in CY 2011. As provided for in the standard, the practice of writing down inventories 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 its sale or use. Further, the criteria on the recognition as an expense of the amount written down on inventories to net realizable value and loss in the period of the write down is applied. With Management's intention to dispose the asset, the value of spare parts inventory is presented under 'Other Assets' at net realizable value.

Expense is recognized upon issuance of accountable forms to collecting officers and cashiers.

Property and Equipment

Property and equipment of the Authority are carried in the books at appraised value except for additions in between the periods of appraisal which are recorded at acquisition cost net of Value Added Tax (VAT).

4. SUMMARY OF SIGNIFICANT ACCOUNTING AND FINANCIAL REPORTING POLICIES

4.1. Basis of Preparation

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. 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 reports by the COA. In compliance with the recently issued COA Circular Nos. 2015-010 and 2016-006 dated December 01, 2015 and December 29, 2016, respectively, on the adoption of Revised Chart of Accounts (RCA), the account codes were converted or mapped to the codes of equivalent accounts in the RCA.

AFMS uses a single book of accounts in recording the financial transactions of Operating Units (OU) composed of the Head Office and Port Management Offices. Clearing accounts, default account, 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 Head Office, for each PMO, consolidated report on PMOs and consolidated PPA report.

Forms and reports including schedules of the different accounts generated thru the AFMS were developed using Oracle software and were customized to be compliant with the requirements of the NGAS. The consolidated financial statements include the financial transactions of the Head Office and Port Management Offices as of December 31, 2016.

Except for fixed assets which were revalued in June 19, 2011 and the cost of assets for disposal that were adjusted to net realizable value, the financial statements prepared use historical cost convention and accrual basis of accounting. In June 2016, independent appraiser the Royal Asia Appraisal Corporation was hired to conduct assessment or appraisal of PPA assets. The results of the appraisal conducted shall be recognized in the books based on the Final Appraisal Report upon acceptance thereof.

4.2. 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 1	<i>First Time Adoption of PFRS</i>
PFRS 5	<i>Non-Current Assets Held for Sale and Discontinued Operations</i>
SIC 29	<i>Service Concession Arrangements</i>

Transactions or business arrangements not falling under any of the existing PAS and PFRS were disclosed in the Notes to Financial Statements. All other accounting standards, financial reporting standards and financial interpretations issued by the Philippine Interpretation Committee are deemed not applicable in accounting for the transactions of the Philippine Ports Authority as a government-owned and controlled corporation.

In 2015 no transactions warrant the application of PAS 8 on *Accounting Policies, Changes in Accounting Estimates and Errors*; and, PAS 20, *Accounting for Government Grants and Disclosure of Government Assistance*.

4.3. Presentation of Financial Statement

The financial statements composed of Statement of Financial Position, Statement of Comprehensive Income, Statement of Cash Flows, Statement of Changes in Equity and Notes to Financial Statements required in PAS 1, *Presentation of Financial Statements*, were prepared to fairly present PPA's financial transactions as a going concern corporation. The presentation and classification of items in the financial statements is consistent with prior year's financial statements. For comparability and consistency in presentation of financial information, the Statement of Financial Position for CY2015 was converted using the RCA. Additional disclosures are provided, where necessary.

PPA assets were appraised in 2011 by hired independent appraiser. Appraisal of fixed assets is conducted once every five years pursuant to COA Resolution No. 89-17. Any increase or decrease in value of the asset resulting from appraisal is treated as direct adjustments to Revaluation Surplus account. Recognition of gain or loss as provided for in PAS 16 is not observed. When assets are dropped from the books, i.e. retirement, disposal, demolition, etc., the recognized revaluation surplus is closed to Retained Earnings account.

In 2013, the Revaluation Capital account was analyzed and adjusted to include only the revaluation surplus for the remaining assets as reflected in the 2011 appraisal report. In the absence of any recognized gain or loss from prior years' appraisals, the adjustments to the Revaluation Capital were closed to Retained Earnings and the following provisions of PAS 16 shall be applied on the result of asset appraisal conducted in 2016:

- For Initial Revaluation
 - An increase in the value of Fixed Asset due to Appraisal shall be adjusted through the Revaluation Capital account.
 - A decrease in value of Fixed Assets due to Appraisal shall be directly charged to the result of operations in the Profit and Loss Statement (P&L).
- For Subsequent Revaluation
 - The increase shall be recognized as revaluation gain to the extent that it reverses a revaluation decrease of the same asset previously recognized in the P&L and any excess shall be charged to Revaluation Capital
 - A decrease shall be debited to the extent of existing balance of Revaluation Capital in respect of that same class of asset, any excess shall be charged to revaluation loss in the P&L.

Upon retirement, disposal, demolition, or when the appraised asset is permanently impaired, the cost of the asset, appraisal increment and related accumulated depreciation is dropped from the books and any resulting gain or loss is recognized on the difference between the net proceed and net realizable value for the period.

Depreciation starts when the asset is used 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 10 percent residual value, using the straight-line method over the estimated useful life of the asset 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 set up for on-going 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 provided in management contracts are not included as assets of the Authority. The properties shall be recognized in the books of the Authority when the 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". The difference between the net book value and residual value is recorded as loss for the period. The difference between actual amount received from the disposal/sale of the asset, and the carrying value or residual value is recognized as gain or loss on disposal for the period.

Impairment of Assets

For an asset which has not been subject to appraisal and whose recoverable amount is less than the carrying value, the recorded cost is reduced to recoverable value with the difference charged to current period as impairment loss.

Intangible Assets

The cost incurred in the development of the PPA Computerized System was initially recognized under the account "Construction in Progress" (CIP). Upon completion, the accumulated cost under CIP was closed and intangible asset was recognized considering the economic benefit 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 such as training, travelling, fuel, meetings, cabling and other related expenses of administrative nature were closed to Retained Earnings. The period of amortization started in 2014 and will end in 2018.

All expenses for the system's continuing enhancement and improvement are recognized as expense for the period.

Liability

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

and infrastructure projects. PPA Finance Memorandum Order 01-2016 dated December 02, 2016 was issued amending the AFMS Manual to include accrual for the value of physically accomplished portion of infrastructure projects at the end of the year.

Borrowing Costs

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

4.5. 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 shall remit fees to the Authority in accordance with the terms of the contracts.

Foreign Exchange Transactions

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

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

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:

- a). 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.
- b). 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 2016, all infrastructure projects were financed with corporate fund. No transaction required application of the adopted policy.
- c). 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 or the PPA Charter issued dated December 28, 1975. 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 of gross income, is paid if higher than the Regular Corporate Income Tax (RCIT).

Provision for Bad Debts

Receivables are valued at face amounts less 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 April 22, 2009 prescribes the rates on provisions for doubtful accounts, as follows:

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

4.6. 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 books to monitor the subsidiary 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 percent of PPA's net income after tax plus/minus authorized additions/deductions as provided by law. In 2016, the Revised Implementing Rules and Regulations issued by DOF intended to promote fiscal discipline among GOCCs and improve National Government, cash management was applied in the computation of dividend.

5. CASH AND CASH EQUIVALENTS AND INTERNATIONAL RESERVES

The breakdown of this account is as follows:

	2016	2015
Cash in bank		
Philippine National Bank	75,894,044	216,304,591
Philippine Veterans Bank	4,753,705,188	4,047,949,521
Land Bank of the Philippines	5,928,676,042	5,455,439,256
Development Bank of the Philippines	114,933,438	2,953,706
Cash in bank	10,873,208,712	9,722,647,074
Cash with collecting officers	60,421,427	65,764,331
Cash with disbursing officer	0	248,491
	10,933,630,139	9,788,659,896

Cash in bank includes Special/High Yield/Premium Savings deposit at the Philippine Veterans Bank (PVB) and Land Bank of the Philippines (LBP) amounting to P2,049.32 million and P3,364.49 million, respectively, intended for various infrastructure projects and for retirement benefits of PPA personnel.

6. INVESTMENTS

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

	2016	2015
Treasury bonds	300,363,190	300,980,362
Other investments	150,000	150,000
	300,513,190	301,130,362

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

7. RECEIVABLES

This account includes the following:

	2016	2015
Receivables-trade		
Accounts receivable	1,832,034,723	1,374,157,287
Notes receivable	5,828,132	13,971,338
	1,837,862,855	1,388,128,625
Less: Allowance for doubtful accounts	206,726,847	50,204,251
	1,631,136,008	1,337,924,374
Other receivables		
Due from officers and employees	142,885,927	138,293,024
Due from NGAs, GOCCs & LGUs	94,897,639	101,677,042
Due from operating units and other funds	16,533,122	32,277,797
Miscellaneous receivables	177,388,895	198,931,969
	431,705,583	471,179,832
Less: Allowance for doubtful accounts	115,415,488	123,058,551
	316,290,095	348,121,281
	1,947,426,103	1,686,045,655

Accounts receivable – Trade 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.

Notes receivable represents the realizable value of promissory notes issued by port users to cover the assessments of their restructured accounts, payable within specified repayment period.

Due from officers and employees includes calamity, hospitalization and medical loans granted to PPA officers and employees, cash advances granted for official travel and other amounts outstanding and collectible from officials and employees.

Due from NGAs, GOCCs, and LGUs consists of the amounts due from various departments, bureaus, corporations and local government units. Included are the remaining balance of P67.25 million on the original amount of P123.11 million advanced to the National Housing Authority by PPA PMO North Harbor for the relocation and resettlement of Informal Settler Families (ISFs) affected by the development of North Harbor. The account also includes

accrued interest receivables from Special Savings/Premium/High Yield Deposit from the Philippine Veterans Bank and Land Bank of the Philippines, and Treasury Bonds issued by the Bureau of Treasury.

Due from operating units and other funds cover the net income of Special Take-Over Units (STUs) that are due for remittance to the Port Management Offices of the Authority.

Miscellaneous receivables represent past due receivables and amount due from accountable officers and employees for refund of overpayments and audit disallowances which have become final and executory. Included in this account is the amount of P98.36 million which represents outstanding accounts receivable of PMO NCR North from various clients and lessees pertaining to port charges, rentals, water and electricity consumptions. Also, part of this account is the P40.71 million receivable from Manila North Harbor Port, Inc. (MNHP), pertaining to 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).

The *Allowance for doubtful accounts* provided is in accordance with the rates prescribed in PPA Finance Memo Order No. 02-2009 dated April 22, 2009. The breakdown is as follows:

No. of Days Past Due	Rate	Past Due Accounts Receivable	Amount of Provision
1 - 30 days	5%	3,394,798	169,740
31 - 90 days	10%	3,020,376	302,038
91 - 180 days	20%	4,469,244	893,849
181 - 365	40%	2,528,925	1,011,570
Over 365 days	60%	340,582,751	204,349,651
			206,726,847

8. INVENTORIES

This account consists of the following:

	2016	2015
Accountable forms, plates and stickers	42,692,730	38,236,580
Office supplies	11,552,125	11,511,943
Construction materials	2,558,055	2,763,419
Other supplies and materials inventory	18,774,224	9,625,878
	75,577,134	62,137,820

9. PREPAYMENTS

This account includes the following:

	2016	2015
Advance payment to contractors	1,022,255,377	812,398,682
Other prepayment	919,332,363	906,015,366
Other miscellaneous assets and deferred charges	224,561,342	169,136,552
Prepaid taxes	197,162,482	187,805,309
Procurement service	38,250,988	39,411,926
Prepaid insurance	5,197,652	10,589,248
	2,406,760,204	2,125,357,083

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 prepayment – bulk of the balance of the account pertains to the P900.0 million transferred to the Philippine International Trading Corporation, the procuring agent of PPA for the acquisition of baggage x-ray machines and walkthrough metal detector and upgrading of the Vessel Traffic Management System (VTMS). The account also includes feasibility studies, NSFD grants and other prepaid expenses.

Other miscellaneous assets and deferred charges pertains mainly to net output vat for the 4th quarter of 2016 amounting to P223.27 million to be offset as tax credit upon remittance of taxes to BIR on January 25, 2017.

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.

10. OTHER CURRENT ASSETS

The breakdown of this account is as follows:

	2016	2015
Input VAT	303,968,941	201,741,352
Guaranty deposits	5,780,090	6,018,313
Others	54,350	54,350
	309,803,381	207,814,015

Miscellaneous-input value added tax (VAT) pertains to the accumulated 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.

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.

11. PROPERTY AND EQUIPMENT

This account is composed of the fixed assets presented in the Schedule following this page of the report.

The balance of Construction in Progress account corresponds to the physical value of accomplishment of on-going projects based on percentage of completion as reported by the Engineering Office as of December 31, 2016.

Property and equipment also includes various fixed assets recorded in the books of PMOs NCR South, NCR North, Batangas, and Davao that are currently being managed by private operators/contractors under existing management contracts with PPA.

Also part of the increase in values of fixed assets is the costs of various repairs and maintenance projects implemented and completed that were capitalized and adjusted during the year in conformity with PAS 16.

PHILIPPINE PORTS AUTHORITY SCHEDULE OF PROPERTY, PLANT & EQUIPMENT FOR THE YEAR ENDED DECEMBER 31, 2016

	Land & Land Improvements	Building & Other Structures	Construction in Process	Motor Vehicle	Machinery & Equipment	Office Equipment	Other Fixed Asset	TOTAL
At December 31, 2015								
Cost	68,265,027,779	55,176,859,023	2,721,915,494	237,562,093	4,971,918,509	2,798,442,162	1,160,081,000	135,331,806,060
Accumulated Depreciation	(103,888,214)	(24,947,076,232)	0	(118,653,844)	(4,180,017,374)	(1,739,519,083)	(1,005,589,354)	(32,094,744,101)
NET BOOK VALUE	68,161,139,565	30,229,782,791	2,721,915,494	118,908,249	791,901,135	1,058,923,079	154,491,646	103,237,061,959
YEAR ENDING BALANCES, December 31, 2016								
Opening Book Value	68,161,139,565	30,229,782,791	2,721,915,494	118,908,249	791,901,135	1,058,923,079	154,491,646	103,237,061,959
Additions/Investment in Fixed Assets Year Ending December 31, 2016	489,516,953	2,751,241,770	3,376,655,913	10,992,986	11,829,174	152,178,720	0	6,792,415,516
Disposed/Retired/Adjustment	(46,762,445)	(319,481,269)	0	(5,809,374)	30,465,223	(82,830,517)	261,607	(424,156,775)
Completed/ Transferred	0	0	(2,482,900,179)	0	0	0	0	(2,482,900,179)
Depreciation for the year	(63,351,666)	(1,800,430,715)	0	(24,823,628)	(119,338,090)	(218,382,071)	(12,835,682)	(2,239,161,852)
Adjustment on Prior Years' Depreciation	43,657,902	88,725,450	0	3,385,728	(550,236)	47,681,041	0	182,899,885
Closing Net Book Value	68,584,200,309	30,949,838,027	3,615,671,228	102,653,961	714,307,206	957,570,252	141,917,571	105,066,158,554
At December 31, 2016								
Cost	68,707,782,287	57,608,619,524	3,615,671,228	242,745,705	5,014,212,906	2,867,790,365	1,160,342,607	139,217,164,623
Accumulated Depreciation	(123,581,978)	(26,658,781,497)	-	(140,091,744)	(4,299,905,700)	(1,910,220,113)	(1,018,425,036)	(34,151,006,069)
NET BOOK VALUE	68,584,200,309	30,949,838,027	3,615,671,228	102,653,961	714,307,206	957,570,252	141,917,571	105,066,158,554

12. OTHER NON-CURRENT ASSETS

The breakdown of this account is as follows:

	2016	2015
Non-operating assets	404,775,489	399,830,622
Restricted cash deposits	115,906,903	19,839,227
Deposits with the BTr	18,748,154	18,748,154
Receivable from the PNR	18,000,000	18,000,000
Intangible asset	282,252,704	423,379,056
	839,683,250	879,797,059
Less Allowance for doubtful accounts	133,984,147	131,819,400
	705,699,103	747,977,659

Non-operating assets is composed of:

- 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 or a total of P120.38 which have remained unsettled to date. The accounts are subject of previous request to the Commission on Audit for closure/derecognition in the books with pertinent documents resubmitted in August 2010.
- Serviceable assets which are no longer used in port operations and unserviceable assets awaiting disposal with carrying values amounting to a total of P247.61 million.
- Net realizable value of P36.78 million based on the appraisal report of an independent appraiser.

Restricted cash deposits pertain to the funds held in escrow at the Land Bank of the Philippines, Development Bank of the Philippines and Philippine Veterans Bank. A portion of the funds is earmarked for the settlement of claims for NLRC SCREB Case No. VI-05-50142-06. The significant increase on the balance of the account is attributable to the fund transfer from the Department of Transportation for the implementation of Tourism and Social Related Port projects as agreed upon in the Memorandum of Agreement between the two agencies. Restricted cash consists of:

Bank / Specific Purpose	2016	2015
DBP Current – PPA Special DOTC Tourism and Social Reform Fund	95,658,589	0
LBP Time Deposit – NLRC case	17,446,097	17,446,097
DBP Savings –reclassified per AOM No. 2007-013 dated March 16,2007	1,622,748	1,619,202
DBP Savings – real estate case vs. City of Iloilo	520,102	519,348
PVB Time Deposit – Bond for Civil Case No. 3917 at MTCC Br. San Fernando City	399,705	0
DBP Current –reclassified per AOM No. 2007-013 dated March 16, 2007	259,662	254,580
	115,906,903	19,839,227

Deposits with the BTr account pertains to the balance of the Special Account kept with the BTr in pursuant to the requirements 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 the 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.

Receivable from the PNR account pertains to the balance of a P20 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 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 for uncollectibility.

Intangible Asset represents the recorded costs from the completion of the Management Information System Computerization Project net of accumulated amortization.

13. PAYABLES

This account is composed of the following:

	2016	2015
Trade/business payables	2,722,807,805	2,602,096,887
Due to officers and employees	92,303,555	156,495,050
Accrued interest payable	21,950,206	22,139,042
Intra-agency payables	519	901
Insurance premium payable	483	0
	2,837,062,568	2,780,731,880

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. The account also includes liabilities arising from the decision of the Supreme Court on PPA vs. Acosta, et al Civil Case No. 5447, expropriation case of property for Batangas Port Development Project Phase II, corresponding to the additional cost of lots and interest due from 2001 to 2011.

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.

Accrued interest payable pertains to the amount of interests due for payment on loans acquired from various creditors.

Intra-agency payables pertain to the amount due from Special Take-Over Units project offices and others.

14. INTER-AGENCY PAYABLES

This account is 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.

	2016	2015
Due to BIR	1,000,864,750	1,141,764,582
Due to other GOCCs	3,715,015	3,715,015
Due to Gov’t Service Insurance System	2,109,312	2,482,885
Due to Pag-IBIG	523,824	449,157
Due to other NGAs	177,653	177,653
Due to Philhealth	95,852	138,432
Due to LGUs	38,198	0
	1,007,524,604	1,148,727,724

The Due to BIR account represents provision for additional income tax for CY 2016 amounting to P 862.26 million (refer to Note 42), and the remaining P 138.60 million pertains to withholding tax on compensation, EWT, CVAT, and other taxes payable.

15. CURRENT PORTION OF LOANS PAYABLE

The amount of P 418,786,415 represents maturing obligations on long-term debts or the principal amortization on foreign loans due for repayment in the following year.

16. TRUST LIABILITIES

This account represents deposits to PPA by various contractors and suppliers, and retention fees withheld from suppliers and contractors to guaranty the performance and delivery of contracted goods and services, refundable taxes to PPA personnel and deductions on salaries of personnel for employee associations and Employees’ Cooperative

	2016	2015
Depository liabilities	249,485,708	239,995,815
Due to other funds -trust liabilities	258,387,881	160,429,145
Current portion - retirement payable	109,813,676	126,524,644
Performance/bidders bonds payable	13,477,800	10,263,322
Tax refund payable	4,100,842	3,936,275
Other payables	225,697,667	77,025,682
	860,963,574	618,174,883

Due to other funds-Trust liabilities consists 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’ Cooperative

Depository liabilities consist of deposits other than those required to guaranty the performance of contracts. These are payments received in advance to be applied on future port or rental charges to be incurred.

Current portion-retirement payable comprises the money value of retirement gratuity of qualified employees to retire in the succeeding year under RA 1616 including accumulated leave credits.

Other payables-miscellaneous include the fund transferred by DOTr for the implementation of Tourism and Social Related Port projects which is subject to liquidation and other liabilities other than the above classification of other current liabilities

17. LOANS PAYABLE - FOREIGN

Below is the breakdown of the outstanding balances of foreign loans:

Loan Account	Interest Rate %	No. of Years & Maturity Date	Loan Amount	Outstanding Balance		
				In Foreign Currency	In Philippine Peso	
					2016	2015
JBIC-PH-P84	3.00	20.5 Jan. 2018	Y 61,381,669	Y 4,491,000	P 1,909,124	P 2,934,120
JBIC-PH-P91	3.00	20.5 Jan. 2018	169,158,544	12,372,000	5,259,337	8,083,040
JBIC-PH-P122	2.70	20.5 June 2021	5,497,049,624	1,206,657,000	512,949,891	578,122,776
JBIC-PH-P172	2.30	20.5 Mar. 2027	502,889,141	257,544,000	109,481,954	110,572,224
JBIC-PH-P187	2.20	20.0 Sept. 2028	13,529,000,000	7,773,192,000	3,304,383,919	3,301,015,536
JBIC-PH-P187A	2.20	31.0 Sept. 2038	1,026,000,000	736,252,000	312,980,725	301,729,456
Total					4,246,964,951*	4,302,457,152
Current portion					(418,786,415)	(386,178,016)
Loans payable - foreign					P3,828,178,536	P3,916,279,136

*Equivalent to US \$ 85,258,165 @ P49.813 per US\$1.00.

18. 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:

Particulars	2016	2015
Balance as of January 1	401,871,440	664,933,543
Less: Payment of retirement gratuity and terminal leave benefit during the year	(36,379,693)	(203,905,965)
Reversal of set-up for voluntary retirement under EO 366	0	(210,086,177)
Add: Provisions for the year		
Accumulated leave credits	41,385,884	53,822,292
Retirement gratuity	(46,238,750)	97,107,747
Total retirement payable, December 31	360,638,881	401,871,440
Less current portion	(109,813,674)	(126,524,642)
Retirement payable – non-current portion	250,825,207	275,346,798

19. 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 investment/placements.

	2016	2015
Output VAT	588,760,762	498,975,711
Deferred credits to income	7,370,594	10,390,960
Other deferred credits	78,955,710	82,242,760
	675,087,066	591,609,431

20. GOVERNMENT EQUITY

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:

- (a) 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.
- (b) 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.

21. DONATED SURPLUS

Donated Surplus represents the amount of cash or property received as donations from entities other than the National Government. The most recent adjustment to this account is the turn-over to PPA by ICTSI in 2014 of fixed assets covered by the concession agreement with the latter.

22. REVALUATION SURPLUS

Revaluation or 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. Revaluation 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 of fixed assets was conducted in June 2016 however the Final Appraisal Report still have to be received from the independent appraiser.

23. RETAINED EARNINGS

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

Pursuant to Section 5 of Republic Act 7656 dated November 9, 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 for disclosure. The Authority's dividends payable to the national government for CY 2016 income computed based on unaudited financial figures amounts to P1.97 billion.

The balance of income after dividend and tax payments are closed to this account and automatically appropriated to port development projects pursuant to the provisions of EO 159.

24. 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 income from ICTSI for MICT operations; from ATI for South Harbor and Batangas; and, MNHPI for North Harbor.

25. 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.

26. 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.

27. 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.

28. 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/dismarking 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.

29. 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).

30. 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.

31. 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.

32. VESSEL TRAFFIC MANAGEMENT SERVICE (VTMS) FEES

The PPA issued Administrative Order No. 03-2006 dated June 16, 2006 authorizing 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.

33. LAY-UP FEES

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

34. OTHER INCOME

This account consists of income from non-traditional sources broken down as follows:

	2016	2015
<i>Permits and Licenses</i>		
Permit fees	30,162,152	23,196,367
Other permits and licenses	11,370,316	8,812,118
Fines and penalties – permits and licenses	3,373,068	2,126,802
	44,905,536	34,135,287
<i>Service Income</i>		
Fines and penalties – service income	11,806,126	7,363,527
Seminar and passenger terminal fees	1,322,258	571,885
Other service income	2,737,635	2,616,676
	15,866,019	10,552,088
<i>Business Income</i>		
Rent income- buildings, warehouses and guesthouses	313,000,318	328,916,355
Other business income	139,589,715	165,191,228
Reefer services	41,649,722	37,793,369
Sale of power	23,510,787	19,016,566
Net income from STU	15,390,865	14,468,912
Printing and publication income	13,795,941	14,448,313
Sale of water	13,273,272	12,318,567
Concession income	32,757,761	3,065,850
Parking fees	4,190,726	3,058,179
Income from dormitory operations	865,586	816,058
Rent from crane/cargo handling equipment	491,695	791,606
Truck scale	670,458	451,971
Others	54,380,864	36,354,150
	653,567,710	636,691,124
	714,339,265	681,378,499

35. PERSONAL SERVICES

The breakdown of expenses incurred for PPA employees follows:

	2016	2015
<i>Salaries and Wages</i>		
	588,914,524	552,893,611
<i>Other Compensation</i>		
Other bonuses and allowances	66,764,223	149,790,142
Overtime and night pay	66,053,958	62,292,809
Year-end bonus	49,151,034	45,107,415
Collective negotiation agreement incentive-civilian	42,711,375	40,656,250
Personal economic relief allowance	41,342,626	38,918,634
Representation allowance	18,852,728	18,502,695
Transportation allowance	14,064,475	13,861,335
Clothing/uniform allowance	8,735,950	7,964,996
Honoraria	7,984,017	7,457,473
Hazard Pay	196,662	200,657
Longevity Pay	127,407	148,045
	315,984,455	384,900,451
<i>Personnel Benefits Contribution</i>		
Life/retirement insurance premium contributions	71,041,089	64,286,634
PHILHEALTH premiums	6,542,348	5,951,760
PAG-IBIG premiums	2,083,900	1,989,809
ECC contributions	2,073,130	1,964,378
	81,740,467	74,192,581
<i>Other Personnel Benefits</i>		
Retirement gratuity	0	97,107,747
Rice allowance	57,953,304	54,679,561
Monetized / terminal leave benefits	41,385,884	53,822,292
Medical allowance	4,373,901	3,874,496
Meal allowance	1,391,641	1,327,073
Children's allowance	650,102	647,173
Other benefits	1,313,000	1,770,000
	107,067,832	213,228,342
	1,093,707,278	1,225,214,985

Cultural and Athletic Expenses is presented part of MOOE consistent with the DBM approved Corporate Operating Budget.

36. MAINTENANCE AND OTHER OPERATING EXPENSES

The account consists of:

	2016	2015
<i>Maintenance & Other Operating Expenses</i>		
Repairs and maintenance	2,151,521,454	1,906,696,045
Security services	333,537,695	318,895,860
Dredging expense	326,135,570	344,980,104
Other professional services	224,768,521	218,961,492
Utility expenses	178,096,387	175,090,360
Taxes, insurance and other fees	99,568,038	93,981,400
Office supplies expense	82,910,285	89,134,480
Consultancy services	75,212,770	86,328,602
Janitorial services	71,961,541	58,546,820
Auditing services	47,637,273	38,232,972
Training and scholarship expense	45,224,708	36,032,166
Traveling expense	41,935,360	39,327,808
Communications expense	30,072,400	27,296,011
Representation expense	22,238,699	20,363,851
Final tax	18,474,249	18,162,645
Cultural and athletic expenses	11,655,657	13,641,236
Rent expense	8,339,133	7,121,467
Printing and binding expense	5,742,924	4,031,300
Demolition and relocation expense	2,343,764	6,185,100
Advertising expense	2,169,728	3,086,000
Intelligence expense	2,000,000	4,000,000
Membership dues & cont. to organizations	1,940,422	1,749,488
General services	703,882	592,754
Subscription expense	504,771	554,490
Senior Citizen/FWD/student discount	180,408	516,749
Awards / rewards expense	120,000	1,258,100
Financial assistance/subsidy/contribution	26,190	160,768
Miscellaneous expenses	4,341,694	3,640,664
	3,789,363,523	3,518,568,732
<i>Non-Cash Expenses</i>		
Depreciation expense	2,239,161,852	2,291,670,728
Impairment loss-loans receivable	156,623,002	11,726,370
Amortization – intangible assets	141,126,352	141,126,352
Loss of assets / other losses	18,591,369	32,082,681
	2,555,502,575	2,476,606,131
	6,344,866,098	5,995,174,863

Repairs and maintenance 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, details shown below:

Particulars	2016	2015
Land improvements	2,034,861,505	1,819,394,507
Buildings and structures	14,294,296	17,600,634
Furniture, fixture and equipment	89,794,003	52,367,276
Motor vehicles / other transport equipment	12,571,650	17,333,628
	2,151,521,454	1,906,696,045

Dredging Expense represents cost incurred in dredging the harbors 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 traveling expenses and other related costs.

Utility expenses cover the costs of water, electricity, and gas for illumination consumed at office buildings, grounds and other port structures.

Taxes, insurance and other fees pertain to the expenses incurred for taxes, duties, licenses including vehicle registration fees, and payments on fidelity bond premiums of accountable officers, and insurance premiums for motor vehicle and other property.

Final tax pertains to the tax deducted on the interest income earned on investments in securities

Demolition and relocation expense represents cost incurred in demolition of structures and relocation of affected by port development projects.

Intelligence expense pertains to expenses incurred for highly sensitive activities. Pursuant to Joint Circular No. 2015-01 of COA, DBM, DILG, GCG and DND dated January 8, 2015 on the Guidelines on the Entitlement, Release, Use, Reporting and Audit of Confidential and/or Intelligence Funds, the liquidation documents on the utilization of the fund shall be directly submitted to the COA Central Office thru ICFAU for audit.

Awards, rewards and indemnities 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.

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

Impairment loss – loans and receivables is based on the prescribed provision for bad debts under existing PPA guidelines. The substantial increase during the year is due to the provision for the account of San Miguel Energy Corporation (SMEC) at PMO Northern Luzon amounting to P143,55 million.

Loss on asset is recognized due to accidents, theft, robbery, negligence, manmade conflict, fire, typhoon, and other calamities. Other Losses represent the difference between the carrying value and the 10 percent residual value of fixed asset reclassified as unserviceable asset upon retirement.

37. FUND MANAGEMENT INCOME (FMI)

This account covers interest earned from various deposits and investments in Treasury bonds, Special/high Yield/Premium Savings deposit and other marketable securities.

38. OTHER GENERAL INCOME

This account consists of:

	2016	2015
Interest income	4,368,555	8,998,126
Miscellaneous income	19,762,974	22,264,344
	24,131,529	31,262,470

39. 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 on foreign denominated bank deposits and loan balances as a result of exchange fluctuations is as follows:

Particulars	2016	2015
Gain (Loss) on revaluation of outstanding balances of foreign loans	(330,685,815)	(234,879,038)
Gain (Loss) on revaluation of balance of foreign currency deposit accounts	1,279,430	1,149,724
Net Gain (Loss) on Revaluation	(329,406,385)	(233,729,314)

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, 2016:

Currency	2016	2015
United States Dollar (\$)	49.8130	44.1670
Japanese Yen (Y)	0.4251	0.3920

40. FINANCIAL EXPENSES

This account is composed of financial charges as follows:

	2016	2015
Interest expense – loans/borrowings	103,052,241	96,355,980
Other financial charges	39,203,744	23,383,311
Loss(Gain) on foreign exchange	50,100,039	7,025,896
Bank charges	256,608	158,787
Documentary stamp expense	0	1,940
	192,612,632	126,925,914

Other Financial Charges mainly include payments to the BTr for guarantee fees on foreign loans guaranteed by the Republic of the Philippines.

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.

41. 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.

42. INCOME TAX EXPENSE

The Statement of Comprehensive Income for CY 2016 reflects a Net Profit amounting to P 4,698.70 million For the current year, the Authority is subject to payment of Income Tax based on the 30 percent Regular Tax Rate as this is higher than the Minimum Corporate Income Tax (MCIT) computed at 2 percent of Gross Income, after deducting investment in fixed assets or capital expenditures (CAPEX) during the year. As of third quarter of 2016, PPA already remitted to the Bureau of Internal Revenue (BIR) P781.34 million of income tax. The provision for income tax for the year amounts to P1,643.60 million, which will be settled thru the application of prepaid taxes during the last three quarters of the year and the balance of P862.26 million recognized as tax liability as of December 31, 2016.

43. 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 P845.71 million and P1,073.98 million in 2016 and 2015, respectively. Of the amount of P845.71 million, 85.4 percent or P722.52 million are accounts carried in the books of the Port Management Offices of NCR North and South. The decrease in 2016 is mainly due to the adjustment/reclassification to accounts receivable of the disputed account of San Miguel Energy Corporation (SMEC) as recommended by COA at PMO Northern Luzon.

The contingent accounts are mainly 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 and issuance of invoice to the lessee. Part of this years' provision for contingent account is the audit disallowance on health maintenance insurance of PPA officials and employees amounting to P42.57 million whose decision was filed with petition for review by PANTALAN and PPA Management.

44. 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:

1. VAT Output Tax

Philippine Ports Authority is a VAT-registered company with VAT output tax declaration of **P1,412,721,174.72** for CY 2016 based on the amount reflected in the Sales Account of **P11,772,444,922.63**.

The company has zero-rated sales amounting to **P2,219,585,323.21** and exempt sales of **P433,089.28** pursuant to the provisions of **R.A. 7716** as amended by **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:		
2.1.1. Excess Input VAT carried over		P 51,025,589.77
2.1.2. Input Tax Deferred on Capital Goods		14,114,628.21
2.2. Current year's domestic purchases/payments for:		800,589,800.93
2.2.1. Goods for resale/manufacture or further processing		-
2.2.2. Goods other than for resale or manufacture		16,998,404.05
2.2.3. Capital goods subject to amortization		11,669,169.23
2.2.4. Capital goods not subject to amortization		335,463.74
2.2.5. Services lodged under cost of goods sold		-
2.2.6. Services lodged under other accounts		771,566,763.91
2.3. Claims for tax credit/refund and other adjustments		845,261,960.63
Add: Deduct Adjustments		
Input Tax on Sales to Government closed to expense/(income)		(196,286.08)
Input Tax Allocable to Exempt Sales		23,211.63
		P 845,088,886.18
2.4. Balance at the end of the year		P 20,621,132.73

3. Other Taxes and Licenses:

3.1 Local		
Business Tax/Mayor's Permit/Others		P 38,106,117.23
Other taxes and licenses		103,657.12
3.2 National		
BIR (Annual Registration Fee)		76,000.00
BTr (Bond Premiums)		32,680.00
Bureau of Fire Protection		10,755.00
NTC (Radios Licenses)		127,845.00
ERC		8,000.00
DENR		6,000.00
COA		11,500.45
EMB		18,341.69
CSC		2,000.00
LRA		1,614.75
ECC		2,706.00
RTC		12,223.75
DOH		8,400.00
DOLE		450.00
LTO (Vehicle Registration)		717,434.80
Total		39,245,726.19

4. Withholding Taxes

The amount of withholding taxes paid/accrued for the year amounted to:

4.1 Tax on compensation and benefits		P 131,849,896.76
4.2 Expanded Withholding Tax/es		128,527,218.12
4.3 Final (VAT) Withholding Tax/es		342,607,181.44

5. Final Assessment Notice

Philippine Ports Authority has no final assessment notice from any BIR Regional Office.

PHILIPPINE PORTS AUTHORITY
Schedule of Withholding Taxes
For CY 2016

Month	Creditable Withholding Taxes (1600)				Expanded Withholding Tax (1601E)				Withholding Tax on Compensation (1601C)				TOTAL
	AMOUNT	BIR Filing Reference No.	LBP's Confirmation No.	DATE FILED	AMOUNT	BIR Filing Reference No.	LBP's Confirmation No.	DATE FILED	AMOUNT	BIR Filing Reference No.	LBP's Confirmation No.	DATE FILED	
January	26,463,097.83	17160001406727	21020160743115790	9-Feb-16	8,037,827.76	21600014274594	21220161948555190	12-Feb-16	9,742,752.83	11600014274747	21420161330684860	14-Feb-16	44,243,678.42
February	15,476,087.43	171600014572605	30920161131094550	9-Mar-16	6,533,531.27	21600014573486	30920161140341030	9-Mar-16	9,299,795.17	11600014686194	31520161500015370	15-Mar-16	31,309,413.87
March	20,307,521.17	171600014923113	40820161138272310	8-Apr-16	7,767,212.03	21600014931855	41120160804493990	8-Apr-16	9,972,249.57	11600014962357	41120160837381480	11-Apr-16	38,046,982.77
April	41,435,232.64	171600015336102	50620161530429040	6-May-16	15,653,738.56	21600015418161	51120161320145110	11-May-16	9,448,158.55	11600015418214	51120161324162830	11-May-16	66,537,129.75
May	24,765,948.49	171600015722516	60920161132289050	9-Jun-16	10,177,916.18	21600015723933	60920161158249660	9-Jun-16	19,930,727.16	11600015721574	60920161144549370	9-Jun-16	54,874,591.83
June	26,266,495.42	171600016015196	70820161034372180	8-Jul-16	10,318,255.46	21600016025738	70820161344479660	8-Jul-16	10,123,517.74	11600016027158	70820161340263630	8-Jul-16	46,708,268.62
July	20,966,186.11	171600016370286	808201609823110530	9-Aug-16	8,522,594.77	21600016370951	8082016933287100	9-Aug-16	9,851,484.68	11600016375068	80820161035020380	9-Aug-16	39,340,265.56
August	17,601,586.86	171600016734001	90820161016330580	8-Sep-16	7,090,554.18	21600016735039	90820161034306220	8-Sep-16	9,507,852.45	11600016771721	90820161432314060	9-Sep-16	34,199,993.49
September	26,225,912.33	171600017056461	00720161451072580	7-Oct-16	10,315,154.30	21600017057637	100720161511292710	7-Oct-16	9,183,678.14	11600017057930	000720161515387220	7-Oct-16	45,724,744.77
October	15,511,871.96	171600017389480	110920161142448510	9-Nov-16	6,320,320.25	21600017429904	111120160730377000	11-Nov-16	8,703,545.13	11600017429921	111120160737295710	11-Nov-16	30,535,737.34
November	35,113,243.53	171600017790850	120820161540510630	8-Dec-16	8,917,609.16	21600017791439	1208201615552300430	8-Dec-16	11,576,833.30	11600017791907	120820161601246360	8-Dec-16	55,607,685.99
December	72,473,997.67	171700018138596	10920171427324510	9-Jan-17	28,872,604.20	21700018215402	11120171056129970	11-Jan-17	14,509,302.04	11700018350486	11920171356218130	19-Jan-17	115,855,803.91
TOTAL	342,607,181.44				128,527,218.12				131,849,896.76				602,984,296.32

45. 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	APL C. PTE Ltd, Versus Oceanic Container Lines, Inc., Filipinas Port Services and PPA	Civil Case No. 14132592 RTC Manila Branch 20	Damages	Referred to OSG. For filing of Amended Answer.
2	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 CA Manila CA-G.R. CV No. 96120	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 October 13, 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. Waiting for Decision, PPA submitted its Compliance on the Notice of Resolution dated May 27, 2014. Aboitiz filed a Motion for extension to file under Rule 65 or Petition for Review before the Supreme Court last July 8, 2014. Awaiting for Court directive.
3	Amalgamated Motors (Phils.), Inc. VS PPA	CA GR SP NO. 146071 RTC Branch 21 Manila Civil case No. 14-131974	Petition for Consignation	In a Decision dated May 8, 2014, the Metropolitan Trial Court (MeTC) dismissed the Petition for Consignation filed by Amalgamated Motors (Phils.) Inc. which was then elevated to RTC which affirmed the Decision of MeTC in a Decision dated December 27, 2015. Thereafter, the case was further elevated to the Court of Appeals through a Petition for Review which was also Denied in a Decision rendered by the CA dated October 25, 2016.
4	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 P2,889,578	RTC ordered PPA to pay P2,889,578 less P40,000 plus interest CA Resolution dated August 25, 2016 denying the Motion for Reconsideration of Banago Port Stevedoring Co., Inc.

No.	Case Title	Case No. / Court	Description	Status
5	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	Pending Compromise Agreement. A clarificatory hearing is set on March 31, 2017.
6	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	PPA filed a Motion to Dismiss. Parties were directed to file Comment on said Motion. The hearing set last November 22, 2016 was reset to April 25, 2017 since the judge was on official leave.
7	Culasi Port Services, Inc. (CPSI) VS. PPA	Civil Case No. 13-129380	Declaration of Nullity of Termination of Contract and Damages with Prayer for Preliminary Injunction and Temporary Restraining Order	Legal Services Department (LSD) attended the hearing last December 16, 2016. The hearing on the Motion for Reconsideration filed by CULASI was set February 3, 2017.
8	Danilo S. Malacad et al. vs. Pantalan, Mr. Antonio C. Ignacio, Jr and 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 Amelioration Allowance receivables	During the hearing last August 24, 2012, Atty. Garcia of OGCC, counsel for PPA, moved that the plaintiff's right for TRO be now deemed waive and that the parties should now proceed to the main case. Said motion is deemed submitted for resolution.
9	Filipinas Port Services, Inc., VS. PPA and Department of Transportation and Communication	Civil Case No. 16136487 Regional Trial Court, Branch 19, Manila	Mandamus and Damages	LSD attended the hearing last January 26, 2017. Upon motion of the petitioner's counsel, the scheduled Pre-trial was reset to February 9, 2017.
10	Harbour Link Transport, Inc. VS Negros Navigation Inc. and PPA	C.C. No. 09121693 RTC-Manila Branch 30	Declaration of Nullity of Lease Contract, Specific Performance and Damages	LSD attended the hearing last December 6, 2016. During the hearing, counsel and representative for NENACO did not appear in the presentation of their second witness. NENACO also did not file its Judicial Affidavit despite notice. Upon manifestation of the counsel for Harbour-Link Transport, NENACO's presentation of its second witness was deemed waived as ordered by the court.
11	Lepanto Consolidated Mining Co. VS. PPA	Civil Case No. 3920, MTTC Br. 2, San Fernando, La Union ----- Civil Case No. 9198 RTC La Union Branch 29	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.	Petition for Review was filed before the Court of Appeals.
12	Macquarie Green Properties, Inc. VS PPA and All Persons Claiming Rights Under It	Civil Case No. 10086 RTC Branch 2 Batangas City	Accion Publiciana, Damages and Attorney's Fees	Motion for Reconsideration was granted and the case was set for hearing on March 3, 2017.
13	Macquarie Green Properties, Inc. VS PPA and All Persons Claiming Rights Under It	Civil Case No. 10087 and 10099 RTC Branch 4 Batangas City	Accion Publiciana, Damages and Attorney's Fees	The Court granted the OSG's Motion for Consolidation of the case and the records were transmitted to RTC of Batangas, Branch 2.
14	Macquarie Green Properties, Inc. VS PPA and All Persons Claiming Rights Under It	Civil Case No. 10089 and RTC Branch 8 Batangas City	Accion Publiciana, Damages and Attorney's Fees	On August 9, 2016, PPA, thru OSG filed its Answer. The Court set the schedule for the conference on February 2, 2017.
15	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 Manila International Container Terminal (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 P180 million; P1.5million per month for actual damages for loss of income; P1.5 million per month as rental for use of equipment; P200k exemplary damages; and P500k attorney's fees. ----- CA modified RTC decision as follows: PPA ordered to pay MIPTI P19 million at interest rate of 6 percent; P250,000 per month for unrealized profits ----- Awaiting Court Resolution.

No.	Case Title	Case No. / Court	Description	Status
16	Manila North Harbor Port, Inc. VS. Raul T. Santos, in his capacity as Officer In-Charge of the PPA and in his Personal Capacity, and John Doe, Jane Doe and Peter Doe	Civil case No. 16-136218 RTC Manila Branch 50	For nullification of PPA Memorandum Order No. 08-2016, Injunction and Damages with Prayer for (1) Temporary Restraining Order, and (2) Writ of Preliminary Prohibitory and mandatory Injunction	LSD attended the hearing last December 7, 2016. MNHPI presented its second witness, Mr. Alejandro. The re-cross examination of the said witness is on February 22, 2017.
17	Manuel Serbito Lenogon, et al., VS. PPA, et al.	NLRC-NCR-12-1549-16 National Labor Relations Commission Quezon City	Complaint for Non-payment of Separation Pay	The case was set for a mandatory conciliation/ mediation conference.
18	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 ----- G.R. No. 212561	Declaratory Relief, Injunction with Preliminary Injunction or Temporary Restraining Order and Damages; To order PPA to reimburse collected amount equivalent to 10 percent government share	RTC denied prayer for injunction and declared illegal and unconstitutional the provisions of PPA AO 03-85 and all subsequent issuances imposing 10 percent government share. ----- 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. The Court rendered its Decision last July 26, 2013 granting PPA's Appeal. ----- UHPAP filed a Petition for Review on June 6, 2014. PPA filed its Comment last November 11, 2014. Waiting for Court's Resolution.
19	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. ----- An Appeal was filed before the SC. Awaiting Resolution.
20	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 covers 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 12percent 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, 2016 is P13,678,476.
21	Pier 8 and Arrastre and Stevedoring Services, Inc. VS. PPA, Juan C. Sta. Ana, Oscar Sevilla and MNHPI	CA GR SP NO.145455 Civil Case No. 11-125680 RTC Branch 33, Manila	Damages, Actual, Moral and Exemplary Damages of at least P2 million, and Injunction	LSD attended the hearing last November 22, 2016. The hearing is for the continuation of the presentation of plaintiff's evidence however, the court informed the parties that the judge is on official leave. The case was set for hearing on April 25, 2017.
22	Pier 8 and 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)	RTC issued a Decision dated December 28, 2012 dismissing the case. Despite the Court dismissal, the Court ordered PPA to pay rentals for the equipment of PASSI in the amount of P4,800,838. ----- CA issued an Order dated February 20, 2013, discharging PPA of its liability as adjudged in the Decision dated December 28, 2012. ----- PASSI filed an Appeal before the CA. Awaiting for Court Order.

No.	Case Title	Case No. / Court	Description	Status
23	Shipside Inc. VS. PPA	CA - G.R. 141321 Court of Appeals Civil Case No. 3917, MTCC Br. 2, San Fernando La Union Civil Case No. 9121, RTC Br. 26, San Fernando, La Union	Unlawful Detainer, With Prayer For Reasonable Compensation For The Actual Occupancy Of The Property located in San Fernando	PPA filed its Memorandum of Authorities dated February 4, 2016 in compliance with the January 20, 2016 Resolution of the Court.
24	United Dumangas Port Development Corp. (UDPDC) and Wilhelm Divinagracia vs. Juan Sta. Ana et. al	G.R. No.192943 GR No. 06519 C.A.G.GR 05903 SP Civil Case No. 05-024 RTC- Dumangas Branch 68 CA-G.R. SP 03293 Court of Appeals Civil Case 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, P1million for moral and other damages	Petition GR 192943 - On August 12, 2015, the Supreme Court issued a Decision partly granting UDPDC's Petition. OGCC filed its Partial Motion for Reconsideration on October 2015. Awaiting Resolution thereof. Petition for Certiorari CA GR CEB SP 05903 - Filed Motion for Reconsideration dated June 22, 2015 of the May 12, 2015 Decision which was denied. However, in view of the SC Decision dated August 12, 2015 in the principal case, this injunction petition had already become moot and PPA will no longer appeal the CA Decision. Petition for Certiorari CA GR CEB SP 06519- Filed Comment/ Opposition on 22 August 2014, to the United Dumangas Port Development Corporation's May 15, 2014 Manifestation and Motion to Dismiss. Awaiting Resolution thereof. RTC- Records of the case are remanded to the RTC, Dumangas, Br. 68 for proper determination of the value of equipment and improvements introduced by UDPDC on the Port of Dumangas.

46. OTHER DISCLOSURES WITH POSSIBLE FUTURE FINANCIAL IMPACT

- Final decision of BIR on disputed assessment income tax deficiency covering taxable year 2007 amounting to P4.9 billion emanating from the application of investment in fixed assets as special deduction or tax credit in lieu of depreciation expense in the computation of Regular Corporate Income Tax (RCIT).
- Preliminary assessment notice from the BIR affecting taxable year 2012 for all internal revenue liabilities of PPA tentatively computed at P125 million which includes interest, penalty and surcharge.
- Draft Substitute Bill (House Bill No. 4312) entitled "An Act Creating the Manila Ports and Special Economic Recommendatory (MP-SER) Administration.

The draft substitute bill proposes the creation of the Manila Ports and Special Economic Recommendatory (MP-SER) Administration which is a public benefit corporation attached to PPA, with a capital extension of Ten Billion Pesos (P10,000,000,000.00) in cash and a yearly cash contribution by the government amounting to 30 percent of the appropriation of the PPA in the General Appropriations Act (GAA).



Bonifacio Drive, South Harbor
Port Area, Manila, 1018 Philippines
P.O. Box 436, Manila, Philippines
Tel. No. (0632) 527-8356, Fax: (0632) 527-4855
www.ppa.com.ph