
Statement of the Chairman




We are fortunate to work during these exciting and challenging times in CIAC “To be the most competitive Logistic Center in Asia and the Pacific and the Premiere Airport of the Philippines by 2010”. This is our mandate from our beloved President Gloria Macapagal Arroyo. It is an opportune time for us here at CIAC to leave a legacy that will propel economic activity in our region and

improve the lives of our countrymen and help eradicate poverty. It is a call for the men and women of CIAC to serve our country to achieve this vision with utmost commitment, dedication, creativity and passion.

This mandate is entrusted into our responsibility and leadership. Together, with the BCDA, CDC and our supportive publics, particularly the local political communities and civil societies, we have managed to rise from the ravages of Mt. Pinatubo eruption like the proverbial Phoenix to metamorphose into the second most active airport in terms of international passengers and cargo. All of these have been achieved in a span of less than 12 years, with the last two years- 2006 and 2007- having reached the highest and most dramatic increases in the number of flights and passengers and revenue generation. CIAC, the Diosdado Macapagal International Airport, has taken off! This Annual Report for 2007 specifies the details of our various performance indicators.

We are justifiably proud of these achievements. I congratulate everyone in CIAC, from the officers to the rank-and-file, for your contributions which are all necessary and significant, I thank BCDA, CDC, and our various publics and political leaders who have supported and guided us.



However, we have only just begun. There is still so much to be done. The requirements in the construction of the required infrastructure are costly and wide-ranging in terms of capital expenditures, scope, technology and limited time. Design, systems and operations have to be at the cutting edge and sustainable over a long period. Human Resources have to be developed, organized and operationalized within the structures and systems. All of these have to be achieved within a policy environment that is aligned with global aviation developments and best practices in the industry.

It is, therefore, with both humility and a sense of passionate commitment and destiny that I call on all of you, the dedicated men and women of CIAC, our fellow leaders in governance and our publics- to join and bond together in this vision-mission for CIAC and DMIA. We have taken off like a jet and we will continue to soar high in the sky.

Mabuhay Diosdado Macapagal International Airport!
Mabuhay Clark International Airport Corporation!
Mabuhay Philippines!



NESTOR S. MANGIO

Statement of the President & CEO



Our quest to become the next premier gateway of the country and the logistics and services hub of the Asia Pacific Region is gradually being realized as shown by our accomplishments in the past year 2007 that turned out to be a great year for us at the Clark International Airport Corporation through our collective hard work and teamwork.

First, the passenger volume at the Diosdado Macapagal International Airport (DMIA) increased to 533,619 in 2007 from 488,756 in 2006, or an increase of 44,863 passengers brought in by 5,173 combined flights of international carriers Asiana Airlines, Tiger Airways, Air Asia and domestic carriers Seair, Cebu Pacific and Asian Spirit.


Passenger arrivals are expected to increase further as China Southern Airlines launched twice-a-week chartered flights from Guangzhou, China in January as well as Hong Kong Express that launched similar chartered commercial flights starting March.

We also have our own world-class in-flight catering facility via the \$3-million Miascor-Gate Gourmet joint venture. The facility will prepare at least 4,000 meals per day, a vital component to attract Middle Eastern airlines and legacy carriers to operate at the DMIA.

We also recently hosted the largest commercial aircraft, the Airbus A380, which ended its worldwide proving flight at the DMIA in October 2007, further highlighting DMIA's capability to accommodate the new generation, wide-bodied aircraft of the future.

As we celebrate our gains of 2007, we indeed, have much, much more to look forward to in 2008.

On January 29, our quest to become the premier international gateway paid off when no less than President Gloria Macapagal-Arroyo declared the DMIA as the premier international airport in the country. The President's declaration makes the DMIA no longer a developmental route but the main international airport of the country, a move fully supported by Transportation Secretary Leandro Mendoza,



Subic-Clark Alliance for Development Council (SCADC) and CIAC officials. The President has given a timeframe of six months to one year to turn the DMIA into the premier international airport.

The President is also set to sign an executive order liberalizing aviation over the DMIA in the Clark Freeport Zone and the Subic International Airport in the Subic Bay Freeport Zone in Zambales.

In March, DMIA added another feather to its cap as it was given the “Asia Pacific Airport of the Year Award: Best Practices Awards Program” in the below 15M passengers per year category by Frost & Sullivan, a Global Growth Consulting Company, in its 2008 Asia Pacific Aerospace and Defense Awards that “honors industry high flyers.”

On April 4, President Arroyo led the inauguration of the P112.9-million Expanded Passenger Terminal that increases capacity from 500,000 to two million passengers annually while further expansion, that will include the development of the Gateway Terminal now being offered for development, will further increase its capacity to 7 million to 8 million. The recently-inaugurated terminal expansion is in tune with the President’s pronouncement for the development of the DMIA into the premier international airport of the country. The President’s vision of a logistics and service hub in the Asian Region at the DMIA has also gained headway as fresh investments were infused at the airport aimed at logistics.

The President witnessed the signing of an agreement between Kuwait Gulf Logistics (KGL) and CIAC for the development a Global Gateways Logistics Park. KGL will undertake the administration, operations and control and the streamlining of different activities of the projects. With a market capitalization of over US\$1 billion, KGL performs multiple operations such as providing vehicles and equipment to customers such as US Army, coalition forces, local customer which require logistic support on lease, contract and rental basis.

The President also witnessed the signing of between Singapore Airlines Engineering Company (SIAEC) and Cebu Pacific for the establishment of a world-class aircraft maintenance, repair and overhaul (MRO) center at DMIA for various commercial airlines in the world. The project aims to setup three hangars over the next three years to provide heavy and light maintenance checks for aircraft. To date, two groups have also expressed interest in developing the civil aviation complex.

Changi Airports International Pte. Ltd. (CAI), a wholly-owned subsidiary of the Civil Aviation Authority of Singapore (CAAS), in cooperation with Ayala Land Inc., has expressed interest in developing Terminal II of the DMIA on a BOT (build-operate-transfer) scheme.

CAI manages and invests in airports worldwide and in airport and airport-related assets. CAAS is the owner-operator of the highly acclaimed and multi-awarded Singapore Changi Airport.

Sheik Loay Jassim Al-Kharafi of the Al-Kharafi Group, a large private company based in Kuwait with a variety of commercial interests and revenues for 2006 estimated at USD\$3.3 billion has expressed interest in developing the DMIA.

The President also signed on April 3 Executive Order No. 716, transforming CIAC into a subsidiary of the Bases Conversion and Development Authority (BCDA) and has given CIAC jurisdiction over the 2,200-hectare Clark Civil Aviation Complex.

The EO also declared the Clark Industrial Estate 5 (IE5) measuring approximately 290 hectares a logistics hub. Of the 290 hectares at IE5, CIAC has jurisdiction over an area of approximately 166.9 hectares bounded on the east by the East Perimeter Wall, on the west by the Subic-Clark-Tarlac Expressway (SCTEX) Interchange, and on the north by the SCTEX Logistics Interchange.

Several other projects are in the pipeline, all of which are geared towards improving the landscape at the DMIA, paving the way for its transition into the country's premier international airport and a logistics and service hub for Asia.

To the officers and employees of the Clark International Airport Corporation, may we strive further to achieve excellence and surpass the accomplishments of 2007 as we shape up for bigger and more significant developments in 2008.

Mabuhay!



VICTOR JOSE. I LUCIANO

Performance Highlights



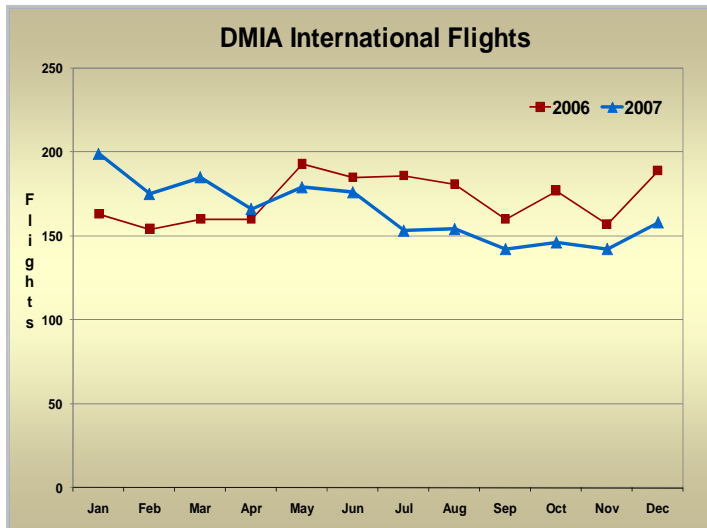
DMIA Facts

TOTAL AIRPORT SITE AREA	Approximately 2,367 hectares	
TOTAL AIRPORT TERMINAL AREA	Existing Terminal Building:	Proposed Expansion: (as of April 4, 2008)
	Terminal bldg. : 5,365 sq.m	6,760 sq.m
	Departure area : 674 sq.m	903 sq.m
	Check-in lobby : 350 sq.m	613 sq.m
	Baggage claim : 947 sq.m	1,067 sq.m
	Arrival area : 246 sq.m	246 sq.m
	VIP area : 165 sq.m	90 sq.m
NUMBER OF PASSENGER AIRLINES	5 airlines <ul style="list-style-type: none"> • 3 international airlines (Asiana Airline, Air Asia Berhad & Tiger Airways) • 2 domestic airlines (SEAIR & Cebu Pacific) 	
NUMBER OF PASSENGER DESTINATIONS	7 destinations <ul style="list-style-type: none"> • Kuala Lumpur • Kota Kinabalu • Singapore • Macau • Incheon • Cebu • Caticlan 	
RUNWAYS	2 runways <ul style="list-style-type: none"> • Primary Runway (3,200m x 60m) • Secondary Runway (3,200m x 45m) 	
RADAR COVERAGE	Primary radar: 60 nautical miles Secondary radar: 220 nautical miles	

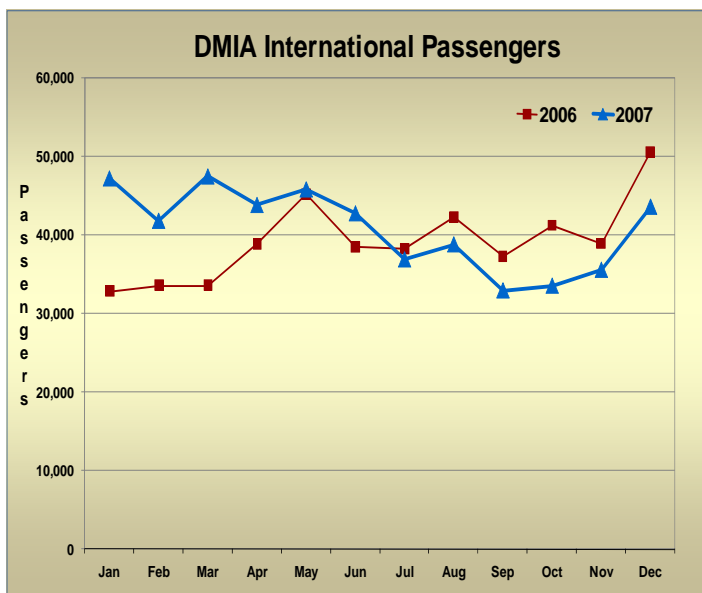
Performance Highlights

PASSENGER AIRCRAFT MOVEMENT	2007	% CHANGE	2006
International	1,975	- 4	2,065
Domestic	621	40	443
TOTAL	2,596	4	2,508
PASSENGER VOLUME			
International	489,969	4	470,867
Domestic	43,650	144	17,889
TOTAL	533,619	9	488,756
CARGO FLIGHTS			
International	2,522	-5	2,641
Domestic	253	-6	268
TOTAL	2,775	-5	2,909
CARGO VOLUME			
International	125,123.91	0.11	124,980.56
Domestic	3,532.63	-6	3,773.79
TOTAL	128,656.54	0.08	128,754.35

DMIA International Flights and Passengers

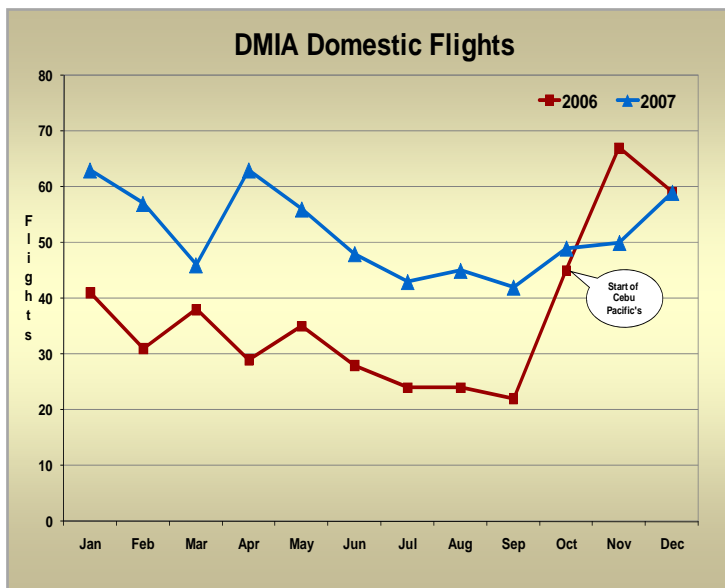


Volume of international flights and passenger traffic at the DMIA saw a dramatic increase with the entry of Low Cost Carriers (LCCs) in April 2005. Annual growth rate of international aircraft movement, for example, averaged 189.24% from 2002 to 2007. International passenger volume, on the other hand, grew at an annual average of 661% during the same period.

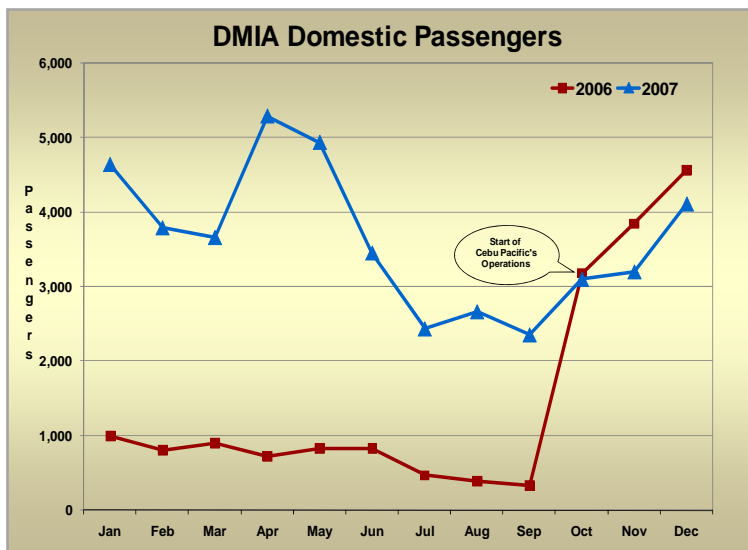


For the year 2007, DMIA recorded 1,975 international flights compared to 2,065 international flights in 2006 reflecting a minimal 4% decline as a result of readjustments in the daily flight schedules of Tiger Airways and temporary suspension of operations of Hong Kong Airlines at DMIA. Volume of international travelers passing through DMIA, however, still sustained a positive 4% increase with 489,969 international passengers in 2007 compared to 470,867 in 2006.

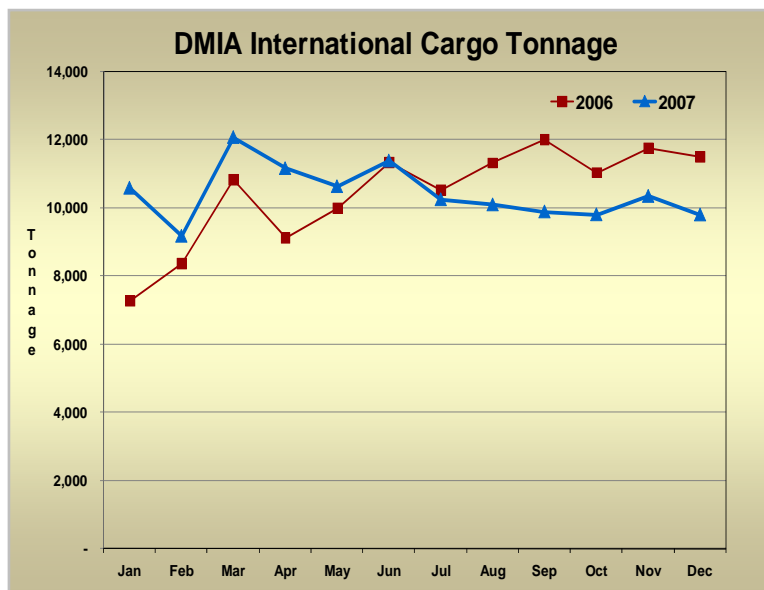
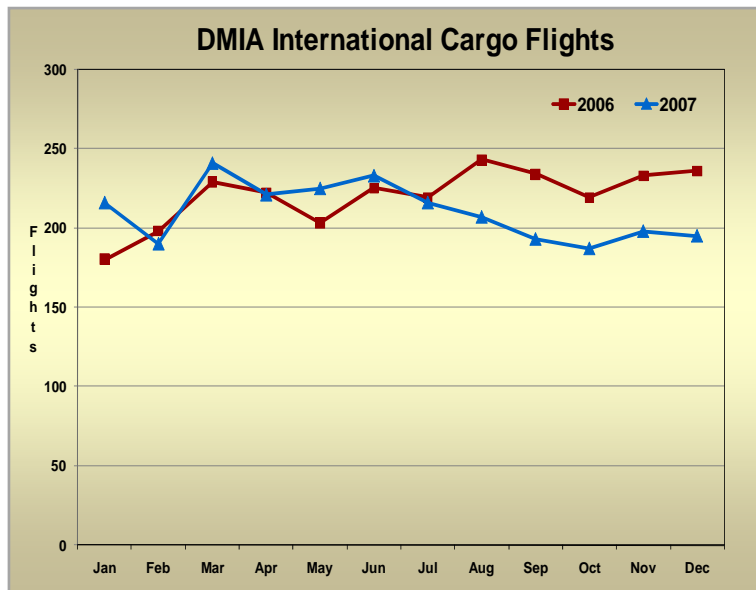
DMIA Domestic Flights and Passengers



Total number of domestic flights reached 621 flights in 2007, a significant increase of 40% from 2006 total of 443 flights. DMIA's strong performance in this sector is attributed to the daily flights from Cebu staged by Cebu Pacific Air starting in 12 October 2006. Thus, domestic passenger volume in 2007 similarly swelled to 43,650 passengers revealing a 144% increase over the previous year's data of only 17,889 passengers.

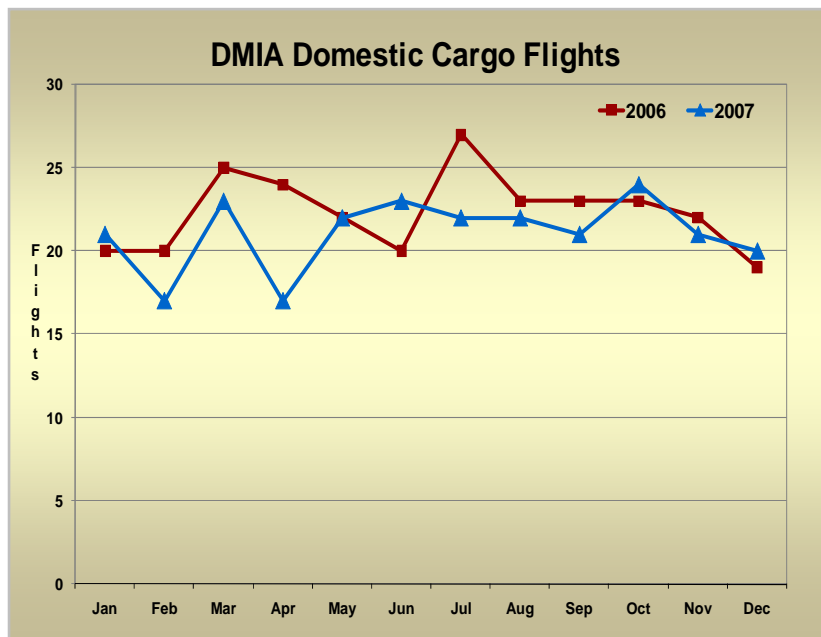


DMIA International Cargo Flights and Tonnage

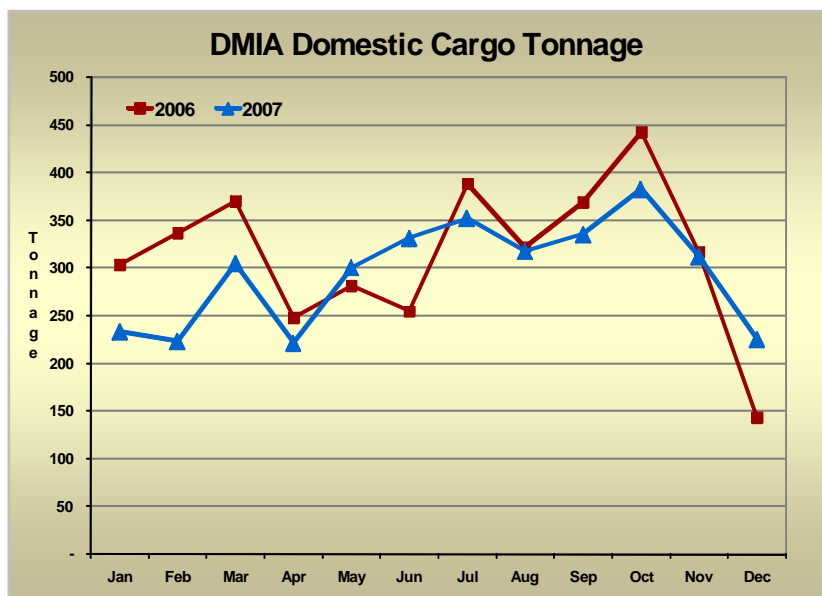


Improved efficiency in the operations of international cargo carriers at DMIA is showcased in the increase of the total volume of cargo carriage despite a decrease in the total number of cargo flights. While the 2007 total of 2,522 international cargo flights dropped 5% from the 2006 total of 2,641 flights, the actual international cargo volume of 125,124 tons recorded in 2007 is a 0.11% increase over the 124,981 tons registered in 2006.

DMIA Domestic Cargo Flights and Tonnage



Domestic Cargo Flights and tonnage for the year 2007 decreased by 6% to 253 flights as compared to 268 flights in 2006 and 3,533 tons as compared to 3,774 tons in 2006. The said decrease is due to low demand in domestic cargo resulting to cancellation of flights.



Events

Highlights



Country's most modern radar system goes on-line

04 April 2007



Her Excellency President Gloria Macapagal Arroyo led the inauguration and official activation of the DMIA Terminal Radar Approach Control (TRACON) facility on 4 April 2007. At a total cost of US\$ 9.987 Million, the successful completion of this project equipped DMIA with the most modern and complete navigational aids facility in the country.

Fully operational on a 24/7 basis, the new TRACON facility further enhanced the safety of all aircraft operations at DMIA even during adverse weather conditions. The state-of-the-art radar system can detect incoming and outgoing aircraft within a radius of 60 to 220 nautical miles.

Augmenting its range of critical navigational facilities, the TRACON facility has boosted DMIA's position as a viable regional hub of operation of major international and domestic airlines with higher safety standards, smoother flow of air traffic, and faster turnaround time for landing and departing aircrafts.



Supply chain and logistics complex comes underway 25 June 2007

Berthaphil Business Park, Inc. inked a lease agreement with CIAC and broke ground for the construction of its US\$5 million Supply Chain and Logistics Complex inside the Clark Civil Aviation Complex.

Located in a one-and-a-half-hectare area adjacent to the UPS facility, the rising logistics complex will be a prime location for aviation-related investment ventures as well as support facilities for freight forwarding and bonded warehousing. Already, Berthaphil counts among its prospective locators the leading forwarding firm DHL Worldwide Express.



With its strategic location and the presence of vital support infrastructure and facilities, Berthaphil's Supply Chain and Logistics Complex will further enhance DMIA's role as a vital cog of President Arroyo's legacy agenda to develop Clark and Subic Freeport zones as a competitive logistics and services hub in the region. Offering unique competitive advantage to a wide range of businesses activities that require a duty-free export/import environment with easy access to the rest of the world, this project is also expected to increase the number of potential logistics investors at DMIA, boost airport revenues and generate more economic and employment opportunities within Clark Freeport Zone and its outlying areas.

One Millionth International Passenger arrives 29 June 2007



DMIA welcomed its 1 millionth international passenger on 29 June 2007 in a simple but symbolic affair. The passenger was Korean Lee Eun Hee, a tourist working as a computer programmer in South Korea. On board Asiana Airlines that took off from the South Korean city of Incheon, Ms. Lee arrived with her daughter shortly before/after midnight at the DMIA and were warmly welcomed by CIAC and Asiana executives.

From having its historic maiden international flight in 16 June 1996, DMIA now hosts 42 international flights per week bringing in a steady stream of regional tourists and returning Overseas Filipino Workers.

Asiana holds the distinction of being the first ever international commercial airline to operate at the DMIA starting in October 30, 2008. With its daily flight services on the Incheon-Clark-Incheon route, Asiana has certainly contributed to the rise in the number of Korean tourists traveling to and from Clark Freeport Zone and nearby communities boosting revenues for local tourism and related industries.

Route Proving of Airbus A380

12 October 2007



The double-decker Airbus A380, the world's largest commercial passenger aircraft successfully landed at the DMIA on 12 October 2007 proving beyond doubt the airport's ability to accommodate the modern generation of new large aircrafts (NLAs).

Part of the A380's route proving flights in the Asia Pacific region, Airbus pilots and technicians conducted critical tests on airfield maneuvering, radar and tower communications, docking, ground handling and fueling to determine operability and compatibility. At the end of the day, it's an all systems go both for the 'gentle green giant' and the sprawling international gateway complex.

Government officials and dignitaries, along with private business representatives, were on hand to welcome the A380 standing eight-storey tall (79 feet) and lying almost three football field long (262 feet). The mammoth airliner, touted as a "cleaner, greener, gentler" version of NLAs for incorporating environment-friendly design such as reduced noise during take-off, can accommodate as much as 850 passengers on a long-haul flight from New York to Clark non-stop.

In-flight catering facility cooks up at Clark 27 November 2007

Gate Gourmet, one of the world's largest in-flight catering services provider, kicked-off construction of its US\$ 3 million facility inside the Clark Civil Aviation Complex. Gate Gourmet teamed up in joint venture with local company Miascor to establish Clark's first ever in-flight catering facility.



Gate Gourmet targets to produce as much as 4,000 hot meals a day for international commercial airlines flying in and out of DMIA in anticipation of its future operation as the country's premier global gateway. Its Clark facility is designed to specialize for both Western and Middle Eastern airlines with specific focus in the preparation of "Halal" foods for Islamic passengers.



Earlier, CIAC, Gate Gourmet and Miascor signed a lease agreement on 11 April 2007. It will occupy an initial 3,000 square-meter area near the CIAC corporate offices. Expected to be completed in mid-2008, Gate Gourmet's in-flight catering facility further makes the DMIA a viable destination for even long-haul legacy airlines.

Financial Highlights

Top management's focus efforts on marketing and revenue generation resulted in a 14% improvement of CIAC gross receipts in 2007 totaling Php269.24 million compared to Php236 million in 2006. The increase was attributed to the efficient collection of terminal fees and the new security fees (starting 2nd Quarter of 2007) from the growing number of outgoing and incoming passengers at the DMIA.



Total assets were augmented by 8.7 percent, the bulk of which was the result of the procurement of Php84 million worth of equipment for terminal operations and implementation of critical infrastructure project. Similarly, level of cash availability increased by 51 percent enhancing CIAC's liquidity standing.



Our Economy

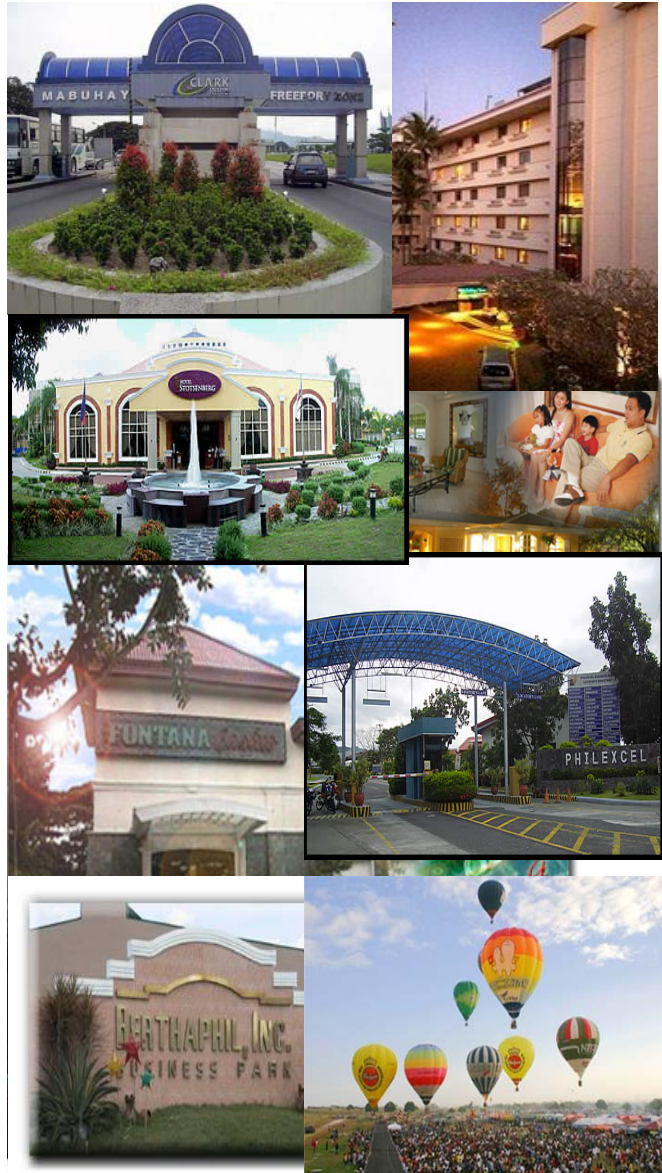
The Diosdado Macapagal International Airport is strategically located at the heart of one of the most competitive economic havens in Asia Pacific—the Clark Freeport Zone. Clark is easily accessible to the major

growth corridors in the region and offers an equidistant travel to other Asian countries. It is also a

perfect destination for business, travel and leisure with modern infrastructure facilities and premium investor and customer services.


The strategic location of DMIA, the existing airport infrastructure and utilities, and the more than 2,300 hectares dedicated to its development and expansion are some of the airport complex's inherent competitive advantages to achieve growth and future operation as the country's premiere international gateway.

DMIA, as the long-acknowledged crown jewel of the Clark Freeport Zone, is not only a magnet that attracts new investments and economic opportunities but also a dynamo that powers and sustains the competitiveness of business locators and the social and economic progress inside Clark and around surrounding local government areas.



Infrastructures, Facilities and Services





DMIA's infrastructures, facilities and services play essential roles to the present and future operations of the airport.

It consists of two runways in parallel configuration. The primary runway has a length of 3,200 meters and a width of 60 meters. It is fully equipped with all navigational aids and lighting facilities, and has a Category 1 rating for precision approach. The secondary runway has a length of 3,200 meters and a width of 45 meters. Its use is currently limited for Visual Flight Rules (VFR).

Navigational Aids (NAVAIDS) facilities include two Instrument Landing Systems (ILS) dedicated for the primary runway. The ILS comprises of a Localizer, Glide Slope and Distance Measuring Equipment (DME). The ILS provides precise guidance to an aircraft approaching the runway.

A new US\$9.987 Million Terminal Radar Approach Control (TRACON) has been installed and is now operational— the most modern in the country— improving air traffic safety and speeding up aircraft ground movement. Also installed at the airport is a Doppler Very High Omni-directional Range (DVOR). With a DVOR, pilots can accurately and reliably determine their bearing and distance from DMIA. Communications facilities include a complete set of VHF and UHF Transmitters and Receivers for clear and efficient communication between pilots and air traffic controllers.

Instruments for weather data gathering and observation are also in place at the airport. Weather instruments are manned by PAGASA personnel on a 24/7 basis. Airfield Ground Lighting (AGL) Systems are installed at the primary runway, connecting taxiways and ramps for night operations.

Crash, Fire & Rescue (CFR) Services equipment include two ambulances, two Major Tender and two Rapid Intervention Vehicles (RIV) fire trucks. DMIA has a Category 9 Rating for crash, fire and rescue capabilities. This means that the airport can accommodate large aircraft such as the B747-400.

The existing Passenger Terminal building can accommodate one million passengers annually with a presumption that it only accommodates one wide-body aircraft at any given time with a turnaround time of 2 ½ hours.

Airlines and Destinations

International Passenger Airlines

Name of Airline	: Air Asia Berhad
Started Operations in DMIA	: April 5, 2005
Type of Aircraft	: B-737-300 & AB-320
Destinations	: Kuala Lumpur & Kota Kinabalu
Frequency	: Daily Flight

Name of Airline	: Asiana Airlines
Started Operations in DMIA	: October 30, 2003
Type of Aircraft	: AB-321-200
Destination	: Incheon
Frequency	: Daily Flight

Name of Airline	: Tiger Airways
Started Operations in DMIA	: April 5, 2005
Type of Aircraft	: AB-320
Destinations	: Singapore & Macau
Frequency	: Daily Flight



Domestic Passenger Airlines

Name of Airline	: Cebu Pacific Airline
Started Operations in DMIA	: October 12, 2006
Type of Aircraft	: A-319
Destination	: Cebu
Frequency	: 3 times a week

Name of Airline	: Southeast Asian Airline
Started Operations in DMIA	: February 1, 2003
Type of Aircraft	: LET-410 & DO-328-100
Destinations	: Cebu & Caticlan
Frequency	: Daily Flight



International Cargo Airlines

Name of Airline	: United Parcel Service
Started Operations in DMIA	: April 2002
Type of Aircraft	: MD-11, B-757- 200 & B-767-300
Destinations	: Hongkong, Dubai, Taipei, Kansai, Kuala Lumpur, Pudong, Singapore, Narita
Frequency	: 48 flights a week

Name of Airline	: Yangtze River Express
Started Operations in DMIA	: April 2005
Type of Aircraft	: B-737-300
Destination	: Shenzhen
Frequency	: 6 flights a week

Name of Airline	: Pacific East Asia Cargo Airline
Started Operations in DMIA	: April 1, 2002
Type of Aircraft	: B-727-100
Destination	: Kuala Lumpur
Frequency	: Depends on UPS Operation

Domestic Cargo Airlines

Name of Airline	: Pacific East Asia Cargo Airline
Started Operations in DMIA	: April 1, 2002
Type of Aircraft	: B-727-100
Destination	: Cebu
Frequency	: 6 times a week



New Endeavors



MRO Facilities



Included in the short-medium term goals of the corporation is the establishment of Maintenance, Repair & Overhaul (MRO) facilities at the DMIA. The MRO facilities will form part of the logistics hub development of Clark.



At present, CIAC is in the final stage of negotiations with Singapore Airlines Engineering Company (SIAEC) for the latter's establishment of a MRO facility at the DMIA. The proposed MRO Facility will comprise an area of approximately five hectares and will involve an initial investment of at least US\$ 100 Million. This is expected to generate employment in the field of aircraft repair and

maintenance. The MRO facility to be established by SIAEC will cater to wide-bodied and narrow-bodied aircrafts.

SIAEC is a major provider of aircraft MRO services in Asia-Pacific and is part of the Singapore Airlines Group. The Company has a client base of more than 80 international carriers and aerospace equipment manufacturers. It provides line maintenance services at Singapore Changi Airport for more than 60 international carriers, as well as airframe and component overhaul on some of the most advanced and widely used commercial aircraft in the world.

DMIA Terminal Expansion and Rehabilitation Project

The existing passenger terminal of the DMIA can only accommodate approximately 1 Million passengers per year at 24-hour per day operations. The present terminal is already reaching its saturation level as a result of the increase in passenger traffic both international and domestic.

In view of this, CIAC embarked on immediate terminal expansion project to double its capacity to two million passengers per year. The project was awarded to a local construction company on 08 June 2007 with a contract amount of P55.9 Million. Project implementation commenced in July 2007 and is expected to be completed by March 2007.



DMIA Master Development Plan



The existing DMIA Master Plan describes the framework for development of the entire airport complex up to the year 2025 and beyond. It provides the basis for the planning of aviation activity, facilities, land development, and transport access in an integrated way. Currently, CIAC is in the process of preparing for implementation of its Phase 1 planned for the period 2008 to 2011. The Phase 1 development provides for significant additional freight and heavy maintenance facilities over the said period.

A Detailed Feasibility Study for the DMIA Master Plan was also prepared by a Chinese Consortium at no cost to CIAC and with no commitment to use by CIAC. The Chinese Consortium started preparation of the Feasibility Study on 01 June 2007 and was completed in October 2007.

Additionally, CIAC tendered a request before the Korea International Cooperation Agency (KOICA) for a technical grant for the conduct of another

Detailed Feasibility Study for the DMIA Master Development Plan. On 01 June 2007, CIAC executives and KOICA representatives held a coordination to tackle CIAC's request for technical grant. On the same day, KOICA conducted site inspection and requested preliminary data to evaluate the said request. A formal record of discussion between CIAC and KOICA was signed in December 2007.

KOICA's Feasibility Study will determine how to effectively and efficiently utilize the DMIA Master Development Plan. The resulting recommendations of the Feasibility Study will also generate a more definitive financing scheme for the project to include source of funding.

Social Impact

DMIA is one of the vital links between the Philippines and Asia-Pacific Region and soon the world. Seeing the continuous and inevitable growth of DMIA, there will be easier and more facilitative access to job opportunities abroad. Apart from being a source of employment both direct and indirect, additional linkages in terms of other business infrastructures and opportunities, i.e. hotels, restaurants, and other leisure, entertainment and tourism activities are now flourishing in the immediate area. Moreover, Overseas Filipino Workers may now go home more frequently at lesser cost and more convenience; and also their families may now be able to even visit them in their overseas places of work.



People and Community



In managing the future premier international gateway of the country, Diosdado Macapagal International Airport requires a diverse range of skills. DMIA is beginning to hire highly-qualified people within Central Luzon and nearby regions in preparation for its future manpower requirements. To meet the challenges of a rapidly growing airport and attain world-class standards, skills of the existing employees are being enhanced and developed simultaneously with the progress that is happening in DMIA for their continuous learning and growth.

With the support of CIAC Management, various trainings, workshops, conferences and seminars were attended by CIAC employees on year 2007 as well as conventions and trainings abroad. Here are the major trainings and seminars:



The Human Resource Department conducted a series of workshop for selected CIAC personnel that include the frontliners of Airport Operations, Airport Security and Finance Department on Basic Customer Service Workshop. The objective of the said workshop is to promote a service-oriented and customer-focused CIAC. This activity was held on February 22 to March 22, 2007 at CIAC Cafeteria.

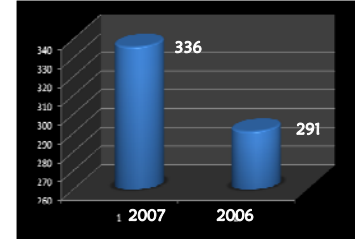
On May 9 & 10, 2007, Corplan & MIS-IT Department, together with the Human Resource Department, spearheaded the CIAC Annual Planning titled *“Corporate Strategic Planning and Creativity Workshop”* held at The Lakeshore, Mexico, Pampanga. The participants of the aforesaid activity range from CIAC Supervisors to Corporate Officers. Invited speakers namely Mr. Tommy Lopez & Arch. Ben Lao shared their expertise on *Brand Marketing* and *Airport Infrastructure*, respectively, on the two-day workshop.

Representatives from CIAC had travelled to Macau, Kuala Lumpur, Singapore, Japan and even United States to take part on airport-related conferences, seminars and workshops. Their participation on these events will certainly enhance their knowledge and skills that will be beneficial both for the corporation and to themselves. There had been a total of twenty-five (25) trainings, workshops, conferences and seminars that were attended and participated by a number of CIAC employees at year end 2007.



Manpower Resources as of December 2007

For the year end 2007, Clark International Airport Corporation had a total of three hundred thirty six (336) employees, an increase of fifteen percent (15%) in its manpower count compared to the previous year's two hundred ninety one (291) employees. The increase signified the demand for additional human resources required by the fast-developing corporation.



The 2007 CIAC Manpower Profile are as follow:

Top Executive Officers	5
Corporate Officers	4
Managers	10
Assistant Managers	8
Supervisors	22
Rank & File	287
TOTAL	336

Concurrent or detailed personnel are as follow:

CDC Concurrent	19
Customs	27
Immigration	21
Quarantine	5
PNP	35
ATO	30
PAGASA	9
TOTAL	146

Contracted-out personnel are as follow:

Engineering Maintenance	38
Security	76
Janitorial Services	33
TOTAL	147



NESTOR S. MANGIO
Chairman



LIBERATO P. LAUS
Vice-Chairman



VICTOR JOSE I. LUCIANO
President & CEO



ALEXANDER S. CAUGUIRAN
Director



ALFONSO G. CUSI
Director



JESUS S. NICDAO
Director



MAXIMO L. SANGIL
Director



PERLITA M. SAGMIT
Corporate Secretary



EVANGELINE GABOR-TEJADA
Corporate Treasurer



VICTOR JOSE I. LUCIANO
President & CEO



ALEXANDER S. CAUGUIRAN
Exec. Vice President & COO



BIENVENIDO O. MANGA
Vice President-
Operations & Bus. Dev't

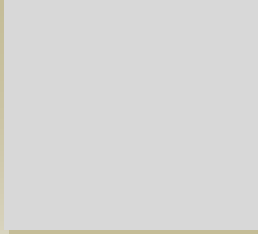


ROMEO N. DYOCO, JR.
Vice President-
Admin. & Finance

CIAC Executives

CIAC Managers

Board of Directors



MELITO S. DESALES
Internal Audit

EVP & COO Office



EDGAR M. GUEVARRA
Public Affairs Office



FEDERICO G. GARCIA, JR.
Bids & Awards

Operations & Business Development Group



JOSE MARLOWE S. PEDREGOSA
Airport Security



HILARION RITCHE D. NACPIL
Airport



FEDERICO I. PRIMERO
Emergency Services

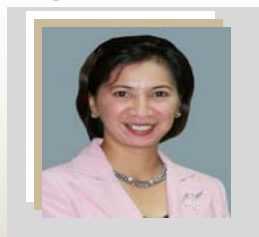


RUEL T. ANGELES
Engineering & Maintenance

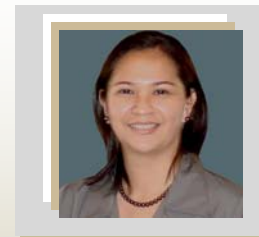
Administration & Finance Group



DARWIN L. CUNANAN
Corplan & MIS/IT



EVANGELINE G. TEJADA
Finance



ATTY. CYNTHIA C. DUNGCA
Legal-OIC



ZORAIDA M. CAMELLO
Purchasing



SILVERIO A. CLEMENTE
PGS



MARIE-TESSIBETH T. CORDOVA
Human Resources

Annex A

Statement of Income and Expenses		
For the Year Ended December 31, 2007		
(With Comparative Figures for the Year Ended December 31, 2006)		
	2007	2006
	December	December
Income		
Business Income	267,895,864.79	232,461,549.90
Gross Income	267,895,864.79	232,461,549.90
Less: Expenses		
Personal Services		
Salaries and Wages	77,977,728.02	72,463,840.85
Other Compensation	39,417,162.10	34,288,941.50
Personnel Benefits Contribution	6,055,313.34	4,698,227.16
Other Personnel Benefits	20,281,327.71	16,121,053.75
Total Personal Services	143,731,531.17	127,572,063.26
Maintenance and Other Operating Expenses		
Traveling Expenses	2,979,885.77	1,054,632.11
Training and Scholarship Expenses	471,527.10	272,070.50
Supplies and Materials Expenses	7,005,365.86	5,887,834.41
Utility Expenses	17,762,236.81	16,380,389.06
Communication Expenses	1,877,110.61	1,549,638.30
Membership Dues and Contributions to Organizations	14,250.00	-
Advertising Expenses	2,445,713.06	293,310.00
Printing and Binding Expenses	891,965.08	534,965.91
Rent Expenses	69,000.00	48,000.00
Representation Expenses	1,382,464.96	700,552.19
Subscriptions Expenses	113,893.99	82,881.35
Professional Services	17,197,650.78	13,623,368.02
Repairs and Maintenance	7,051,751.04	8,851,261.21
Donations	20,000.00	-
Taxes, Insurance Premiums and Other Fees	7,574,881.71	7,838,222.16
Depreciation Expense	110,673,771.37	110,525,004.90
Total Maintenance and Other Operating Expenses	177,531,468.14	167,642,130.12
Financial Expenses	10,386,758.68	16,845,199.90
Total Expenses	331,649,757.99	312,059,393.28
Income (Loss) from Operations	(63,753,893.20)	(79,597,843.38)
Add (Deduct) Other Income/Expenses		
Gain (Loss) on Foreign Exchange	(7,199,572.86)	(1,811,987.90)
Interest Income	1,444,732.87	4,152,816.77
Dividend Income	3,600.00	6,580.00
Miscellaneous Income	1,714,201.99	1,561,697.82
Net Income (Loss)	(67,790,931.20)	(75,688,736.69)
Provision for Income tax	469,862.77	-
Net Income (Loss)	(68,260,793.97)	(75,688,736.69)

Annex B

Balance Sheet (Unaudited)		
As of December 31, 2007		
(With Comparative Figures as of December 31, 2006)		
	2007 December	2006 December
ASSETS		
Current Assets		
Cash and Cash Equivalents	40,010,402.17	26,512,584.77
Receivables	32,575,413.15	57,918,903.61
Inventories	502,323.94	247,441.14
Prepaid Expenses	8,328,078.98	4,452,826.29
Other Current Assets	1,192,851.42	1,217,770.50
Total Current Assets	82,609,069.66	90,349,526.31
Investments	884,000.00	-
Non-Current Assets		
Property, Plant and Equipment	1,348,120,545.22	1,263,735,350.46
Due from Central/Home Office-CDC	449,875,467.97	376,112,542.13
Total Non-Current Assets	1,797,996,013.19	1,639,847,892.59
Other Assets		
Restricted Fund/Assets	192,060.00	192,060.00
Total Other Assets	192,060.00	192,060.00
TOTAL ASSETS	1,881,681,142.85	1,730,389,478.90
LIABILITIES AND EQUITY		
Current Liabilities		
Payable Accounts	24,101,954.06	20,390,058.57
Inter-Agency Payables	4,398,775.80	3,024,719.63
Intra-Agency Payables	1,885,366.16	-
Other Liability Accounts	9,284,835.03	4,965,081.48
Total Current Liabilities	39,670,931.05	28,379,859.68
Non-Current Liabilities		
Long-Term Liabilities	17,254,946.34	17,829,661.18
Due to Central/Home Office-CDC	2,243,587,456.35	2,036,150,157.80
Total Non-Current Liabilities	2,260,842,402.69	2,053,979,818.98
Deferred Credits	91,634.60	120,317.22
TOTAL LIABILITIES	2,300,604,968.34	2,082,479,995.88
Equity		
Capital Stock	1,250,000.00	1,250,000.00
Retained Earnings (Deficit)	(420,173,825.49)	(353,340,516.98)
TOTAL EQUITY	(418,923,825.49)	(352,090,516.98)
TOTAL LIABILITIES AND EQUITY	1,881,681,142.85	1,730,389,478.90

Annex C

CASH FLOW STATEMENT

For the Year Ended December 31, 2007 (with comparative figures as of December 31, 2006)
(In Thousands)

Particulars	Year-to-Date	
	2007	2006
Cash flow from operating activities:		
Income Items	251,848	137,335
Operating Expenses	(132,870)	(83,961)
Payables	(62,695)	(64,167)
Advances, Receivables & Others	(33,971)	(6,100)
Total Cash Provided (Used) for operating activities	22,312	(16,893)
Cash flow from investing activities:		
Proceeds from maturing placements	86,137	22,168
Placements	(57,349)	(16,079)
Capital Expenditures	(44,421)	(10,287)
Total Cash Provided (Used) for investing activities	(15,633)	(4,197)
Total Cash Provided (Used) for the period	6,679	(21,090)
Add: Cash and cash equivalents, beginning	16,735	37,825
Cash and cash equivalents, ending	23,414	16,735
Add: Temporary Investments/Time Deposits (year-to-date)		
Local Currency	7,271	2,160
Foreign Currency (Peso Equivalent)	9,325	7,618
Total Temporary Investments	16,596	9,777
Total Cash and Cash Equivalents	40,010	26,513

Notes to Financial Statements

1. Historical Background

By virtue of Executive Order No. 192, Clark International Airport Corporation (CIAC) was organized as the implementing arm of BCDA to operate and manage the Clark Civil Aviation complex.

On July 5, 2002, the Securities and Exchange Commission (SEC) approved the merger of Clark Development Corporation (CDC) and CIAC pursuant to Executive Order No. 7, with the former as the surviving entity. Thus, the financial statements of CIAC for CY 2002 were combined with the financial statements of CDC.

On April 4, 2003, Executive Order No. 193 was issued authorizing the re-establishment of CIAC as a subsidiary of CDC. SEC subsequently approved this on September 4, 2003. Relative to this, all transactions related to CIAC operations were separated from CDC books beginning October 1, 2003. However, transfer of assets acquired prior to and during the merger was effected only in November, 2006.

2. Summary of Significant Accounting

Supplies Inventories

Supplies inventories are valued at cost using the first in-first out (FIFO) method.

Property, Plant and Equipment

Property and equipment are carried at cost less accumulated depreciation. Significant improvements and renewals, including incidental costs are capitalized, while cost of maintenance and repairs is charged to expense. When property is disposed, the cost and the related accumulated depreciation are removed from the accounts, and any resulting gain or loss is credited or charged to current operations.

Depreciation policies are as follows:

- a. Straight-line method of depreciation is used based on the economic lives of the assets.
- b. Transportation equipment are depreciated for 5 years using the Sum of the Years Digit Method.
- c. COA Circular Nos. 2003-007 and 2004-005 were implemented starting January 2005.

Foreign Currency Transactions

Transactions in foreign currency are recorded in Philippine peso based on the exchange rate prevailing at the time of the transactions. Exchange gains or losses are being realized at the end of the year based on the closing/prevaling rate as of balance sheet date, periodic adjustments and trade of dollar to peso. Last in-first out (LIFO) method is used in recording dollar withdrawals. Under this method, withdrawals are converted to peso at the rate of exchange prevailing at the time of the latest deposit.

Income Recognition

Accrual method is used in recognizing rent income, landing & parking fees and income from concessionaires, except interest charge to locators which is recorded at the time of payment (cash method).

3. Cash and Cash Equivalents

	12/31/07	12/31/06
Cash - Disbursing Officers	P 1,823,906	P 872,380
Cash on Hand - Petty Cash Fund	116,341	76,920
Cash in Bank-Local Currency PNB Clark	5,626,910	2,784,985
Cash in Bank-Local Currency PVB Clark	5,361,449	0
Cash in Bank-Local Currency, Time Dep.	7,270,550	2,159,634
Cash in Bank-Foreign Currency PNB \$	1,193,111	3,817,164
Cash in Bank-Foreign Currency PVB \$	9,292,673	9,183,664
Cash in Bank-Foreign Currency, Time Dep.	9,325,462	7,617,838
	P 40,010,402	P 26,512,585

4. Receivables

	12/31/07	12/31/06
Accounts Receivable – Trade	P 14,821,070	P 42,861,202
Less: Allowance for Doubtful Accounts	3,487,256	3,487,256
Accounts Rec'ble (Accrued Landing & Parking Fees)	6,685,085	0
Accounts Receivable – Others	36,145	200,265
Notes Receivable	12,994,813	17,421,805
Due from Officers and Employees	1,016,910	489,914
Interest Receivable	10,390	11,582
Due from GOCC (MIAA)	173,434	173,434
Due from GOCC (CIAC Provident Fund)	1,116	0
Other Receivables	323,706	247,958
	P 32,575,413	P 57,918,904

The Accounts Receivable – Trade account are collectibles on rent and aeronautical fees from various locators, airline operators and concessionaires previously recorded in CDC books, of which the outstanding balances (including the corresponding allowance) as of October 31, 2006 were transferred by CDC to CIAC in November 2006. Henceforth, the setting-up of receivables will be done in CIAC books.

Charged under the Accrued Landing and Parking Fees are the aeronautical fees and charges of various airline operators. Under the Accounts Receivable, others are charges to concessionaires representing their power consumption. The restructured account of Asian Aerospace is recorded as Notes Receivable.

The Due from Officers and Employees account are receivables from CIAC personnel for personal calls, medical expenses, cash advances for travel, unliquidated cash advances from petty cash fund and salary overpayments. The medical expenses are those not covered under the health benefit program or those in excess of the maximum health coverage as approved by Management and which are deducted from the salaries of the concerned employees.

The Interest Receivable account represents the accrued interest income from time deposits as of December 31, 2007 with maturity dates in January 2008.

Due from GOCC (MIAA) refers to the expenses paid by CIAC for MIAA for the capsule laying activity. Efforts to collect the same has been and is still being exerted.

Due from GOCC (CIAC Provident Fund) are the expenses incurred in the registration of the Provident Fund with the Securities and Exchange Commission.

Other receivables refer to the personal telephone calls of employees of support agencies, SSS benefit claims advanced by CIAC to its employees, receivable from Tiger Airways for meals served to their stranded passengers due to cancelled flight and those which were turned-over by CDC in November 2006.


5. Inventories

		12/31/07		12/31/06
Office Supplies	P	467,686	P	233,021
Drugs and Medicines		34,638		14,420
	P	502,324	P	247,441

The office supplies inventory is maintained by the Property Division while the drugs and medicines inventory is maintained by the Clinic and the Emergency Services Department.

6. Prepaid Expenses

		12/31/07		12/31/06
Prepaid Insurance	P	2,257,794	P	2,140,83
Advances to Contractors		4,336,293		0
Deferred Charges		1,733,992		2,311,996
	P	8,328,079	P	4,452,826



Prepaid insurance represents premiums (unexpired portion) for the insurance of DMIA occupied buildings, the airport liability insurance and the life insurance of employees.

The Advances to Contractors account refers to the advance payment to A. P. Canlas Construction for the design and build scheme project of Terminal I.

Lodged under the Deferred Charges account is the unamortized balance of the CBA Signing Bonus for the period January 2008 to December 2010.

7. Other Current Assents

Classified as other current asset is the Guaranty Deposits account amounting to P1,192,220. These are payments to utility companies (electric, water, etc.) and various suppliers that are refundable upon cancellation/termination of contracts. The balances of these deposits as of October 31, 2006 were turned over by CDC in November 2006.

The unused tax credits for P631, also lodged as other current asset, represents the tax withheld by airline operators on aeronautical fees.

8. Investments

Lodged under this account is the CIAC's investment of P884,000 related to MGCC shares which was turned over by CDC in May 2007.

9. Property, Plant and Equipment

	Construction in Progress	Equipment	Furniture & Fixtures	Land & Building Improvements	TOTAL
At December 31, 2006					
Cost	P 789,577	1,136,790,816	7,095,003	797,976,846	1,942,652,242
Accumulated Depreciation		401,315,521	5,983,320	271,618,050	678,916,891
Net Book Value	789,577	735,475,295	1,111,683	526,358,796	1,263,735,351
Period Ended December 31, 2007					
Opening Net Book Value	789,577	735,475,295	1,111,683	526,358,796	1,263,735,351
Additions	15,240,098	172,509,866	1,895,337	5,460,915	195,106,216
Depreciation for the Year		(76,519,933)	(213,717)	(33,987,372)	(110,721,022)
Closing Net Book Value	16,029,675	831,465,228	2,793,303	497,832,339	1,348,120,545
At December 31, 2007					
Cost	16,029,675	1,309,300,682	8,990,340	803,437,761	2,137,758,458
Accumulated Depreciation		477,835,454	6,197,037	305,605,422	789,637,913
Net Book Value	16,029,675	831,465,228	2,793,303	497,832,339	1,348,120,545

Properties of CIAC previously booked in CDC before and during merge costing P1.186B with a net book value of P565M as of October 31, 2006, were turned over by CDC to CIAC in November 2006, and were thus included in the property and equipment and accounted for the huge increase as of December 31, 2006.

10. Other non-current assets

The Due from Central/Home Office (CDC) account represents booked revenues of CIAC as of October 31, 2006 but whose corresponding receivables are booked in CDC. UPS' payment of rent and aeronautical fees to CDC are also entered under this account.

11. Other assets

Under this account is the Restricted Fund/Assets for P192,060 deposited at UCPB representing supersedeas bond on labor case. This account was turned over by CDC in November 2006.

12. Payable Accounts

	12/31/07	12/31/06
Accounts Payable	P 23,827,388	P 19,676,087
Due to Officers & Employees	274,566	713,972
	P 24,101,954	P 20,390,059

The accounts payable refer to the accrual of various expenses while the Due to Officers and Employees account represents the tax refund due to CIAC personnel.

13. Inter-agency payables

	12/31/07	12/31/06
Due to BIR	P 3,870,880	P 2,874,475
Due to SSS	238,431	0
Due to Pag-ibig	212,628	150,245
Due to Philhealth	76,837	0
	P 4,398,776	P 3,024,720

The Due to BIR refers to the withheld taxes on salaries and expanded taxes on suppliers and provision for income tax while the Due to SSS, Pag-ibig and Philhealth are the premiums and loans for remittance.

14. Inter-agency payables

	12/31/07	12/31/06
Due to Provident Fund	P 1,622,720	P 0
Due to AMWSLAI	6,250	0
Due to CIAC EMPC	238,296	0
Due to SMD	18,100	0
	P 1,885,366	P 0

The Due to Provident Fund, AMWSLAI, CIAC EMPC and SMD are the premiums and loans due for remittance.

15. Other liability accounts

	12/31/07	12/31/06
Guaranty Deposits Payable	P 840,668	P 185,688
Performance Bond/Bidders Payable	1,670,032	90,864
Concessionaires' Adv.Fee & Sec.Dep.	280,688	51,110
Locators' Advance Rent & Sec.Dep.	6,409,885	4,580,719
Advance Landing & Parking Fees	14,981	56,700
Advance Ad Space Rentals	68,581	0
	P 9,284,835	P 4,965,081

Charged under these accounts are advance guaranty, advance rent and security deposit payments from various bidders, concessionaires and locators which are expected to be realized and/or returned within the current period.

16. Long-term liabilities

	12/31/07	12/31/06
Locators' Security Deposit	P 13,799,379	P 12,909,498
Locators' Performance Bond	2,011,568	2,066,266
Advance Rent	1,426,289	2,825,320
Advance Concessionaire Priv.Fees	17,710	28,577
	P 17,254,946	P 17,829,661

Charged under these accounts are payments from various locators representing security deposits, performance bond, advance rent and concessionaire privilege fees expected to be realized and/or returned beyond one year. Included in these accounts are security deposits and performance bond amounting to P4M and P1.8M, respectively, transferred by CDC to CIAC in November 2006.

17. Other non-current liability

Part of the Due to Central/Home Office (CDC) account were various CIAC expenses paid by CDC. Also included in this account are the various assets and liabilities with a net amount of P597.85M as of October 31, 2006 transferred by CDC to CIAC in November 2006.

18. Deferred Credits

	12/31/07		12/31/06	
Deferred Credits	P	91,635	P	120,317

Charged under this account are the power consumption and service fees for the period January 1, 2008 to December 13, 2010 covered under the lease contract of Philippine Veterans Bank, power consumption of various operators and collections from untraced accounts through inter-branch deposits.

19. Equity

Capital Stock	No. of Shares	Amount
Authorized	200,000	20,000,000
Paid-up Capital	12,500	1,250,000

ANNUAL REPORT 2007



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