

ANNUAL REPORT 2011 FULFILLING THE DREAM



CLARK INTERNATIONAL AIRPORT CORPORATION

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ANNUAL REPORT 2011



Message of the President & Chief Executive Officer



DESPITE ANOTHER CHALLENGING year for the global aviation industry, Clark International Airport (IATA code: CRK) continued to post encouraging operational statistics for the 3rd consecutive year.

Driven by additional flights and new routes, international passenger volume recorded a year-on-year increase of 19%, which is significantly higher than the 6.4% increase in global passenger volume. Consequently, gross income increased by 10%, from Php 311M in 2010 to Php 343M.

A momentous development was also witnessed this year, with two airlines making the decision to start operations at CRK in 2012. AirAsia Philippines (AAP), the Philippine affiliate of one of the world's leading budget airlines - AirAsia Berhad, committed to station 13 aircraft at CRK within the next 5 years. AirPhil Express, the low cost subsidiary of national flag carrier Philippine Airlines (PAL) is also scheduled to start operations in the first half of 2012.

In addition, Clark is well on track in its vision to become a competitive logistics hub in the Asia Pacific Region. SIA Engineering (Philippines) Corporation, the state-of-the-art maintenance, repair and overhaul (MRO) facility located in Clark has announced its plans to construct two wide-body hangars that can accommodate twin-aisle aircraft such as B747 and B777. Moreover, Metrojet Engineering, the leading business jet operator in Asia, has signed a Memorandum of Agreement with CIAC to develop a 3-hectare MRO facility.

However, the airport industry has significantly evolved in recent years that successful airport management entails careful planning and responsive operations. Acknowledging the greater role that it will play in the future of the Philippine aviation industry, CIAC has been investing significant time and effort in planning our forward-thinking strategies. Thus, the approval of the Revised Land Use Plan of the Clark Civil Aviation Complex and implementation of a new organizational structure are notable accomplishments that give evidence of our strong commitment in the achievement of our long-term plans and vision.

Along with efforts to strengthen its organizational capabilities, various infrastructure projects are also planned for development from 2012-2016. Among these is the construction of a new passenger terminal building, envisioned to provide a unique, atypical airport experience, providing services beyond that of a traditional airport terminal.

However, building a new terminal facility is only one way through which CIAC aims to develop CRK and the Clark Civil Aviation Complex (CCAC). As airports around the world advance to become new drivers of economic activity, our ultimate goal in CIAC is to develop the CCAC into a world-class aerotropolis, geared toward providing greater economic opportunity for the region and the whole country. In line with this, the development of the Global Gateway Logistics City, a 177-hectare master planned mixed use area is a significant step toward this vision. Divided into four major zones – Business Park, Logistics Park, Aero Park and a Town Center, GGLC aims to develop a modern and fully-integrated work environment that shall provide the workforce with a high quality of life.

This vision will only be realized by building even stronger relationships with our stakeholders, whose support and confidence in CIAC has been instrumental in our continued success.

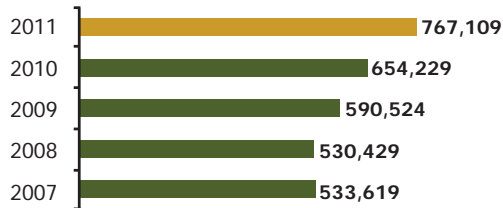
In closing, I would like to extend my gratitude to all our stakeholders – government agencies, private entities, airlines, area locators, the media and the general public – for their unwavering trust and confidence. Most importantly, I acknowledge all our employees, whose hard work and dedicated efforts pushed both CIAC and CRK to another record year. As we look ahead to 2012, we hope to continue serving the people as we build on our strengths and create sustainable growth for the region and the Philippine economy.


VICTOR JOSE I. LUCIANO
President & CEO



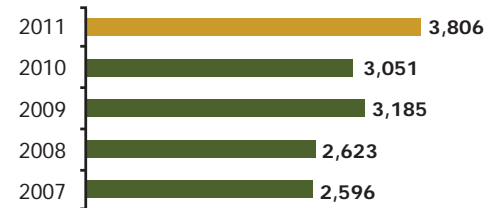
PASSENGERS

INTERNATIONAL & DOMESTIC



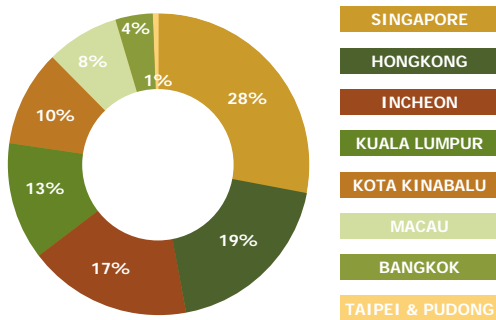
FLIGHTS

INTERNATIONAL & DOMESTIC



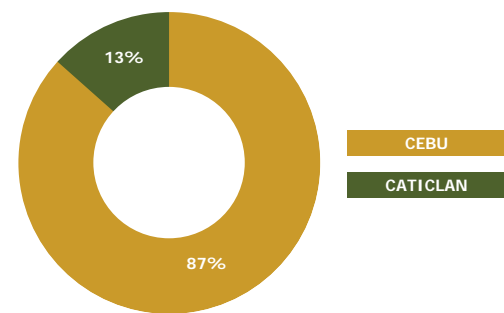
INTERNATIONAL

PASSENGER DISTRIBUTION PER DESTINATION

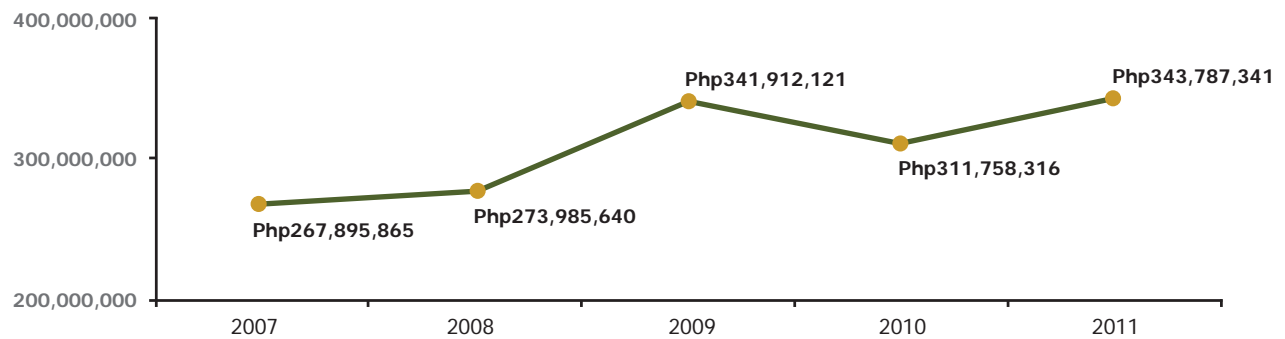


DOMESTIC

PASSENGER DISTRIBUTION PER DESTINATION



GROSS INCOME





2011

- MOA signing with Metrojet to develop a MRO facility
- ISO 9001:2008 certification for International Passenger Facilitation Process (Phase I) and Internal Processes of Accounting, Human Resources, Procurement, Property and Treasury (Phase II)
- Seair's inaugural flights to Bangkok, Hongkong and Macau
- MOA signing with Airphil Exress to operate international and domestic flights at Clark
- MOA signing with AirAsia Philippines to establish its hub operations at Clark
- Approval of the revised land use plan by the CIAC Board of Directors

2010 — 2009

- Jin Air's inaugural flight to Incheon
- Inauguration of the Passenger Terminal Building Phase 1 expansion project
- MOA signing with The Asia Foundation (TAF) for the revision of CIAC Land Use Plan
- ISO 9001:2008 certification for International Passenger Facilitation Process (Phase I)
- Operation of the MRO facility of SIA Engineering Philippines

2008 — 2007

- Recipient of the First Gawad Pampublikong Korporasyon (top 10 government corporations in the country)
- Cebu Pacific's inaugural flights to Bangkok, Hongkong, Macau and Singapore
- MOA signing with SIA Engineering Philippines to develop a MRO facility
- MOA signing and ground breaking of Global Gateway Logistics City (GGLC)
- Ground breaking and operation of Miascor catering facility
- Inauguration of the Passenger Terminal Building expansion
- Asia Pacific Low Cost Airport of the Year Award recognized by Frost & Sullivan
- Route proving of Airbus A380
- CIAC welcomed its one millionth international passenger
- Lease Agreement signing and ground breaking of Berthaphil IV for logistics facility
- Inauguration of the Terminal Radar Approach Control (TRACON)

2006 — 2001

- Memorandum of Understanding (MOU) signing and operations of United Parcel Service (UPS)
- AirAsia Berhad's inaugural flights to Kota Kinabalu & Kuala Lumpur
- Asiana Airlines' inaugural flight to Incheon
- Tiger Airways' inaugural flights of to Macau and Singapore
- Cebu Pacific's inaugural flight to Cebu
- Seair's inaugural flight to Caticlan

FOR 2011, CIAC posted a significant increase of 19 percent in international passenger volume, with a total of 725,023 passengers compared to 607,704 passengers in 2010. This increase is largely attributed to the additional flights and routes of Seair and Jin Air.

In the first quarter of 2011, Seair started flying to Hongkong, Macau and Bangkok, in addition to its existing flights to Singapore in 2010.

On the other hand, Jin Air increased flights to Incheon, South Korea from 1 flight per week in 2010 to 4 flights per week in 2011.

The 19% increase is a noteworthy accomplishment for CIAC, as it is higher than the global international passenger increase of 6.4%, as reported by Airports Council International.

The growth in passenger volume likewise contributed to the 21 percent increase in the passenger terminal fees collected.

Since 2003, the Clark Airport has carried more than 3.6 million passengers and by the end of 2012, passenger count is expected to reach more than 4.5 million, as Clark Airport expects considerable growth once AirAsia Philippines and Airphil Express start operations in 2012. ■





AIRASIA PHILS. signed on 24 March 2011 a Memorandum of Agreement (MOA) with CIAC to establish its hub operations at Clark International Airport. Philippines AirAsia is an affiliate of AirAsia Berhad, one of the world's leading budget airlines based in Malaysia.

As the fourth member of the AirAsia Group, which includes AirAsia Berhad, AirAsia Thailand and AirAsia Indonesia, AirAsia Philippines is 60 percent owned in equal partnership by Filipino entrepreneurs Marianne Hontiveros, Antonio Cojuangco Jr. and Michael Romero.

The remaining 40 percent is owned by AirAsia Berhad, through its wholly-owned subsidiary AirAsia International, Inc.

The first brand new A320-200 aircraft of AirAsia Philippines landed at Clark Airport on 15 August 2011. The aircraft was flown to Clark Airport straight from the Airbus factory in Toulouse France.

The delivery was marked by a simple event, which included a water cannon salute and a short media launch. By 2012, the AirAsia Philippines will have a fleet of four Airbus 320s to serve its international and domestic route plan.

Based on the route plan presented on its Business Plan, AirAsia Philippines has committed to station 13 aircraft at Clark Airport within the next 5 years. AirAsia Philippines will commence its operations in the first quarter of 2012 with domestic flights to Davao, Kalibo and Puerto Princesa. International operations to Kuala Lumpur, Hong Kong, Macau and Bangkok are set to start in the second quarter of 2012. ■



AIRPHIL EXPRESS signed a Memorandum of Agreement (MOA) with CIAC on 11 August 2011, paving the way for the local budget carrier to operate international and domestic flights at Clark Airport. With the goal of serving the growing number of travellers based in the northern regions of the country, Airphil Express will initially offer domestic flights to Cebu, Kalibo, Davao and Puerto Princesa and initial international flights to China (Hong Kong, Beijing, Pudong, Hangzhou) and Indonesia (Bali).

As the low cost subsidiary of national flag carrier Philippine Airlines (PAL) owned by business tycoon Lucio Tan, Airphil Express will utilize Airbus A320s for its initial operations at Clark.

Airphil Express will offer travellers with compelling value propositions. Among them is the free 15-kilo check-in luggage allowance with the addition of a 7-kilo hand-carry baggage allowance. ■

METROJET ENGINEERING

Clark (MEC), the leading business jet operator in Asia, is set to develop a three-hectare maintenance, repair and overhaul (MRO) facility within the Clark Civil Aviation Complex (CCAC). A lease agreement was signed on 23 December 2011 for the construction and development of a hangar space and office building.

This MRO facility shall service business jets and helicopters, and also provide a range of business aviation services, including avionics upgrades, interior refurbishment, aircraft exterior paintwork and storage facility of spare parts.

Initial investment cost is \$5 Million, while the total expected project cost is at \$40 Million. ■





ISO 9001:2008 CERTIFICATION.

On 20 December 2011, TÜV Rheinland Philippines conducted the 2nd surveillance audit on CIAC's International Passenger Facilitation Processes, along with an expansion audit on the Internal Processes of the Accounting, Human Resource, Procurement, Property and Treasury departments.

Assisted by the Quality Management System (QMS Core Group), the auditors from TÜV conducted an extensive assessment and review of the processes involved, and later announced that CIAC has successfully passed its re-certification audit to ISO 9001:2008 Standards.

In support of the QMS expansion project, seminar-workshops on QMS awareness, documentation, and advanced audit were facilitated by the QMS Consultant— Ms. Carmina M. Espiron. Auditors and process owners from different departments participated on the said trainings, as well as on the various QMS activities.

Malacañang has recognized the sterling achievements of the CIAC with regards to passenger facilitation at Clark Airport. President Benigno "Noy" Aquino III awarded CIAC with a plaque in recognition of the ISO 9001:2008 standard that further improved International Passenger Facilitation Process. The presidential award came after the TÜV extended the ISO 9001:2008 certification of CIAC.

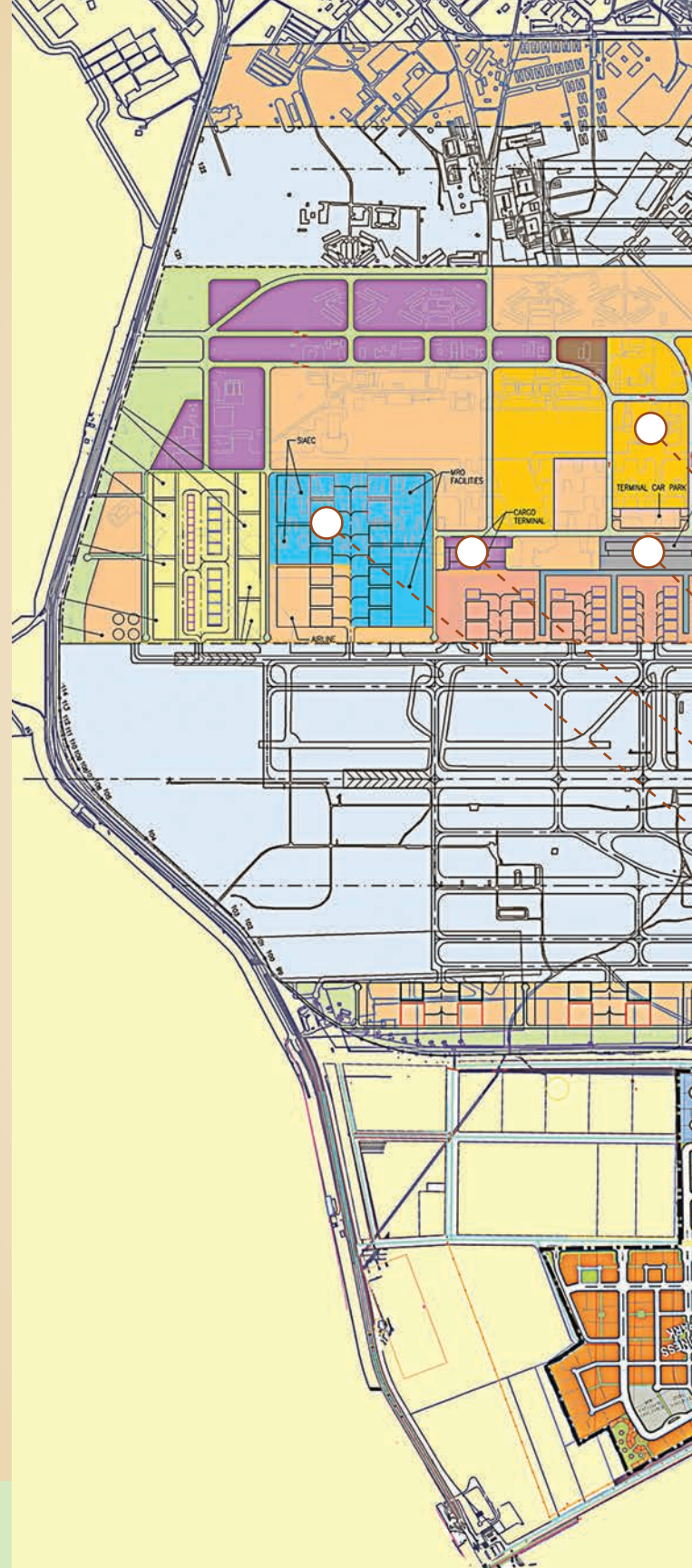
A company-wide quality management system was listed in the pipeline of CIAC plans and programs for year 2012. All departments and offices looked forward to the full establishment and full implementation of QMS in CIAC.

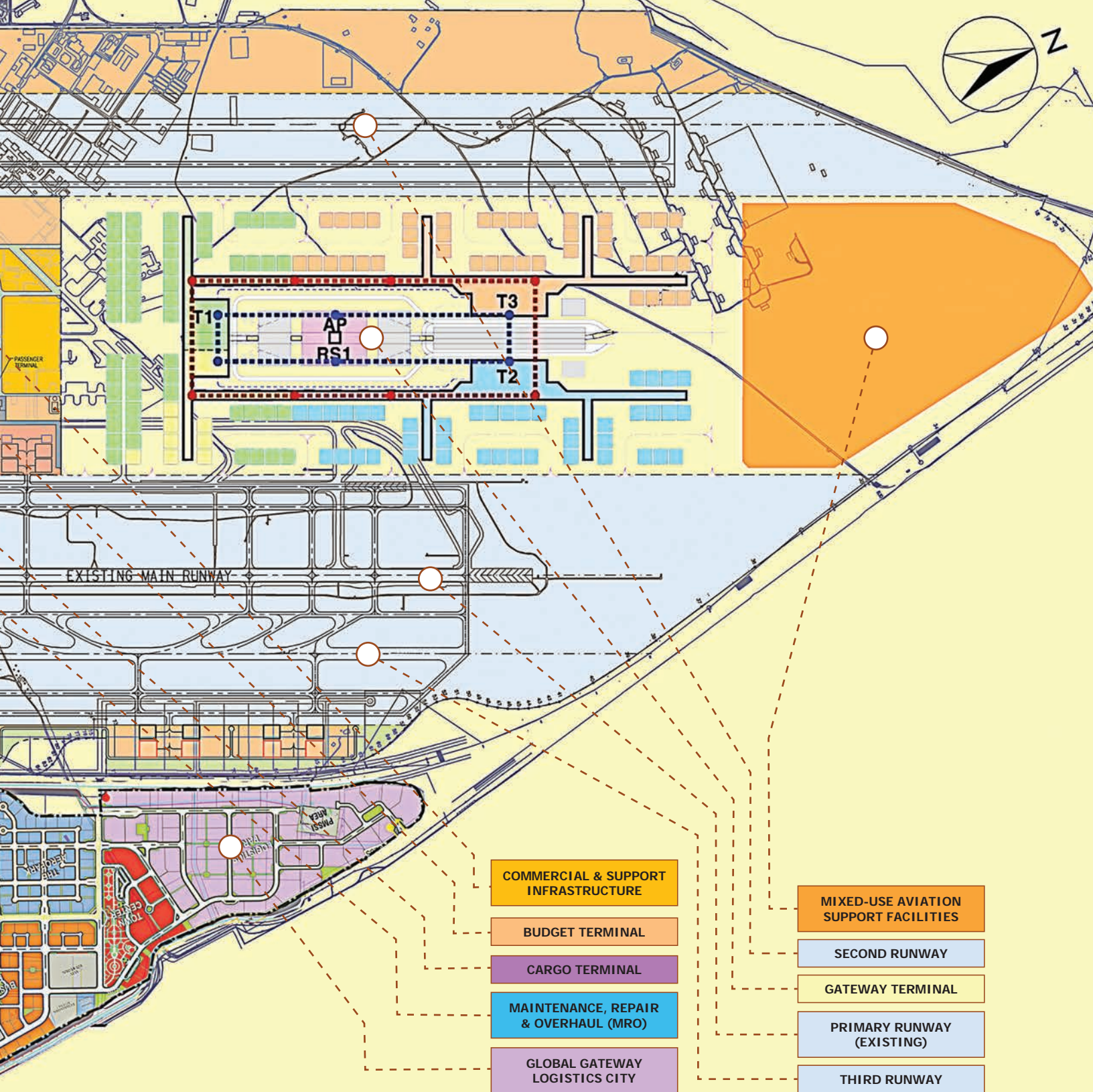
The incessant thrust of CIAC for standardized quality systems in the corporation signifies its commitment on infusing quality in its culture and on providing high level of customer satisfaction to its passengers and other clients. ■

THE REVISED LAND USE plan of the Clark Civil Aviation Complex was approved by the CIAC Board of Directors on 15 February 2011 after a careful consideration of the following: terrain, control tower location, airline lease area, fuel storage, transport and rail access, rescue and fire fighting facilities and new developments in the aviation complex.

The Asia Foundation (TAF) supported by the USAID provided a grant to CIAC for the revision and updating of the land use plan for the 2,367-hectare Clark Civil Aviation Complex (CCAC). TAF hired AECOM Philippines, a global provider of professional services on infrastructure, to prepare a comprehensive land use plan for the southern and eastern land areas of the CCAC. The revised land use plan will enable CIAC to properly develop and manage the CCAC in the most efficient way.

TAF also worked with CIAC management and officers in preparing a five-year business plan for the airport. The plan laid out strategies to improve airport operations, safety, security, area development and infrastructure. ■





CLARK INTERNATIONAL AIRPORT BILATERAL AGREEMENTS

Australia 4,000 seats per week + 1,300 tons per week for cargo
Bahrain 31 frequencies per week + 200 tons per week for cargo
Belgium 2 frequencies per week
Brunei 1 frequency per week + 1,400 tons per week for cargo
Cambodia 32 frequencies per week
Canada 7 frequencies per week
China 6,000 seats per week
Egypt 3 frequencies per week
Finland 7 frequencies per week
Germany 7 frequencies/week
Hong Kong 6,300 seats per week + 1,400 tons per week for cargo
India 7 frequencies per week
Indonesia 3,000 seats per week
Iran 7 frequencies per week + 700 tons per week for cargo
Japan 14 frequencies + additional 6 coefficients Clark to Osaka and/or Nagoya
Korea 19,000 seats per week + 400 tons per week for cargo
Kuwait 14 frequencies per week
Libya 5 frequencies per week + 300 tons per week for cargo
Macau 6,300 seats per week + no restriction on capacity & aircraft for cargo
Malaysia Unlimited + 700 tons per week for cargo

Nauru 1 frequency per week
Nepal 2,500 seats per week
Netherlands 7 frequencies per week + 700 tons per week for cargo
New Zealand 3 frequencies per week
Pakistan 2 frequencies per week
Palau 200 seats per week
Papua New Guinea Unlimited
Qatar 3 frequencies per week + 400 tons per week for cargo
Singapore 10,000 seats per week and maximum of 200 tons per week without 5th freedom rights for cargo
Spain 14 frequencies per week and with 3rd, 4th & 5th freedom traffic rights and with any type of aircraft for cargo
Sri Lanka Unlimited
Switzerland 3 frequencies per week
Taiwan 450 seats per week
Thailand 8,700 seats per week + 700 tons per week for cargo
Turkey 3 frequencies per week
United Arab Emirates 42 frequencies per week + unlimited for cargo
United Kingdom 7 frequencies per week for B747 or 10 frequencies per week for small aircraft
United States of America Unlimited
Vietnam Unlimited



Hong Kong, China



Upcoming New Flights

Bali, Indonesia

Beijing, China

Hangzhou, China

HongKong, China

Pudong, China

Cebu, Philippines

Davao, Philippines

Kalibo, Philippines

Puerto Princesa, Philippines



Ho Chi Minh, Vietnam

Kota Kinabalu, Malaysia

Davao, Philippines

Kalibo, Philippines



Bangkok, Thailand

Hong Kong, China

Kuala Lumpur, Malaysia

Macau, China

Davao, Philippines

Kalibo, Philippines

Puerto Princesa, Philippines

PASSENGER TERMINAL BUILDING Phase 2 Expansion



Terminal Capacity:

- From 2.5 to 4.0 Million passengers per year

Estimated Project Cost:

- Php 360 Million

Fund Source:

- Bank Loan

Timelines:

- Year 2012 to 2013



Terminal Facilities:

- Larger area for the Passenger Terminal Building
- Ground Floor Improvement
- New Baggage Build Up
- Baggage Claim Area
- Pre-departure Area
- Arrival Area
- Concourse, Canopy & Porte Cochere
- Equipment Pad with Fence
- Main Gate Entrance



Airport Equipment:

- Flight Information Display System (FIDS)
- Closed Circuit Television (CCTV)
- Background Music and Public Address (BGM/PA)
- Baggage Handling
- Airport Signages
- 6 additional Check-in Counters
- 6 additional Immigration Counters
- 1 additional Travel Tax Counter
- 2 additional Terminal Fee Counters
- 8 existing Check-in Counters to be refurbished





CONSTRUCTION & COMPLETION BY 2016

Budget Carriers' Terminal

ACKNOWLEDGING THE GREATER role that the Clark International Airport will play in the future of the Philippine aviation industry, the CIAC is currently pursuing expansion plans to accommodate the anticipated traffic increase in the coming years.

While the official transition from NAIA to Clark Airport as the Philippines' main international gateway may still take some time, CIAC has already started preparations to fully take on this future role.

Despite global financial difficulties, the Civil Aeronautics Board (CAB) projects continuous traffic growth for both domestic and international traffic, mainly due to cheaper fares and additional routes offered by local LCCs led by Cebu Pacific, Air Philippines, and Seair. With three of the five airlines currently operating at Clark airport being low cost carriers, Clark Airport is sometimes classified as the LCC airport of the Philippines. The LCCs operating at Clark Airport project continuous growth with the scheduled route and frequency additions of Seair and the upcoming flights of Airphil Express and AirAsia Philippines in 2012.

Given that terminal capacity is one of the major constraints, the construction of a new terminal is

considered to be of utmost importance. From several options put forward, CIAC Management has decided to construct a Budget/LCC Terminal with a capacity of 10 to 30 million passengers per year. Although Low Cost Carriers (LCCs) are a relatively new entrant in the Asia Pacific region, the advent of Asian LCCs like AirAsia and Tiger Airways have successfully driven the growth of this service model in the region. As proof of the significant contribution of these LCCs, both Singapore and Kuala Lumpur airports have opened stand-alone budget terminals to serve the rapidly growing low cost air travel market.

Given the experience of CIAC in handling LCCs and this global trend of rising LCC penetration rate, CIAC Management has decided to build a Budget/LCC terminal, pending the construction of the proposed gateway terminal. Detailed plans are currently being finalized and completion of the Budget/LCC Terminal is targeted to be accomplished before 2016. ■



ISO 9001:2008 CERTIFICATION PHASE 3

Quality Management System

WITH THE SMOOTH and successful implementation and completion of the CIAC ISO 9001:2008 Phase II Project, CIAC management is now set on establishing a company-wide Quality Management System (QMS) by year 2012.

Tagged as the CIAC ISO 9001:2008 - Phase III, the scope of the project includes the following departments and offices:

Airport Operations; Airport Security; Airport Security Quality Control; Corporate Communications; Corporate Planning; Emergency Services; Engineering and Maintenance; Internal Audit; Legal; Management Information System/IT; Marketing;

Office of the Chairman; Office of the Executive Vice President and COO; Office of the President and CEO; Office of the Vice President for Administration and Finance;

Office of the Vice President for Airport Operations and Management; Office of the Vice President for Commercial and Business Development; Quality Office;

Records and Management Archives; and, Safety Office.

A steering committee will be formed to act as the technical working group of Phase III, which shall be responsible for the documentation of the procedures based on ISO9001:2008 standards, the establishment of the QMS; and the implementation of QMS in their departments.

Similar with the first two phases of the QMS Project, various activities will be conducted such as seminars, trainings, documentation, series of meetings and audits.

These activities will be attended by the process owners, steering committee members, office heads, and department managers.

The CIAC ISO 9001:2008 Project - Phase III is scheduled to commence on the 1st quarter of year 2012 and shall be completed by the end of 2012. ■



Logistics Projects

SIA ENGINEERING PHILIPPINES



2nd hangar for narrow body aircraft, 3rd hangar for wide-body and 4th hangar for Airbus A380 aircraft will be constructed within Year 2012

GLOBAL GATEWAY LOGISTICS CITY



LOGISTICS PARK (76 hectares)

- Aviation Support Activities
- Distribution Centers
- Warehousing Operations
- Multimodal Transport Hub
- Light Manufacturing
- Logistics Operations

BUSINESS PARK (51 hectares)

- Airport Support Activities
- Aviation & Airline Offices
- Corporate Centers
- General & Mixed Use Offices
- Intermodal Transport Hub
- Call Centers & Business
- Process Outsourcing



AERO PARK (26 hectares)

- Research & Development
- Modeling & Simulation Centers
- Flight & Crew Training
- Animation & IT-Based Activities
- Academic Vo-Tech Facilities
- Health Care Complexes

TOWN CENTER (10 hectares)

- Commercial Center
- Hotel/Convention Center
- Restaurants
- Retail Shops & Boutiques
- Residential/Condominium
- Pocket & Linear Parks





PASSENGER FLIGHTS

ASIANA AIRLINES

- Incheon, Korea | daily flights

AIRASIA BERHAD

- Kuala Lumpur, Malaysia | daily flights
- Kota Kinabalu, Malaysia | daily flights

CEBU PACIFIC

- Cebu, Philippines | 3 flights per week
- Bangkok, Thailand | 2 flights per week
- Hong Kong, China | daily flights
- Macau, China | 3 flights per week
- Singapore | daily flights

SEAIR

- Caticlan, Philippines | 4 flights per week
- Bangkok, Thailand | 3 flights per week
- Hong Kong, China | 6 flights per week
- Macau, China | 5 flights per week
- Singapore | 13 flights per week

JIN AIR

- Incheon, Korea | 3 flights per week



CARGO FLIGHTS

UNITED PARCEL SERVICE (UPS)

- Shenzhen, China & Taipei, Taiwan
13 flights per week

FEDERAL EXPRESS (FEDEX)

- Guangzhou, China & Taipei, Taiwan
13 flights per week



FACILITIES

Clark Civil Aviation Complex

- 2,367 hectares at 484 feet above mean sea level

Passenger Terminal Building

- Two passenger boarding bridges with a capacity of 2.5 million passengers per year

Primary Runway

- 3,200 meters length
- 61 meters width
- full instrument flight rules

Secondary Runway

- 3,200 meters length
- 45 meters width
- visual flights rules

Radar Coverage

- Primary: 60 nautical miles
- Secondary: 220 nautical miles

Precision Approach

- Category 1 (ILS Category Rating)

Rescue & Fire Fighting Capability

- Category 9

In-flight Catering

- Miascor Catering (Gate Gourmet)

Aircraft Maintenance, Repair & Overhaul

- SIA Engineering Philippines
- Asian Aerospace

Aircraft Refuelling

- Lubwell Corporation

Ground Handling

- Clark Airport Support Services Corp.
- Miascor Clark Aviation Services



PUBLIC TRANSPORT

BUS SERVICES

Philtranco Bus Company

- Clark Airport to Cubao/SM Megamall

Genesis Bus Company

- Clark Airport to Avenida
- Clark Airport to Mariveles
- Clark Airport to Baguio

GTS Travel & Tours

- Clark Airport to Metro Manila



TAXI SERVICES

- Clark Airport to any point of Luzon

AIR-CONDITIONED JEEPNEYS

- Clark Airport to Clark Main Gate/SM Clark to Dau Bus Terminal

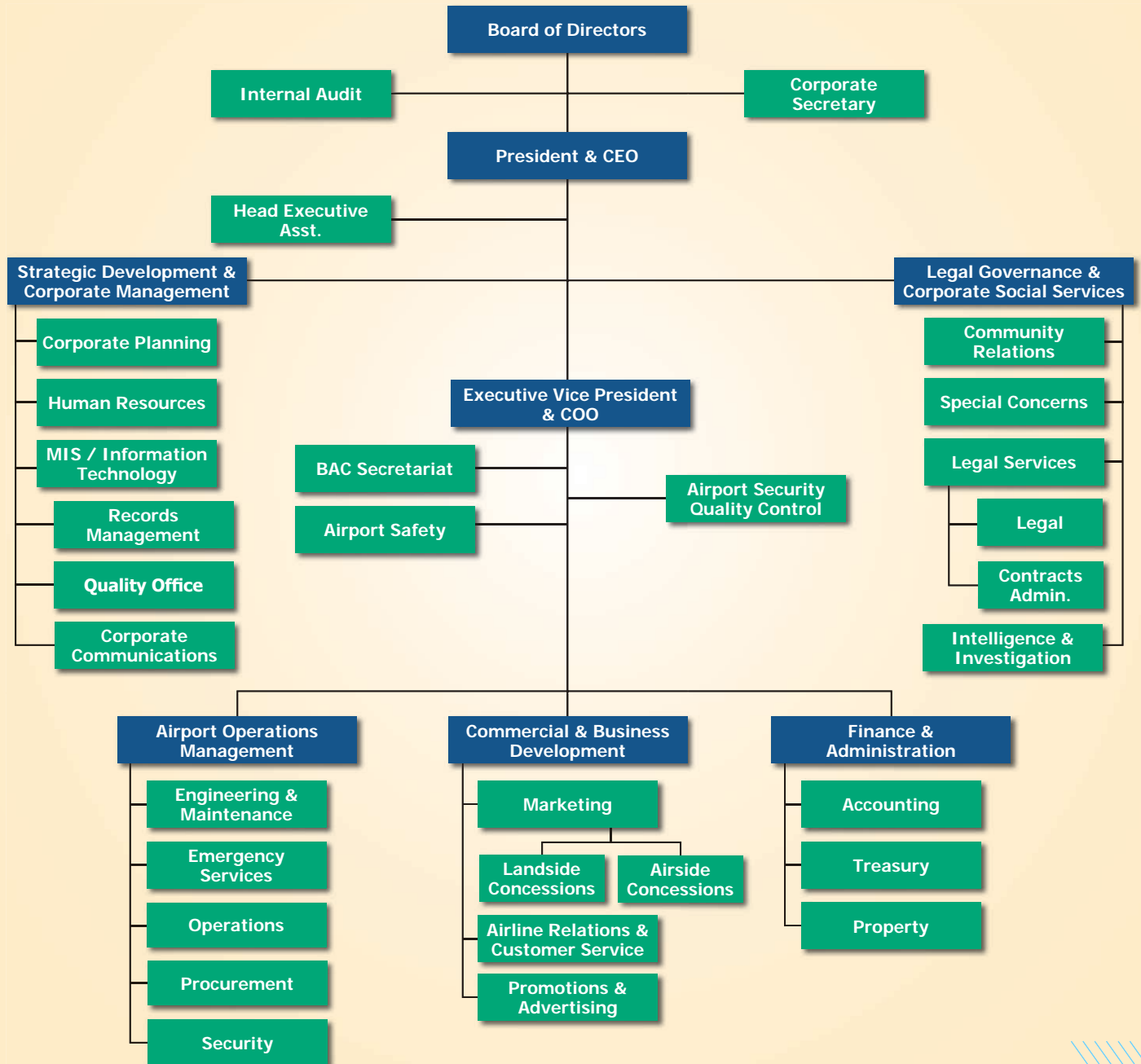


To be the premier world-class airport of the Philippines by 2020 and a competitive services center and logistics hub in the Asia Pacific Region by 2015.

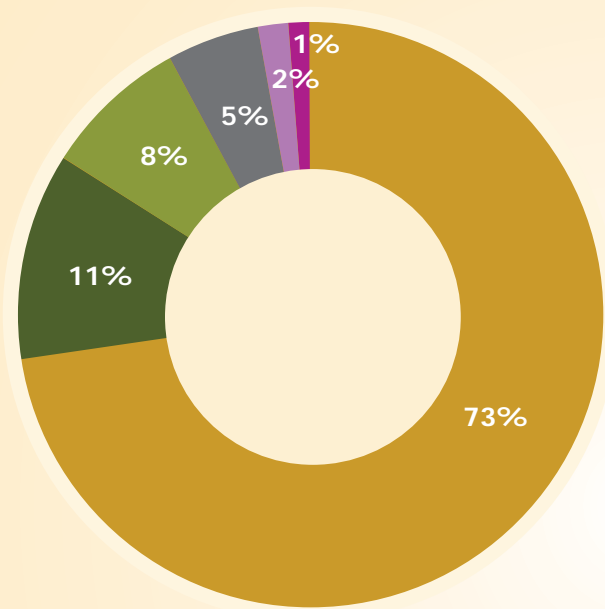
VISION & MISSION

To achieve sustained growth, development and competitiveness of the Clark Civil Aviation Complex, we shall manage and operate world-class air transportation facilities that will provide the highest standards of customer service. We shall ensure the convenience, utmost safety and security of our passengers, while maintaining lasting partnerships with our business stakeholders and supporting the socio-economic development of our host communities.

ORGANIZATIONAL STRUCTURE



MANPOWER SUMMARY



- Airport Operations Management**
258 personnel
Engineering & Maintenance, Emergency Services, Operations, Procurement, and Security
- Finance & Administration**
40 personnel
Accounting, Treasure, and Property
- Strategic Development & Corporate Management**
29 personnel
Corporate Planning, Human Resources, MIS/IT, Records Management, Quality Office, and Corporate Communications
- Office of the BOD, P/CEO, EVP/COO**
18 personnel
Office of the Board of Directors, Office of the President & CEO, Office of the Executive Vice President & CEO, Internal Audit, BAC Secretariat, Airport Security Quality Control, and Airport Safety
- Legal Governance & Corporate Social Services**
4 personnel
Legal Services
- Commercial & Business Development**
6 personnel
Marketing Planning and Development

RANKS	AS OF 31 DEC 2011	AS OF 31 DEC 2010
Officers	4	4
Managers	9	9
Assistant Managers	12	13
Supervisors	29	29
Rank & File	301	303
Total	355	358

BOARD OF DIRECTORS



FELIPE ANTONIO B. REMOLLO
VICE CHAIRMAN



VICTOR JOSE I. LUCIANO
DIRECTOR



BIENVENIDO O. MANGA
DIRECTOR



REYNALDO L. CATACUTAN
DIRECTOR



JOSE MA. J. FERNANDEZ
DIRECTOR



FELIPE GERARDO MALLARI
DIRECTOR



JOSE R. SIMEON
DIRECTOR



FELICITO C. PAYUMO
ADVISER (BCDA CHAIRMAN)



ARNEL PACIANO D. CASANOVA
ADVISER (BCDA PRESIDENT)



PERLITA M. SAGMIT
CORPORATE SECRETARY



EVANGELINE G. TEJADA
CORPORATE TREASURER

MANAGEMENT



VICTOR JOSE I. LUCIANO
PRESIDENT & CEO



BIENVENIDO O. MANGA
EXECUTIVE VICE PRESIDENT & COO



REYNALDO L. CATACUTAN
VICE PRESIDENT, AIRPORT
OPERATIONS MANAGEMENT



DARWIN L. CUNANAN
VICE PRESIDENT, COMMERCIAL &
BUSINESS DEVELOPMENT



LAURO A. ORTILE
VICE PRESIDENT, FINANCE &
ADMINISTRATION

MANAGERS



RUEL T. ANGELES
ENGINEERING & MAINTENANCE



SILVERIO A. CLEMENTE
PROCUREMENT, PROPERTY &
TRANSPORTATION SERVICES



MARIE TESSIBETH T. CORDOVA
HUMAN RESOURCES



DARWIN L. CUNANAN
CORPORATE PLANNING & MIS/IT



SURESH A. DASWANI
MARKETING



EDGAR M. GUEVARRA
CORPORATE COMMUNICATIONS



HILARION RITCHE D. NACPIL
AIRPORT OPERATIONS



JOSE MARLOWE S. PEDREGOSA
AIRPORT SECURITY



FEDERICO E. PRIMERO, JR.
EMERGENCY SERVICES

DEPARTMENT/OFFICE HEADS



RONALD P. AQUINO
AIRPORT SECURITY QUALITY
CONTROL



CYNTHIA C. DUNGCA
LEGAL



FEDERICO G. GARCIA, JR.
BAC SECRETARIAT



GERRY A. NAGUIT
QUALITY OFFICE



NANCY C. PAGLINAWAN
ACCOUNTING & TREASURY

ASSISTANT MANAGERS



JOSEPH RAYMUND P. CANLAS
ENGINEERING & MAINTENANCE



MARCELINO O. IBANEZ, JR.
AIRPORT SECURITY



J. ABELARDO F. PUNZALAN
MARKETING



MILANI I. REYES
HUMAN RESOURCES



ARNEL P. SAN PEDRO
CORPORATE COMMUNICATIONS



RIZA L. SISON
PROCUREMENT



FERNANDO S. TORRES
AIRPORT OPERATIONS



BONIFACIO M. YADAO
PROPERTY



CONDENSED BALANCED SHEET

	YEAR 2011	YEAR 2010
ASSETS		
Current Assets		
Cash and Cash Equivalents (Notes 2 & 3)	54,006,743.90	30,281,615.10
Receivables (Note 4)	126,456,419.42	82,324,508.75
Inventories (Notes 2 & 5)	7,125,148.55	4,472,086.43
Prepaid Expenses (Note 6)	3,221,146.63	4,604,745.03
Other Current Assets (Note 7)	496,023.72	353,623.72
Total Current Assets	191,305,482.22	122,036,579.03
Investments (Note 8)	884,300.00	884,300.00
Non-Current Assets		
Property, Plant and Equipment (Notes 2 & 9)	1,423,395,868.35	1,560,298,519.84
Due from CDC (Note 10)	-	613,692,279.13
Total Non-Current Assets	1,423,395,868.35	2,173,990,798.97
Other Assets		
Restricted Fund/Assets (Note 11)	680,934.31	192,060.00
Total Other Assets	680,934.31	192,060.00
TOTAL ASSETS	P 1,616,266,584.88	P 2,297,103,738.00
LIABILITIES AND EQUITY		
Current Liabilities		
Payable Accounts (Note 12)	49,272,428.02	44,228,355.42
Inter-Agency Payables (Note 13)	13,375,500.37	5,685,199.20
Intra-Agency Payables (Note 14)	8,128,274.01	9,743,844.37
Other Liability Accounts (Note 15)	45,185,108.75	62,685,159.97
Total Current Liabilities	115,961,311.15	122,342,558.96
Non-Current Liabilities		
Loans Payable (Note 16)	337,534,151.79	337,534,151.79
Long-Term Liabilities (Note 17)	202,050,869.02	202,050,869.02
Due to CDC (Note 18)	209,641,136.44	2,428,276,539.45
Due to BCDA (Note 19)	855,208,133.92	37,074,315.60
Total Non-Current Liabilities	1,604,434,291.17	3,004,935,875.86
Deferred Credits (Note 20)	1,143,929.46	518,081.26
TOTAL LIABILITIES	P 1,721,539,531.78	P 3,127,796,516.08
Equity		
Capital Stock (Note 21)	1,250,000.00	1,250,000.00
Deposit for Future Stock Subscription - BCDA (Note 22)	832,248,261.05	-
Retained Earnings (Deficit)	(938,771,207.95)	(831,942,778.08)
TOTAL EQUITY	(105,272,946.90)	(830,692,778.08)
TOTAL LIABILITIES AND EQUITY	P 1,616,266,584.88	P 2,297,103,738.00

CONDENSED STATEMENT OF INCOME & EXPENSES

	YEAR 2011		YEAR 2010	
Income				
Business Income		343,787,340.78		311,758,315.50
GROSS INCOME	P	343,787,340.78	P	311,758,315.50
Less: Expenses				
Personal Services				
Salaries and Wages		112,052,561.61		111,469,618.27
Other Compensation		45,740,462.75		45,496,059.24
Personnel Benefits Contribution		7,553,813.87		7,990,918.03
Other Personnel Benefits		33,483,752.07		24,900,071.16
Total Personal Services	P	198,830,590.30	P	189,856,666.70
Maintenance and Other Operating Expenses				
Traveling Expenses		439,808.52		1,065,116.55
Training and Scholarship Expenses		1,680,777.83		988,583.59
Supplies and Materials Expenses		6,927,996.39		7,240,320.74
Utility Expenses		32,859,248.53		26,817,155.57
Communication Expenses		2,618,854.73		2,773,509.94
Awards and Indemnities		924,655.22		-
Advertising Expenses		2,118,536.39		6,748,788.57
Printing and Binding Expenses		1,421,665.00		815,972.50
Representation Expenses		1,254,196.72		1,273,500.71
Subscriptions Expenses		266,511.92		243,775.76
Professional Services		30,568,990.48		28,352,678.97
Repairs and Maintenance		15,815,943.45		16,437,987.15
Taxes, Insurance Premiums and Other Fees		7,675,012.14		7,680,985.64
Depreciation Expense		147,262,789.07		132,744,969.90
Total Maintenance and Other Operating Expenses	P	251,834,986.39	P	233,183,345.59
Financial Expenses		22,732,358.01		19,479,428.04
TOTAL EXPENSES		473,397,934.70		442,519,440.33
Income (Loss) from Operations		(129,610,593.92)		(130,761,124.83)
Add/(Deduct) Other Income/Expenses		11,403,130.81		2,258,201.11
NET INCOME (LOSS)	P	(118,207,463.11)	P	(128,502,923.72)

STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY

	YEAR 2011		YEAR 2010	
COMMON STOCK (Authorized 200,000 shares @ P100 par value)				
Balance at beginning of year (Paid-up 12,500 shares @ P100)		1,250,000.00		1,250,000.00
Additional shares issued during the year		-		-
BALANCE AT THE END OF YEAR	P	1,250,000.00	P	1,250,000.00
DEPOSIT ON SUBSCRIPTIONS				
Balance at beginning of year		-		-
Deposit for future stock subscription - BCDA		832,248,261.05		
Conversion of deposits on subscriptions to capital stock		-		-
BALANCE AT THE END OF YEAR	P	832,248,261.05	P	-
APPROPRIATED RETAINED EARNINGS				
Balance at beginning of year				
Appropriations for capex and loan amortizations				
BALANCE AT THE END OF YEAR	P	-	P	-
UNAPPROPRIATED RETAINED EARNINGS				
Balance at beginning of year				
As previously reported		(843,380,809.54)		(596,208,814.49)
Correction of prior years' errors		11,438,031.46		(118,669,071.33)
Balance at beginning of year		(831,942,778.08)		(714,877,885.82)
Net Income (Loss)		(118,207,463.11)		(128,502,923.72)
Dividends declared				
Appropriations for capex and loan amortizations				
Prior years adjustments		11,379,033.24		11,438,031.46
BALANCE AT THE END OF YEAR		(938,771,207.95)		(831,942,778.08)
	P	(105,272,946.90)	P	(830,692,778.08)

CASH FLOW STATEMENT (IN THOUSANDS)

	YEAR 2011	YEAR 2010
Cash flow from operating activities:		
Income Items	342,390	298,576
OPEX	(193,779)	(186,831)
Payables	(153,323)	(110,963)
Advances, Receivables & Others	(10,754)	(18,574)
TOTAL CASH PROVIDED (USED) FOR OPERATING ACTIVITIES	P (15,464)	P (17,791)
Cash flow from investing activities:		
Proceeds from maturing placements	22,797	13,466
Advances from CDC for CAPEX Funding	2,163	24,702
Advances from BCDA	50,000	-
Placements	(7,219)	(11,488)
CAPEX	(3,396)	(273,566)
TOTAL CASH PROVIDED (USED) FOR INVESTING ACTIVITIES	P 64,345	P (246,886)
Cash Flows from Financing Activities:		
Proceeds from Borrowings	-	291,202
Cash Payment of interest on loans/bonds payable and other financial charges	(9,742)	(7,808)
Payments of domestic and foreign loans	-	-
TOTAL CASH PROVIDED (USED) BY FINANCING ACTIVITIES	(9,742)	283,394
Total Cash Provided (used) for the period	39,138	18,716
Add: Cash and cash equivalents, beginning	14,869	(3,848)
CASH AND CASH EQUIVALENTS, ENDING	54,007	14,869
Add: Temporary Investments/Time Deposits (year-to-date)		
Local Currency	-	2,061
Foreign Currency (Peso Equivalent)	0	13,351
TOTAL TEMPORARY INVESTMENTS	P 0	P 15,413
TOTAL CASH AND CASH EQUIVALENTS	P 54,007	P 30,282

NOTES TO FINANCIAL STATEMENT

1. HISTORICAL BACKGROUND

By virtue of E.O. No. 192, which was issued on July 27, 1994, CIAC was organized to operate and manage the Clark Civil Aviation Complex as a wholly-owned subsidiary corporation of the CDC.

After two years, E.O. No. 360 was issued on August 16, 1996, which amended E.O. No. 192, making CIAC as a wholly-owned subsidiary corporation of the BCDA to be consistent with Sec. 04 and 16 of RA 7227. On July 5, 2002, the Securities and Exchange Commission (SEC) approved the merger of CDC and CIAC pursuant to E.O. No. 7 issued on March 26, 2001, with the former as the surviving entity. Thus, the financial statements of CIAC for CY 2002 were combined with the financial statements of CDC.

CIAC was re-established as a subsidiary of the BCDA under E.O. No. 186 issued on March 10, 2003. After a month, E.O. No. 186 was repealed by E.O. No. 193 issued on April 4, 2003, reverting back CIAC as a subsidiary of CDC. The SEC subsequently approved this on September 4, 2003 and as a consequence, all transactions related to CIAC operations were separated from CDC books beginning October 1, 2003.

However, the real accounts of CIAC prior to its re-incorporation in September 2003 were still carried in the books of CDC until October 31, 2006. It was only in November 2006 that the balances of the real accounts were transferred from CDC's financial records to CIAC books. Thus, effective November 2006, the accounts of CIAC were fully segregated from the books of CDC.

On April 3, 2008 E.O. No. 716 was issued, which amended E.O. No. 193, transforming CIAC as a subsidiary of BCDA and redefined the 2,200-hectare Clark Civil Aviation Complex to include 166.9 hectares. The Implementing Plan finalized and approved in October 2010 by BCDA is yet to be implemented, except for the agreed booking entries among BCDA, CDC and CIAC of the reconciled intercompany account balances of CDC and CIAC as of April 30, 2011 which were taken up in the books of accounts of CIAC in July 2011.

Recently, E.O. No. 64 was issued on December 21, 2011 making CIAC an agency attached to the DOTC which shall exercise administrative control and supervision over CIAC and further ordering the transfer of the shares of stock of CIAC to the National Government.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

INVENTORIES

Office supplies inventory valuation is based on the moving average method while for the other inventories such as, other supplies, drugs and medicines, gasoline, oil & lubricants, spare parts and construction materials, these are valued at cost using the first in-first out (FIFO) method.

PROPERTY, PLANT AND EQUIPMENT

Records at BCDA show that the airport complex presently under the territorial jurisdiction of the company measures 2,367 hectares. However, ownership of the land is reportedly with BCDA, therefore not recorded in the books of the Clark International Airport Corporation (CIAC).

In addition to land, the buildings, office equipment and furniture that were taken over from the Americans are not recorded in the books of the company as well. The property and equipment taken up in the books represent only those that were purchased or acquired by CIAC upon its organization in 1995.

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 five (5) years using the Sum of the Years Digit Method.
- c. COA Circular Nos. 2003-007 and 2004-005 were implemented starting January 2004.

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 as follows:

- 1) during the end of the year based on the closing/prevaling rate as of balance sheet date;
- 2) during periodic adjustments; and
- 3) during trade/conversion 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 charged to locators which are recorded at the time of payment (cash method).

3. CASH AND CASH EQUIVALENTS

This account consists of (TABLE 03):

TABLE 03		
	31 Dec 2011	31 Dec 2010
Cash - Collecting Officers	2,190,452	957,190
Cash - Disbursing Officers	231,000	665,873
Cash on Hand - Petty Cash Fund	237,499	213,757
Cash in Bank - Local Currency PNB Clark	3,961,253	1,113,323
Cash in Bank - Local Currency PVB Clark	26,597,226	2,142,671
Cash in Bank - Local Currency PVB Clark	0	3,300,419
Cash in Bank - Local Currency UCPB Clark	5,641,708	0
Cash in Bank - Local Currency Time Deposits	0	2,061,477
Cash in Bank - Foreign Currency PNB \$	5,707,887	723,159
Cash in Bank - Foreign Currency PVB \$	9,439,718	5,752,365
Cash in Bank - Foreign Currency Time Deposits	0	13,351,381
Total	Php 54,006,743	Php 30,281,615

4. RECEIVABLES

Balances are shown under TABLE 04.

TABLE 04		
	31 Dec 2011	31 Dec 2010
Accounts Receivable - Trade	85,787,731	70,012,699
Allowance for Doubtful Accounts	(3,487,256)	(3,487,256)
Accounts Receivables (Accrued Landing & Parking Fees	6,508,184	6,338,231
Accounts Receivables - Others	4,612,946	4,544,309
Accounts Receivables - Bank Charges	5,473	0
Due from Officers and Employees	540,628	1,049,690
Interest Receivables	0	11,078
Due for GOCC (CDC)	8,437,887	0
Due for GOCC (MIAA)	173,434	173,434
Due for GOCC (CIAC Provident Fund)	23,261,126	3,208,334
Other Receivables	616,266	473,989
Total	Php 126,456,419	Php 82,324,508

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. Included also under the Accounts Receivable–Trade account, booked in June 2010, is the lease rental arrears of CAGHSI for the period January 2007 to December 2008 amounting to P12.01M covered under Memorandum of Agreement (MOA) between CIAC and CAGHSI dated December 12, 2008.

The Allowance for Doubtful Accounts of P3.4M was included among the accounts transferred by CDC in November 2006. The said allowance for doubtful accounts was already set-up prior to the merger of CIAC and CDC in 2001. 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. Charged also under this account are the electrical charges of CAGHSI, recorded in June 2010, for the period March 2002 to December 2008 amounting to P4.27M as per MOA.

Lodged under the Accounts Receivable–Bank Charges is the PNB debit memo representing bank charges on returned check deposited by CIAC. Said check was issued by an airline operator for payment of its outstanding accounts with CIAC, thus the bank charges will be included on the airline's account balance.

The Due from Officers and Employees account are receivables from CIAC personnel for personal calls, medical expenses and cash advances for official travel. The Interest Receivable account represents the accrued interest income from time deposits as of December 31, 2010.

Entered under the Due from GOCC (CDC) are the remittance of UPS of its rent and aeronautical fees to CDC to service the payment of interest and bank charges on the Deutsche Bank loan acquired by CDC for CIAC in financing the TRACON Project.

Only the transactions starting May 2011 are recorded under this account since the balance as of April 30, 2011 has been included in the reconciled intercompany balances among BCDA, CDC and CIAC.

Due from GOCC (MIAA) refers to the expenses paid by CIAC for MIAA for the capsule laying activity. Efforts to collect the same have been exerted. Due from GOCC (CIAC Provident Fund) represents the retirement portion on the corporate share of CIAC remitted to the Provident Fund.

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

Under this account are as follows (**TABLE 05**):

The inventory of office supplies, other supplies, gasoline, oil & lubricants, spare parts and construction materials are maintained by the Property Division while the inventory of drugs and medicines is maintained by the Corporate Clinic and the Emergency Services Department. The valuation of the office supplies is based on the moving average method, while for the rest of the inventory accounts, the first in-first out method is used.

TABLE 05		
	31 Dec 2011	31 Dec 2010
Office Supplies	729,352	677,609
Other Supplies	1,599,176	437,084
Drugs and Medicines	171,289	223,732
Gasoline, Oil and Lubricants	11,430	11,430
Spare Parts	2,816,184	1,516,405
Construction Materials	1,797,717	1,605,826
Total	Php 7,125,148	Php 4,472,086

6. PREPAID EXPENSES

This account includes (**TABLE 06**):

Prepaid insurance represents unexpired portion of insurance premiums of CIAC occupied buildings, aero bridge and airport liability insurance. The Advances to Contractors account represents the 15% mobilization amounting to P46.3M paid to the contractor of the Terminal Expansion Project, with a balance of P1.3M after recoupment on progress billings of the contractor. Lodged under the Deferred Charges account is the tax penalty charged by the BIR for the delayed remittance in 2010.

TABLE 06		
	31 Dec 2011	31 Dec 2010
Prepaid Insurance	1,814,450	3,182,361
Advances to Contractors	1,351,678	1,351,678
Deferred Charges	12,767	0
Other Prepaid Expense	42,251	70,706
Total	Php 3,221,146	Php 4,604,745

The Other Prepaid Expense account represents a one year subscription for Peanuts Low Cost Airline for the period April 26, 2011 to April 26, 2012 and a two-year subscription for Fortigate 100A (MIS Firewall) for the period September 6, 2010 to September 5, 2012 which are being amortized every month.

7. OTHER CURRENT ASSETS

Classified as other current asset is the Guaranty Deposits account amounting to P463,437. These are payments to utility companies (electric, water, etc.) and various suppliers that are refundable upon cancellation/termination of contracts. Inclusive of the total is the balance of the deposits turned over by CDC in November 2006 amounting to P175,837. The unused tax credits for P32,586, also lodged as other current asset, represents the tax withheld by airline operators/locators which can be applied by CIAC as a deduction from its income tax payment.

8. INVESTMENTS

Lodged under this account is the CIAC's investment of P884,000 related to Mimosa Golf and Country Club shares which was turned over by CDC in May 2007 and the investment of P300 to Subic-Clark Alliance Development Corporation for subscription of three shares of stock.

9. PROPERTY, PLANT AND EQUIPMENT

TABLE 09					
	Construction in Progress	Equipment	Furniture & Fixtures	Land & Building Improvements	Total
At 31 December 2010					
Cost	352,289,453	1,507,833,742	12,333,378	874,257,357	2,746,713,930
Accumulated Depreciation		767,548,054	7,560,501	411,306,855	1,186,415,410
Net Book Value	352,289,453	740,285,688	4,772,877	462,950,502	1,560,298,520
Year Ended 31 December 2011					
Opening Net Book Value	352,289,453	740,285,688	4,772,877	462,950,502	1,560,298,520
Additions	10,175,569	1,199,339	381,962	361,068,289	372,825,159
Reclassify Const. in Progress / Depreciation for the Year	(362,465,022)	(96,810,978)	(609,432)	(49,842,379)	(509,727,811)
Closing Net Book Value	0	644,674,049	4,545,407	774,176,412	1,423,395,868
At 31 December 2011					
Cost	0	1,509,033,081	12,715,340	1,235,325,646	2,757,074,067
Accumulated Depreciation		864,359,032	8,169,933	461,149,234	1,333,678,199
Net Book Value (in Php)	0	644,674,049	4,545,407	774,176,412	1,423,395,868

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.

Included under the equipment account is the Terminal Radar Approach Control (TRACON) Project awarded to Selex Sistemi Integrati (formerly Alenia Marconi). The project was funded through a term loan facility granted by Deutsche Bank S.P.A. and guaranteed by the Trade and Investment Development Corporation of the Philippines.

The project was completed on May 25, 2007 and total cost reached P593M as of August 31, 2007. The TRACON was commissioned by the Department of Transportation and Communications effective October 25, 2007.

The Construction in Progress account represents the Terminal Building I Expansion - Phase I project reclassified to completed project under account Other Structures -Building Improvements.

10. OTHER NON-CURRENT ASSET

The balance entered under the Due from CDC account amounting to P613.69M as of December 31, 2010 was closed to Due to CDC account in July 2011 to implement E.O. No. 716 regarding the agreed booking entries among BCDA, CDC and CIAC on the reconciled intercompany account balances of CDC and CIAC as of April 30, 2011.

11. OTHER ASSETS

Under the other assets is the Restricted Fund/Assets account for the deposited amount of P680,934 representing supersedeas bond posted by CIAC on labor cases with employees. Of the total, the amount of P192,060 was turned over by CDC in November 2006.

12. PAYABLE ACCOUNTS

This account includes (TABLE 12):

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

TABLE 12		
	31 Dec 2011	31 Dec 2010
Accounts Payable	49,127,613	44,024,613
Due to Officers and Employees	144,815	203,742
Total	Php 49,272,428	Php 44,228,355

13. INTER-AGENCY PAYABLES

Lodged under this account (TABLE 13):

The Due to BIR refers to the withheld taxes on salaries of employees and expanded taxes on suppliers due for remittance while the Due to SSS, HDMF and Philhealth are the premiums and loans for remittance. The Due to CDC account are the expenses of CIAC paid for by CDC after the cut-off date of April 30, 2011 on the reconciled intercompany accounts.

TABLE 13		
	31 Dec 2011	31 Dec 2010
Due to BIR	4,631,630	4,943,254
Due to SSS	347,633	268,083
Due to HDMF (Pag-Ibig Fund)	344,198	368,100
Due to PhilHealth	104,337	105,762
Due to GOCC (CDC)	7,947,702	0
Total	Php 13,375,500	Php 5,685,199

14. INTRA-AGENCY PAYABLES

Under this account are (TABLE 14):

TABLE 14		
	31 Dec 2011	31 Dec 2010
Due to Provident Fund	6,955,454	8,927,664
Due to AMWSLAI	500	3,550
Due to CIAC EMPC	1,157,420	798,180
Due to SMD	14,900	14,450
Total	Php 8,128,274	Php 9,743,844

The Due to Provident Fund, AMWSLAI and CIAC EMPC refer to premiums and loans due for remittance while the Due

to SMD are the union dues for remittance.

15. OTHER LIABILITY ACCOUNTS

This account consists of (TABLE 15):

Guaranty deposits refer to the payment of suppliers to guarantee the faithful performance of an awarded project or contract. These may be forfeited in case of non-compliance of the terms of the contract, thus income is realized, or may be refunded to the supplier once the performance is satisfactorily completed.

TABLE 15		
	31 Dec 2011	31 Dec 2010
Guaranty Deposits Payable	1,501,397	36,016,625
Performance Bond / Bidders Payable	11,340,211	6,560,859
Concessionaires' Advance Fee & Security Deposit	4,641,862	798,757
Locators' Advance Rent & Security Deposit	27,701,638	19,308,919
Total	Php 45,185,108	Php 62,685,160

Performance bond pertains to the payment of bidders, concessionaires and locators. Cash bond or bid security is posted by a bidder to guarantee the faithful performance of its obligations of an awarded contract, which may be forfeited or refunded in accordance with RA9184.

The performance bond is paid by a locator/concessionaire to ensure faithful compliance with all the terms and conditions of the lease agreement which shall be forfeited as liquidated damages in the event of (1) failure to perform any or all obligations, undertakings and performance commitments, (2) pre-termination of lease agreement or (3) failure to correct said failure within a period specified by the CIAC as stipulated in the lease agreement.

Advance fee/rent refers to advance payment made by locator/concessionaire as required in the lease agreement equivalent to three months rental which are chargeable against future payments.

Security deposit equivalent to three months rental is also being required from the locators/concessionaires as a proof of intent to cover for any damage or unpaid rentals that may arise.

16. LOANS PAYABLE

A domestic loan from the Philippine Veterans Bank was availed for the Terminal I expansion project.

The loan was granted/approved in December 2009 with the following terms: payable in ten (10) years with two (2) years grace period on principal from date of release of the loan. Total drawdown to date is P337.5M.

Payment of first principal amortization shall be in March 2012 in the amount of P10.547M and every quarter thereafter.

CIAC is also at present servicing the payment of interest for a loan procured from Deutsche Bank for the funding of the TRACON Project. The balance of said loan as of December 31, 2011 is at \$3,352,270.08.

17. LONG-TERM LIABILITIES

Lodged under this account are the following (TABLE 17):

Security deposit is one of the requirements under the lease agreement to be paid by the locator equivalent to three months rental refundable at the time of termination of lease agreement less for any unpaid rentals, utility bills or damages that may arise. This shall be forfeited in favor of CIAC in case of pre-termination by the lessee.

The performance bond, either in the form of cash bond or surety bond equivalent to six months of rentals is also included in the lease agreement to guaranty the faithful performance of a locator in accordance with the said lease agreement.

Advance rent equivalent to three months rentals is also paid by a locator per lease agreement chargeable against future lease payments.

TABLE 17		
	31 Dec 2011	31 Dec 2010
Locators' Security Deposit	99,310,696	99,310,696
Locators' Performance Bond	24,463,098	24,463,098
Advance Rent	78,277,075	78,277,075
Total	Php 202,050,869	Php 202,050,869

18. DUE TO CDC

This account refers to the advances made by the Clark Development Corporation (CDC) to the Clark International Airport Corporation (CIAC). Part of the account represents various CIAC operating expenses and capital expenditures paid for 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.

The reduction of the balance to P242.3M as of July 31, 2011 is the result of the recording of the agreed booking entries among BCDA, CDC and CIAC of the reconciled intercompany account balances as of April 30, 2011 in accordance with the Implementing Plan of E.O. No. 716.

The said amount will be reduced for every loan payment made by CDC to Deutsche Bank related to the Radar project of CIAC. For the CIAC expenses paid by CDC starting May 2011, these will be recorded on a separate account - Due to GOCC (CDC).

19. DUE TO BCDA

An amount of P37M was advanced by BCDA to fund the payment to Selex Sistemi Integrati representing 35% initial payment for the purchase of spare parts for the Terminal Radar Approach Control (TRACON) Project and the supply of radome, spare parts, accessories and installation.

Added under this account is the booking of P735M in July 2011 representing the intercompany settlement of CDC-CIAC cash advances as of April 30, 2011 pursuant to the Implementing Plan of E.O. No. 716.

Last November, Bases Conversion and Development Authority (BCDA) has released P50M to finance the operating requirements of CIAC and has also shouldered the loan payment amounting to P33M advanced by CDC to Deutsche Bank by way of offset of its dividends from CDC.

20. DEFERRED CREDITS

Charged under this account (**TABLE 20**) is the power consumption of various operators and inter branch deposits from untraced accounts.

TABLE 20		
	31 Dec 2011	31 Dec 2010
Deferred Credits	Php 1,143,929	Php 518,081

21. CAPITAL STOCK

An increase in capital authorization from Php20 million to Php5 billion was approved by the Board of Directors in its Stockholders' Meeting on June 10, 2011.

TABLE 21		
	No. of Shares	Amount
Authorized	200,000	Php 20,000,000
Paid-Up Capital	12,500	Php 1,250,000

The requirements of the Securities and Exchange Commission have been completed and were reviewed by the BCDA prior to the issuance of E.O. No. 64 transferring CIAC as an attached agency of DOTC which provides the transfer of the shares of stock of CIAC to the National Government.

22. DEPOSIT FOR FUTURE STOCK SUBSCRIPTION - BCDA

The CDC investment in CIAC in the amount of P833.49M represents the investment of BCDA to CIAC after recording in July 2011 the agreed booking entries of the reconciled intercompany account balances as of April 30, 2011 pursuant to the Implementing Plan of E.O. 716.

The P833.49M is composed of the initial paid-up capital in the amount of P1.25M and the book value of CIAC fixed assets transferred from BCDA to CDC upon merger of CDC and CIAC in 2002 in the amount of P832.25M.

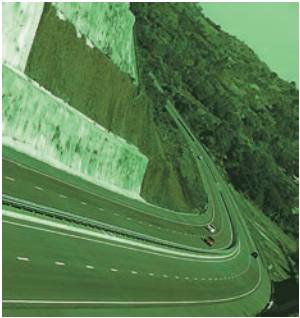
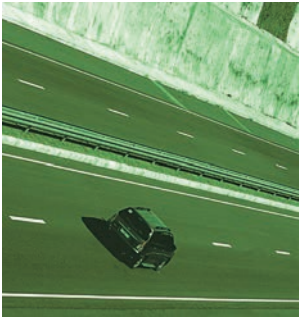
The value of the fixed assets is entered under account Deposit for Future Stock Subscription. ■

CIAC DIRECTORY

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OFFICE	CONTACT NUMBERS
President & CEO	102 599-2702 (Direct Line) 599-2044 (Fax)
Executive Vice President & COO	116 129 599-7449 (Direct Line)
Vice President for Airport Operations Management	131
Vice President for Commercial & Business Development	114 124
Vice President for Finance & Administration	106
Board of Directors	887
Airport Command Center	108 109 110
Accounting	810
Airport Ground Operations	203 204
Airport Operations (PTB)	201 to 206
Airport Safety	107
Airport Security	502 503 506 509

OFFICE	CONTACT NUMBERS
Airport Security Quality Control	118 120
BAC Secretariat	181 182
Corporate Communications	119 122
Corporate Planning	191 195
Emergency Services	401 402 403
Engineering & Maintenance	302
Human Resources	751 to 755
Internal Audit	885
Legal	123 208
Marketing	207 210
MIS/IT	192
Property & General Services	703 718
Purchasing	710 711 712
Records Management	193 194
Treasury	850 806



The background is a solid teal color. It features a network of thin white lines that create a geometric pattern. These lines intersect to form various sized squares and rectangles. In some areas, the lines are parallel and closely spaced, creating a hatched or striped effect. In other areas, the lines are more widely spaced, creating a grid-like pattern. The overall effect is modern and architectural.

CLARK INTERNATIONAL AIRPORT CORPORATION

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CLARK INTERNATIONAL AIRPORT CORPORATION

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