



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

INDEPENDENT AUDITOR'S REPORT

THE BOARD OF DIRECTORS

Trade and Investment Development Corporation of the Philippines
Philippine Export-Import Credit Agency
17/F Citibank Tower, Citibank Plaza
Valero Street, Makati City

Report on the Financial Statements

We have audited the accompanying financial statements of Trade and Investment Development Corporation of the Philippines (TIDCORP) also known as Philippine Export-Import Credit Agency (PhilEXIM), which comprise the statements of financial position as at December 31, 2015 and 2014, and the statements of comprehensive income, statements of changes in equity and statements of cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Philippine Financial Reporting Standards, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

Basis for Qualified Opinion

Bad debts expense was understated by P628.144 million and P314.534 million for the years ended December 31, 2015 and 2014, respectively. The Allowance for bad debts was understated by P151.300 million and P25.543 million and the Pari-passu payable was also understated by P476.844 million and P288.991 million as of December 31, 2015 and 2014, respectively, due to the adverse conditions of default guarantee and loan accounts which were not considered in provisioning contrary to BSP regulations. Bad debts expense was also understated due to the premature recording in 2015 of the insurance settlement offer of GSIS in 2016. Consequently, the Retained earnings was overstated by P628.144 million and P314.534 million for the same periods.

Opinion

In our opinion, except for the effects of the matters described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of TIDCORP as at December 31, 2015 and 2014, and its financial performance and its cash flows for the years then ended in accordance with Philippine Financial Reporting Standards.

Report on Other Legal and Regulatory Requirements

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information required under Revenue Regulation Nos. 15-2010 and 19-2011 in Note 26 to the financial statements is presented for purposes of filing with the Bureau of Internal Revenue and is not a required part of the basic financial statements. Such supplementary information is the responsibility of the management of TIDCORP. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

COMMISSION ON AUDIT


REBECCA A. DUMAGUIT
Supervising Auditor

May 18, 2016

TRADE AND INVESTMENT DEVELOPMENT CORPORATION OF THE PHILIPPINES
Philippine Export Import Credit Agency
STATEMENTS OF FINANCIAL POSITION
December 31, 2015 and 2014
(In Philippine Peso)

	2015	2014
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	330,426,566	583,484,109
Financial investments - available-for-sale	593,160,162	997,381,994
Loans and receivables	66,898,857	797,327,247
Other assets	19,159,386	16,566,865
	1,009,644,971	2,394,760,215
NON-CURRENT ASSETS		
Loans and receivables, net	526,056,576	87,451,103
Investment property, net	57,166,643	62,281,223
Property and equipment - net	70,200,121	74,737,750
Intangible assets	1,386,296	5,145,593
Deferred tax asset	85,243,582	69,235,927
Other assets	18,357,029	22,794,676
	758,410,247	321,646,272
TOTAL ASSETS	1,768,055,218	2,716,406,487
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable	121,409,575	91,466,098
Interest payable	3,661,778	8,422,378
Loans payable	900,000,000	1,710,000,000
Accrued expenses	10,014,141	16,875,560
Unearned income	42,199,254	122,597,470
Dividends payable	-	48,605,119
Miscellaneous payables	43,102,772	41,411,358
	1,120,387,520	2,039,377,983
NON-CURRENT LIABILITIES		
Unearned Income	7,816,263	12,616,263
Deferred tax liability	943,214	630,088
	8,759,477	13,246,351
TOTAL LIABILITIES	1,129,146,997	2,052,624,334
EQUITY	638,908,221	663,782,153
TOTAL EQUITY and LIABILITIES	1,768,055,218	2,716,406,487

TRADE AND INVESTMENT DEVELOPMENT CORPORATION OF THE PHILIPPINES
Philippine Export-Import Credit Agency
STATEMENTS OF COMPREHENSIVE INCOME
For the Years Ended December 31, 2015 and 2014
(In Philippine Peso)

	2015	2014
REVENUE		
Operating income	292,143,822	440,196,779
Other income	809,589	45,446,119
	292,953,411	485,642,898
EXPENSES		
Operating expense:		
Personal services	103,481,864	100,369,043
Bad debts expense	88,420,245	132,962,802
Depreciation expense	10,223,174	11,705,986
Other services	8,245,179	8,974,708
Rent, light and water	6,840,777	10,141,830
Amortization expense	4,747,562	3,729,635
Audit fees and services	3,537,191	3,471,565
Communication expense	3,529,160	3,292,684
Licenses and taxes	2,730,750	9,775,734
Business development expense	2,581,204	3,193,190
Administration expense	2,545,765	4,477,864
Repairs and maintenance	2,516,169	4,562,050
Insurance	1,798,426	1,042,916
Travelling expense	1,689,826	1,700,241
Staff training and development	1,198,206	819,220
Supplies and materials	917,389	601,516
Representation expense	907,052	1,500,177
Consultancy expense	836,552	18,000
Fuel, oil and lubricants	651,976	873,060
Dues and subscription	415,771	556,733
Legal fees and other services	44,233	380,118
Impairment loss - properties and equipment	-	1,954,600
Discretionary expense	-	195,291
Miscellaneous expense	290,751	466,407
Other expense:		
Interest and Financial Charges	63,270,802	107,809,742
	311,420,024	414,575,112
INCOME BEFORE INCOME TAX	(18,466,613)	71,067,786
INCOME TAX EXPENSE		
Current tax	7,019,645	40,013,837
Deferred tax	(12,608,822)	(18,772,745)
	(5,589,177)	21,241,092
NET INCOME	(12,877,436)	49,826,694
OTHER COMPREHENSIVE INCOME (LOSS)		
Unrealized gain/(loss) - AFS	(22,432,463)	(16,946,026)
Tax expense	6,729,739	5,083,808
NET OTHER COMPREHENSIVE INCOME	(15,702,724)	(11,862,218)
TOTAL COMPREHENSIVE INCOME (LOSS)	(28,580,160)	37,964,476

TRADE AND INVESTMENT DEVELOPMENT CORPORATION OF THE PHILIPPINES

Philippine Export-Import Credit Agency

STATEMENTS OF CHANGES IN EQUITY

For the Years Ended December 31, 2015 and 2014

(In Philippine Peso)

	Capital stock 19.1	Deficit 19.2	Other comprehensive income - AFS 19.3	Total
Balance, January 1, 2014	5,461,899,438	(4,720,305,681)	(12,737,671)	728,856,086
Dividends payment to National Government	-	(50,000,000)	-	(50,000,000)
Dividends payable to National Government	-	(48,605,119)	-	(48,605,119)
Decrease in fair value adjustment	-	-	(11,862,218)	(11,862,218)
Reversal of forex gains (losses)	-	(4,433,290)	-	(4,433,290)
Net income	-	49,826,694	-	49,826,694
Balance, December 31, 2014	5,461,899,438	(4,773,517,396)	(24,599,889)	663,782,153
Decrease in fair value adjustment	-	-	(15,702,724)	(15,702,724)
Prior period adjustments	-	3,706,228	-	3,706,228
Net loss	-	(12,877,436)	-	(12,877,436)
Balance, December 31, 2015	5,461,899,438	(4,782,688,604)	(40,302,613)	638,908,221

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TRADE AND INVESTMENT DEVELOPMENT CORPORATION OF THE PHILIPPINES
Philippine Export-Import Credit Agency
STATEMENTS OF CASH FLOWS
For the Years Ended December 31, 2015 and 2014
(In Philippine Peso)

	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES		
Guarantee, interest and premium receipts	134,654,603	294,804,805
Miscellaneous income	57,083,358	132,864,065
Reinsurance premiums		
Cash payments to employees and suppliers	(158,604,069)	(131,782,998)
<i>(Increase) decrease in operating assets:</i>		
Collection of loans receivables	348,354,458	654,586,845
Loan releases	(86,170,905)	(394,973,120)
Receivables from subrogated claims on default guaranteed accounts	(35,951,361)	(75,501,860)
Other receivables, net	2,709,189	(1,240,789)
<i>Increase (decrease) in operating liabilities:</i>		
Deposits from customers and contractors	34,457,166	14,347,433
Payment to clients/govt. agencies	(11,540,811)	(92,154,173)
Net cash provided by/(used in) operating activities	284,991,628	400,950,208
CASH FLOWS FROM INVESTING ACTIVITIES		
Net placements/proceeds of matured securities	388,676,004	589,855,626
Sale of property and equipment/office space	-	68,000,000
Purchase of property, plant and equipment	(6,201,870)	(1,084,264)
Miscellaneous assets	-	(14,400)
Net cash provided by/(used in) investing activities	382,474,134	656,756,962
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid	(48,605,119)	(50,000,000)
Corporate Borrowings		450,000,000
Guarantee fee due to the National Government	(5,061,111)	(12,500,000)
Lenders representing amortization of borrowings	(810,000,000)	(940,000,000)
Lenders for interest and financial charges	(57,666,664)	(86,180,505)
Net cash provided by/(used in) financing activities	(921,332,894)	(638,680,505)
Effect of exchange rate changes on cash on hand and in banks	809,589	29,840
NET INCREASE (DECREASE) IN CASH ON HAND AND IN BANKS	(253,057,543)	419,056,505
Cash and cash equivalents at beginning of period	583,484,109	164,427,604
CASH AND CASH EQUIVALENTS AT END OF PERIOD	330,426,566	583,484,109