



REPUBLIC OF THE PHILIPPINES  
COMMISSION ON AUDIT  
Commonwealth Avenue, Quezon City, Philippines

## INDEPENDENT AUDITOR'S REPORT

### THE BOARD OF GOVERNORS

Center for International Trade Expositions and Missions  
Roxas Boulevard Cor. Sen. Gil J. Puyat Ave.  
Pasay City

We have audited the accompanying financial statements of the Center for International Trade Expositions and Missions (CITEM), which comprise the balance sheet as of December 31, 2012, and the statement of revenues and expenditures, statement of changes in net worth and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

#### *Management's Responsibility for the Financial Statements*

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

#### *Auditor's Responsibility*

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not 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 audit opinion.

*Unqualified Opinion*

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Center for International Trade Expositions and Missions as of December 31, 2012, and its financial performance and its cash flows for the year then ended in accordance with State accounting principles.

COMMISSION ON AUDIT

  
HENEDINA R. OTADOY

Supervising Auditor

Audit Group F

Trading and Promotions Audit Group  
Cluster 6, Corporate Government Sector

31 May 2013

**CENTER FOR INTERNATIONAL TRADE EXPOSITIONS AND MISSIONS  
BALANCE SHEET**

**December 31, 2012**

(With corresponding figures for 2011)

(In Philippine Peso)

	Notes	2012	2011
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents	3	161,747,423	40,480,950
Receivable accounts, net	2.2 and 4	13,771,438	25,114,472
Inventories	5	388,898	475,715
Prepaid expenses	6	2,103,671	6,442,395
Guaranty deposits	7	1,131,186	2,465,758
		<b>179,142,616</b>	<b>74,979,290</b>
<b>Non-current Assets</b>			
Investments	8	42,000	596,699
Property and equipment, net	2.4 and 9	25,731,254	13,657,341
Restricted fund	10	280,393,406	385,628,246
Other assets	11	843,723	843,723
		<b>307,010,383</b>	<b>400,726,009</b>
<b>TOTAL ASSETS</b>		<b>486,152,999</b>	<b>475,705,299</b>
<b>LIABILITIES AND NET WORTH</b>			
<b>Current Liabilities</b>			
Payable accounts	12	44,914,361	32,983,564
Inter-agency payables	13	14,600,510	27,321,213
Deferred credits	14	12,530,913	8,119,211
Other current liabilities	15	6,359,109	7,146,561
<b>TOTAL LIABILITIES</b>		<b>78,404,893</b>	<b>75,570,549</b>
<b>NET WORTH</b>		<b>407,748,106</b>	<b>400,134,750</b>
<b>TOTAL LIABILITIES AND NET WORTH</b>		<b>486,152,999</b>	<b>475,705,299</b>

The notes on pages 7 to 16 form part of these financial statements.

**CENTER FOR INTERNATIONAL TRADE EXPOSITIONS AND MISSIONS  
STATEMENT OF REVENUES AND EXPENDITURES**

For the year ended December 31, 2012

(With corresponding figures for 2011)

(In Philippine Peso)

	Notes	2012	2011
<b>General Income</b>	2.3 and 18		
Service income		27,193,718	27,917,549
Interest income		2,204,249	7,348,554
Gain (loss) on foreign exchange		(3,109,840)	15,335
Loss on sale of assets		(273,366)	(233,807)
Miscellaneous income		4,188,692	2,034,103
<b>Gross income</b>		<b>30,203,453</b>	<b>37,081,734</b>
<b>Expenses</b>	2.3 and 19		
Personal services		54,006,770	44,209,679
Maintenance and other operating expenses		151,330,043	109,893,856
Financial expenses		218,444	265,001
<b>Total expenses</b>		<b>205,555,257</b>	<b>154,368,536</b>
<b>LOSS FROM OPERATIONS</b>		<b>175,351,804</b>	<b>117,286,802</b>
<b>SUBSIDY FROM NATIONAL GOVERNMENT</b>	20	<b>179,510,000</b>	<b>79,686,000</b>
<b>NET INCOME (LOSS)</b>	21	<b>4,158,196</b>	<b>(37,600,802)</b>

The notes on pages 7 to 16 form part of these financial statements.

**CENTER FOR INTERNATIONAL TRADE EXPOSITIONS AND MISSIONS**  
**CASH FLOW STATEMENT**  
For the year ended December 31, 2012  
(With corresponding figures for 2011)  
(In Philippine Peso)

	Notes	2012	2011
<b>Cash Flows from Operating Activities:</b>			
Receipt of government subsidy	20	179,510,000	79,686,000
Cash received from exhibitors/customers		32,760,597	33,643,836
Funds received from Department of Trade and Industry and other government agencies and sponsorship from private sectors for the implementation of export promotion projects		40,884,500	66,535,658
Interest earned from savings/current accounts		157,334	164,507
Bank debits/credits		(311,376)	-
Cash paid to suppliers and employees		(231,427,618)	(216,551,572)
<b>Net cash used in operating activities</b>		<b>21,573,437</b>	<b>(36,521,571)</b>
<b>Cash Flows from Investing Activities:</b>			
Interest earned from investment in treasury bills/ time deposit		820,758	7,184,047
Proceeds from Treasury Bills No. 041812 TA-042011		26,503,403	-
Proceeds from Treasury Bills No. 97019		50,808,280	-
Reclassification of restricted fund to LBP time deposit		-	24,958,249
Reclassification from Restricted Fund to Foreign Currency Time Deposit		31,609,332	-
Effects of foreign exchange rate changes on cash and cash equivalents		(3,093,789)	15,335
Purchases of property, equipment and motor vehicles		(2,989,423)	(2,278,322)
Purchase of Other Structures		(3,965,525)	-
Adjustment on drawdown and interest income from LBP-dollar time deposit to Restricted fund		-	(33,404,856)
<b>Net cash (used in) provided by investing activities</b>		<b>99,693,036</b>	<b>(3,525,547)</b>
Net decrease in cash and cash equivalents		121,266,473	(40,047,118)
Cash and cash equivalents, beginning of year		40,480,950	80,528,068
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<b>3</b>	<b>161,747,423</b>	<b>40,480,950</b>

The notes on pages 7 to 16 form part of these financial statements.