



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

**ANNUAL AUDIT REPORT**

on the/

**APO PRODUCTION UNIT, INC.**

**For the Year Ended December 31, 2018**



Republic of the Philippines  
**APO PRODUCTION UNIT, INC.**  
2/F PIA Building, Visayas Avenue, Brgy. VASRA, Quezon City,  
Metro Manila, Philippines 1128




## **STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS**

The management of APO PRODUCTION UNIT, INC. is responsible for the preparation of the financial statements as at December 31, 2018 and 2017, including the additional components attached thereto in accordance with the prescribed financial reporting framework indicated therein. The responsibility includes designing and implementing internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement whether due to fraud or error, selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

The Board of Directors reviews and approves the financial statements before such statements are issued to the regulators, creditors and other users.

The Commission on Audit has Audited the financial statements of the APO PRODUCTION UNIT, INC. in accordance with the International Standards of Supreme Audit Institutions and has expressed its opinion on the fairness of presentation upon completion of such audit, in its report to the Board of Trustees.

  
**MICHAEL J. DALUPINES**  
Chairman and President

04/22/19  
Date Signed

  
**MARY ANN D. MANRIQUE**  
Finance Manager

04/22/19  
Date Signed



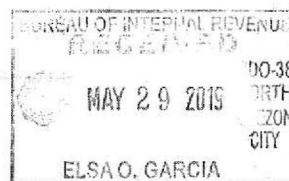
SUBSCRIBED AND SWORN TO BEFORE ME, this APR 24 2019, 2019 at Quezon City,  
affiants exhibited to me their identification cards with the details shown below as follows:

**Name:**  
MICHAEL J. DALUMPINES  
MARY ANN D. MANRIQUE

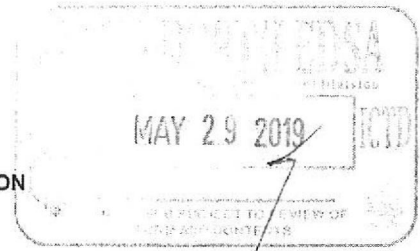
**TIN:**  
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115-493-814

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Page No. 36  
Book No. 150  
Series of 2019

ATTY. JASON G. DE BELEN  
Roll No. 16259  
Adm. No. (NP-006 Notary Public(2018-2019))  
Unit M Panay Commercial Building  
No. 7 Panay Ave. cor. Sgt. Borromeo St. Q.C.  
IBP AR No. 42250802; QC12-17-18  
PTR No. 7323530; QC 1-3-19  
MCLE V 0017261; 3-30-16

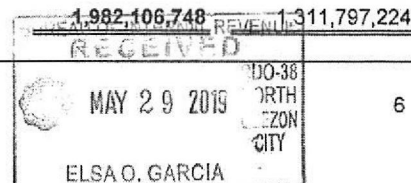


**APO PRODUCTION UNIT, INC.**  
**CONDENSED STATEMENTS OF FINANCIAL POSITION**  
**AS AT DECEMBER 31, 2018 AND 2017**  
(In Philippine Peso)



	<u>NOTE</u>	<u>2018</u>	<u>2017</u> <u>as restated</u>
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and Cash Equivalents	4	375,496,368	164,562,084
Receivables	5	707,227,895	381,107,749
Inventories	6	114,989,114	66,158,356
Other Current Assets	7	664,340,758	571,165,612
<b>Total Current Assets</b>		<b>1,862,054,135</b>	<b>1,182,993,801</b>
<b>Non-Current Assets</b>			
Property, Plant and Equipment	8	76,087,646	86,057,806
Intangible Assets	9	3,829,929	4,817,486
Deferred Tax Assets	10	7,386,991	5,556,403
Investment in Joint Venture	11	21,500,000	21,500,000
Receivables	5	940,600	940,600
Other Non-Current Assets	12	10,307,447	9,931,128
<b>Total Non-Current Assets</b>		<b>120,052,613</b>	<b>128,803,423</b>
<b>Total Assets</b>		<b>1,982,106,748</b>	<b>1,311,797,224</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Financial Liabilities	13	541,236,610	264,275,153
Inter-Agency Payables	14	830,293,286	605,912,711
Other Payables	15	38,561,634	53,426,838
<b>Total Current Liabilities</b>		<b>1,410,091,530</b>	<b>923,614,702</b>
<b>Non-Current Liabilities</b>			
Financial Liabilities	16	94,518,250	95,912,659
Provisions	18	47,473,694	54,445,144
Deferred Tax Liabilities	17	3,365,833	3,365,833
Other Payables	19	78,288,573	43,745,451
<b>Total Non-Current Liabilities</b>		<b>223,646,350</b>	<b>197,469,087</b>
<b>Total Liabilities</b>		<b>1,633,737,880</b>	<b>1,121,083,789</b>
<b>EQUITY</b>			
Revaluation Surplus		2,908,467	2,908,467
Retained Earnings		345,460,401	187,804,968
<b>Total Equity</b>		<b>348,368,868</b>	<b>190,713,435</b>
<b>Total Liabilities and Equity</b>		<b>1,982,106,748</b>	<b>1,311,797,224</b>

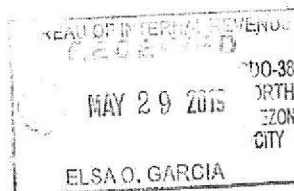
The notes on pages 10 to 35 form part of these statements.



**APO PRODUCTION UNIT, INC.**  
**CONDENSED STATEMENTS OF COMPREHENSIVE INCOME**  
**FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017**  
(In Philippine Peso)

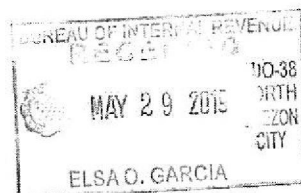
	<u>NOTE</u>	<u>2018</u>	<u>2017</u> as restated
<b>Income</b>			
Service and Business Income	20	1,063,719,048	868,189,076
Other Non-Operating Income	21	<u>2,238,650</u>	<u>2,238,700</u>
<b>Total Income</b>		<u>1,065,957,698</u>	<u>870,427,776</u>
<b>Expenses</b>			
Personnel Services	22	66,674,681	67,311,397
Maintenance and Other Operating Expenses	23	45,072,976	37,544,137
Financial Expenses	24	1,196,600	360,624
Direct Costs	25	664,157,151	606,972,781
Non-Cash Expenses	26	<u>13,836,151</u>	<u>7,262,002</u>
<b>Total Expenses</b>		<u>790,937,559</u>	<u>719,450,941</u>
<b>Profit Before Tax</b>		<b>275,020,139</b>	<b>150,976,835</b>
<b>Income Tax Expense</b>	27	<u>51,656,111</u>	<u>7,407,045</u>
<b>Comprehensive Income</b>		<u>223,364,028</u>	<u>143,569,790</u>

*The notes on pages 10 to 35 form part of these statements.*



**APO PRODUCTION UNIT, INC.**  
**STATEMENTS OF CHANGES IN EQUITY**  
**FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017**  
(In Philippine Peso)

	Revaluation Surplus	Retained Earnings	TOTAL
<b>BALANCE AT JANUARY 1, 2017</b>	<b>2,908,467</b>	<b>87,307,638</b>	<b>90,216,105</b>
<b>CHANGES IN EQUITY IN 2017</b>			
Add/(Deduct):			
Comprehensive Income for the year	0	143,569,790	143,569,790
Dividends	0	(29,603,822)	(29,603,822)
Other Adjustments	0	(13,468,638)	(13,468,638)
<b>BALANCE AT DECEMBER 31, 2017</b>	<b>2,908,467</b>	<b>187,804,968</b>	<b>190,713,435</b>
<b>CHANGES IN EQUITY IN 2018</b>			
Add/(Deduct):			
Comprehensive Income for the year	0	223,364,028	223,364,028
Dividends	0	(63,776,073)	(63,776,073)
Other adjustments	0	(1,932,522)	(1,932,522)
<b>BALANCE AT DECEMBER 31, 2018</b>	<b>2,908,467</b>	<b>345,460,401</b>	<b>348,368,868</b>



APO PRODUCTION UNIT, INC.  
 CONDENSED STATEMENTS OF CASH FLOWS  
 FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017  
 (In Philippine Peso)

	<u>2018</u>	<u>2017</u> as restated
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
<b>Cash Inflows</b>		
Proceeds from Sale of Goods and Services	3,978,264,540	3,533,045,265
Collection of Income/Revenue	1,131,630	1,538,617
Collection of Receivables	39,598,820	36,997,773
Other Receipts	671,165,395	504,745,848
<b>Total Cash Inflows</b>	<u>4,690,160,385</u>	<u>4,076,327,503</u>
Adjustments	99,805,137	0
<b>Adjusted Cash Inflows</b>	<u>4,789,965,522</u>	<u>4,076,327,503</u>
<b>Cash Outflows</b>		
Payment of Expenses	310,949,404	54,092,391
Purchase of Inventories	240,511	0
Payments of Accounts Payable	1,700,315,997	3,371,868,501
Remittance of Personnel Benefit Contributions & Mandatory Deductions	116,743,550	85,431,141
Other Disbursements	1,553,615,640	360,752,511
<b>Total Cash Outflows</b>	<u>3,681,865,102</u>	<u>3,872,144,544</u>
Adjustments	1,015,659,671	235,864,756
<b>Adjusted Cash Outflows</b>	<u>4,697,524,773</u>	<u>4,108,009,300</u>
<b>Net Cash Provided by/(Used in) Operating Activities</b>	<u>92,440,749</u>	<u>(31,681,797)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
<b>Cash Inflows</b>		
Receipt of Interest Earned	315,112	282,102
Receipt of Cash Dividends	101,457,463	99,837,592
<b>Total Cash Inflows</b>	<u>101,772,575</u>	<u>99,919,694</u>
Adjustments	19,803,966	0
<b>Adjusted Cash Inflows</b>	<u>121,576,541</u>	<u>99,919,694</u>
<b>Cash Outflows</b>		
Purchase/Construction of PPE	1,587,179	3,666,920
<b>Adjusted Cash Outflows</b>	<u>1,587,179</u>	<u>3,666,920</u>
<b>Net Cash Provided by Investing Activities</b>	<u>119,989,362</u>	<u>96,252,774</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
<b>Cash Outflows</b>		
Payment of Long-Term Liabilities	0	3,402,014
Payment of Interest on Loans and Other Financial Charges	0	282,921
<b>Total Cash Outflows</b>	<u>0</u>	<u>3,684,935</u>
Adjustments	1,495,827	0
<b>Adjusted Cash Outflows</b>	<u>1,495,827</u>	<u>3,684,935</u>
<b>Net Cash Used in Financing Activities</b>	<u>(1,495,827)</u>	<u>(3,684,935)</u>
<b>INCREASE IN CASH AND CASH EQUIVALENTS</b>	<u>210,934,284</u>	<u>60,886,042</u>
<b>CASH AND CASH EQUIVALENTS, JANUARY 1</b>	<u>164,562,084</u>	<u>103,676,042</u>
<b>CASH AND CASH EQUIVALENTS, DECEMBER 31</b>	<u>375,496,368</u>	<u>164,562,084</u>

MAY 29 2018  
 BIRTH  
 ZONE  
 CITY  
 ELSA O. GARCIA