

2015 Accomplishment Highlights

I. Statement of Corporate Intent

The Philippine Postal Corporation now works not only in fulfillment of its mandate according to the Republic Act 7354 or the Postal Service Act of 1992; PHLPost now works towards the realization of its vision and accomplishment of its mission.

A. Vision Statement

By 2020, PHLPost is the preferred universal delivery service provider of communications, goods, and payment in every Filipino community

B. Mission Statement

The Philippine Postal Corporation (PHLPost) provides efficient, competitive and on-time delivery of communications, goods, and payment services in any Filipino community.

C. Policy Imperatives

1. Timely and Efficient Delivery Services
2. Integrity of the postal network
3. Financial Sustainability, thus contributing to national treasury
4. Customer Centricity

D. Core Values

PHLPost's work ethics is founded by:

Integrity. Demonstrated through adherence to honesty in work for a decent life;

Loyalty. Shown in the faithfulness to the company kindled by love for work;

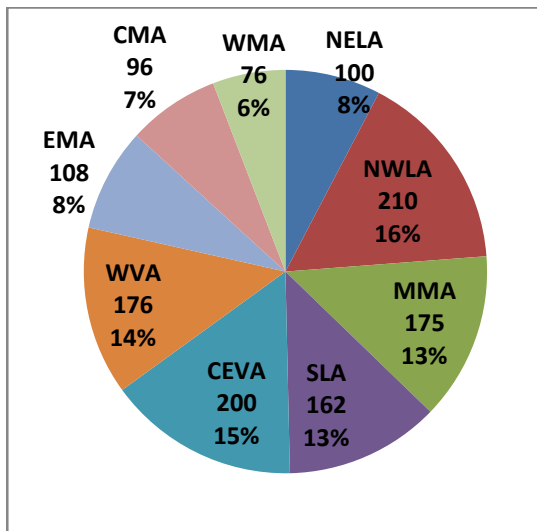
Competence. That encourages confidence in the capability to be productive through teamwork and guided by wisdom; and

Commitment. Driven by passion to do good for family and country for a life well-lived.

II. Corporate Profile

A. Postal Network

PHLPost has the capability to reach not only every street in metropolitan areas but also the most distant and remote areas in the country with its 1,227 post offices including postal stations, regular, extension, mall, barangay and school based post offices.



B. Human Resources

About 79 percent of the total 7,043 plantilla positions were already filled by the end of 2015. These employees with permanent positions are complemented by the additional 2,577 contract of service employees.

Office/Area	Plantilla	Filled	%	COS	Total
Central Office	802	646	80.5%	436	1082
1. NELA	329	250	76.0%	156	406
2. Northwest Luzon	881	711	80.7%	258	969
3. MEGA Manila	2,009	1824	90.8%	560	2384
4. Southern Luzon	760	546	71.8%	280	826
5. CEVA	716	418	58.4%	304	722
6. Western Visayas	473	355	75.1%	132	487
7. Eastern Mindanao	430	337	78.4%	221	558
8. Central Mindanao	336	238	70.8%	146	384

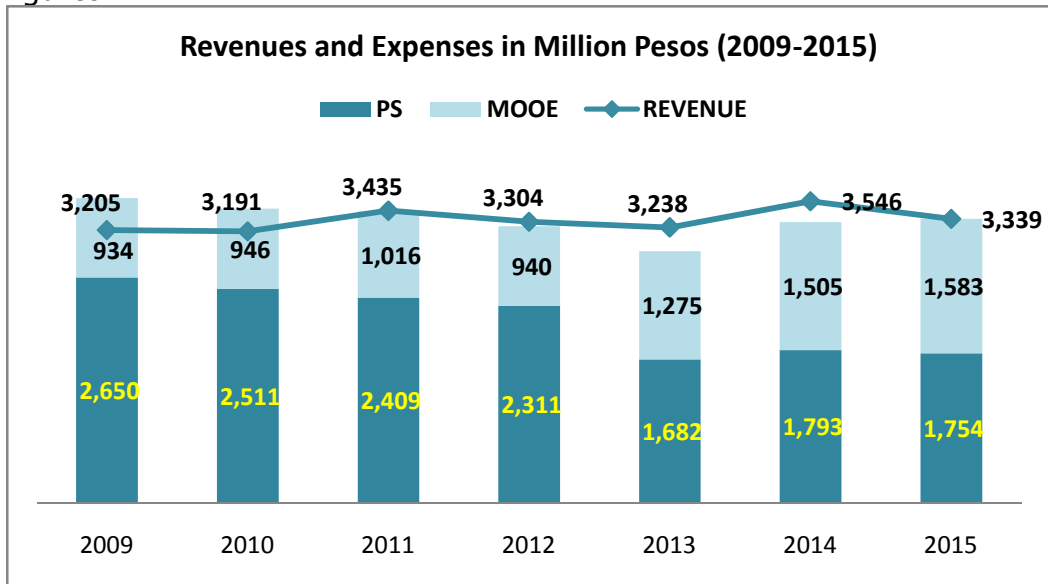
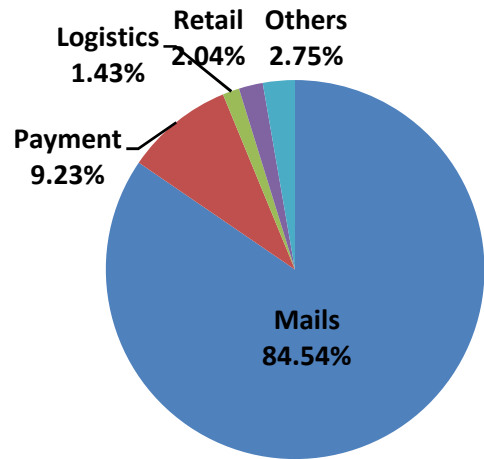
9. Western Mindanao	307	247	80.4%	84	331
TOTAL	7,043	5,572	79.1%	2,577	8,149

III. Financial Performance (Preliminary as of December 2015)

A. 5-Year Revenue-Expenditures Analysis

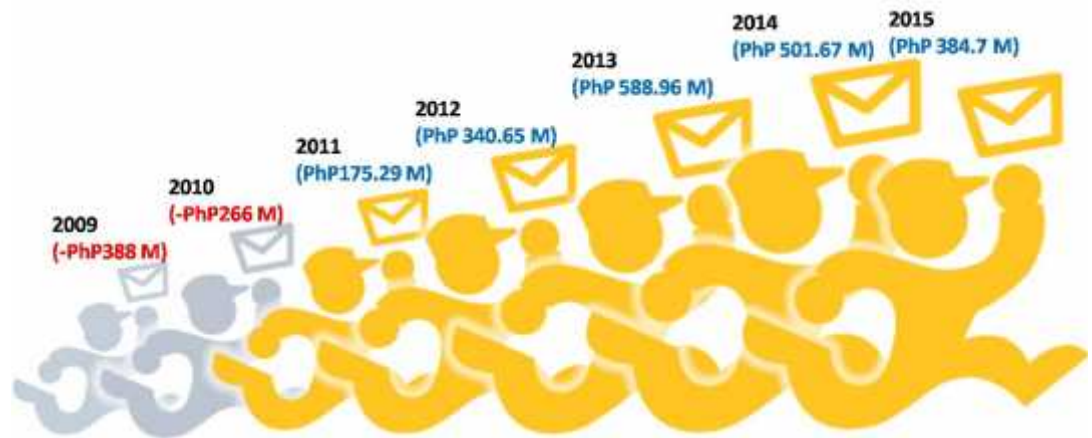
The Philippine Postal Corporation has earned a total of PhP 3,339,231,350 gross revenue from its operations in 2015, most (84.5%) of which from the mail services while the rest are from retail, postal payment, logistics, and other services. With a total of PhP3,337,536,051 expenditure, PHLPost has earned a total of PhP1,695,299 plus PhP382,993,243 net reimbursement of franking privilege and income from non-shareholders or a total of PhP384,688,543 income for 2015, which is unfortunately 23 percent lower than the 2014 figures.

2014
 Net Income = PhP384.69 M from
 Net Reimbursement = PhP382.99 M and
 Gross Revenue = PhP1.70 M:



B. Historical Net Income

PHLPost net income continues to increase since 2011, making the Corporation financially sustainable.



IV. Mail Volume Delivery Services Performance

Mail volume posted decreased from 2014 to 2015 at 12.2 percent while the mail volume delivered increased at 13.9 percent during the same period.

A. Mail Volume Posted and Delivered

A total of 74.83 million items were posted in 2015, majority (65.2%) of which are from Mega Manila Area followed by Southern Luzon Area (7.85%) and Northwest Luzon Area (6.65%). Domestic letter post still has the most share (80%) of the total mail volume posted while the remaining 20 percent are distributed among other mail services.

Meanwhile, the increase in the volume of delivered mails may be attributed to the increase of domestic ordinary letter that increased its volume by more than 20 million pieces from 2014 to 2015. Almost half (46 %) of the total 160.17 million mail items are delivered to Mega Manila Area followed by Southern Luzon Area (13.9%) and Central and Eastern Visayas Area (9.6%),

Most (90%) of the total 160.17 million mail items in the country are domestic letter while the remaining 10 percent are distributed among other mail services.

B. Mail Delivery Service Performance

Mail delivery performance needs improvement because of the inability of most of the postal areas to meet the standard delivery time for both ordinary mails and registered mails.

Mail Type	Standard	Performance
I. Ordinary Mails		
International Express post delivery performance, Metro Manila	1 day after Customs @ 95%	0.84 days after Customs @ 100%
International Express post delivery performance, Outside Metro Manila	3 days After Customs @ 95%	1.66 days after Customs @ 99.41%
Domestic Express post delivery performance, Metro to Metro Manila	1.5 days after posting @ 90%	2.28 days after posting @ 98.50%
Domestic Express post delivery performance, Outside Metro Manila	3 days after posting @ 90%	3 days @ 85%
International Parcel	7 days after Customs @ 85%	3.44 days after Customs @ 99%
Domestic Parcel	7 days after posting @ 85%	5.83 days after posting @ 82.25%
International Letter post	7 days after Customs @ 85%	3.74 days after Customs @ 97.75%
Domestic Letter post	7 days after posting @ 85%	81.67%

V. Other Highlights

A. Post Office Connectivity

PHLPost has connected about 407 Post Offices as of December 2015.

Area	Connected POs
NELA	17
NWLA	85
MMA	57
SLA	65
CEVA	46
WVA	36
EMA	42
CMA	30
WMA	29
Total	407

- B. PHLPost was able to issue about 747,522 postal ID in 2015, 34.2 percent of which are paper-based and the majority (65.8%) is the new biographic/biometric PID.
- C. The development and deployment of the Domestic Mails and Tracking System has been implemented by the end of fourth quarter 2015 to Post Offices with internet connectivity.
- D. The PHLPost Logistics and Warehousing Service is a continuing program aiming to develop various warehouses across postal areas. The construction of the temperature controlled warehouse at FSMDC, Port Area, Manila started in 2014 and was finished and opened for operations on April 2015. The Department of Health is the primary client who will utilize the 845-square meters of PHLPost's Surface Mail Exchange to store medical supplies and medicines which are intended for distribution to rural health centers in the provinces.
- E. The Memorandum of Agreement between PHLPost and BOC for the Handling, Examination, Assessment, Appraisal and Collection of Customs Duties, Taxes and Other Charges on Postal Items has been signed in 2015. The Implementing Rules and Regulations have also been drafted by the Committee and scheduled for approval in 2016.

PHILIPPINE POSTAL CORPORATION
STATEMENT OF FINANCIAL POSITION

December 31, 2015

(With comparative figures as of December 31, 2014)

(In Philippine Peso)

	Notes	2015	2014
ASSETS			
Current Assets			
Cash and cash equivalents	6	2,346,537,702	1,723,579,650
Trade and other receivables, net	7	2,031,500,262	3,027,486,776
Inventories	8	999,908,997	959,305,249
Prepaid expenses and other current assets	9	78,523,117	54,343,086
Total Current Assets		5,456,470,078	5,764,714,761
Non-Current Assets			
Investments	10	476,302,147	476,302,147
Property and equipment, net	11	4,208,650,004	4,282,196,000
Other non-current assets	12	1,047,473,265	110,047,161
Total Non-Current Assets		5,732,425,416	4,868,545,308
TOTAL ASSETS		11,188,895,494	10,633,260,069
LIABILITIES AND EQUITY			
Current Liabilities			
Trade and other payables	13	4,373,635,201	4,688,268,054
Deferred credits	14	297,069,045	38,349,794
Trust liabilities	15	1,070,934,054	757,958,365
Total Current Liabilities		5,741,638,300	5,484,576,213
Noncurrent Liabilities			
Loans payable - domestic	16	75,251,679	98,159,664
Other long-term liabilities	17	415,048,652	533,848,919
Total Non-Current Liabilities		490,300,331	632,008,583
TOTAL LIABILITIES		6,231,938,631	6,116,584,796
EQUITY		4,956,956,863	4,516,675,273
TOTAL LIABILITIES AND EQUITY		11,188,895,494	10,633,260,069

See accompanying Notes to Financial Statements.

PHILIPPINE POSTAL CORPORATION
STATEMENT OF COMPREHENSIVE INCOME

For the year ended December 31, 2015

(With comparative figures for the year ended December 31, 2014)

(In Philippine Peso)

	Notes	2015	2014
REVENUE			
Mail services income	21	2,823,107,155	2,831,268,996
Postal payment services	22	308,330,997	529,250,604
Retail services	23	68,058,190	41,150,953
Logistics services	24	47,804,628	48,808,969
Other income	25	80,268,520	80,897,621
		3,327,569,490	3,531,377,143
OPERATING EXPENSES			
Personal services	26	1,754,426,170	1,792,964,079
Maintenance and other operating expenses	27	991,740,283	821,505,926
International mail exchange expenses	28	540,083,138	514,427,774
Cost of goods sold		7,977,765	11,155,444
		3,294,227,356	3,140,053,223
INCOME FROM OPERATIONS		33,342,134	391,323,920
FINANCE COST			
Interest expense		(42,031,352)	(51,193,905)
Bank charges		(550,787)	(662,108)
		(42,582,139)	(51,856,013)
OTHER INCOME(EXPENSES)			
Interest income		5,472,802	5,324,894
Gain on foreign exchange		3,841,202	7,657,960
Gain on disposal of assets		1,354,368	1,276,294
Miscellaneous income		993,489	257,973
		11,661,861	14,517,121
PROFIT BEFORE INCOME TAX		2,421,856	353,985,028
Income tax expense		(726,557)	(106,195,508)
PROFIT BEFORE SUBSIDY		1,695,299	247,789,520
Subsidy from National Government	30	301,000,000	623,953,988
Subsidy from non-shareholders'	30	81,993,243	0
Subsidy expenses		0	(370,071,155)
		382,993,243	253,882,833
NET PROFIT		384,688,542	501,672,353

See accompanying Notes to Financial Statements.

PHILIPPINE POSTAL CORPORATION
STATEMENT OF CHANGES IN EQUITY

For the year ended December 31, 2015

(With comparative figures for the year ended December 31, 2014)

(In Philippine Peso)

	Notes	2015	2014
PAID UP CAPITAL			
Balance at beginning of the year	18	3,385,805,281	2,541,183,522
Additions		47,455,617	844,621,759
Balance at end of the year		3,433,260,898	3,385,805,281
REVALUATION SURPLUS			
Balance at beginning of the year	19	1,575,207,120	1,375,663,415
Additions		0	199,543,705
Balance at end of the year		1,575,207,120	1,575,207,120
DONATED CAPITAL			
Balance at beginning of the year		217,100	5,834,725
Additions/(deductions)		0	(5,617,625)
Balance at end of the year		217,100	217,100
APPRAISAL CAPITAL			
Balance at beginning of the year	20	448,918,298	421,161,578
Additions (deductions)		0	27,756,720
Balance at end of the year		448,918,298	448,918,298
DEFICIT			
Balance at beginning of the year		(893,472,526)	(3,433,043,125)
Adjustments		(47,455,617)	276,404,447
Adjusted beginning balance		(940,928,143)	(3,156,638,678)
Prior period adjustments		55,593,047	1,761,493,800
Net profit		384,688,543	501,672,352
Balance at end of the year		(500,646,553)	(893,472,526)
TOTAL EQUITY		4,956,956,863	4,516,675,273

See accompanying Notes to Financial Statements.

PHILIPPINE POSTAL CORPORATION
STATEMENT OF CASH FLOWS

For the year ended December 31, 2015

(With comparative figures for the year ended December 31, 2014)

(In Philippine Peso)

	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers	3,990,068,812	3,782,073,812
Subsidy from National Government	773,485,000	1,291,040,988
Grant from QSF-UPU	71,963,988	0
Interest received	5,472,802	5,324,894
Remittances received from postal payment trust fund		
Postal payment services	3,605,424,137	2,952,142,116
Premium/bills payment	1,188,428,900	1,154,930,304
Conditional Cash transfer	384,277,986	4,152,662,500
Cash paid to and in behalf of employees	(2,419,963,739)	(2,900,927,095)
Cash paid to suppliers	(1,267,074,829)	(2,056,273,014)
Grant from QSF-UPU	(71,963,988)	0
Remittances paid in postal payment trust fund		
Postal payment services	(3,256,654,923)	(3,056,514,138)
Premium/bills payment	(1,270,547,144)	(1,089,917,021)
Conditional cash transfers	(581,433,176)	(9,189,192,187)
Cash paid to PPSB	0	(40,000,000)
Net Cash Provided by Operating Activities	1,151,483,826	(4,994,648,841)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of assets	1,354,368	1,276,294
Purchases of property and equipment	(114,170,007)	(62,506,959)
Net Cash Used by Investing Activities	(112,815,639)	(61,230,665)
CASH FLOWS FROM FINANCING ACTIVITIES		
Interest paid	(42,031,352)	(51,193,905)
Payment of loan	(22,907,985)	(22,558,567)
Net Cash Used in Financing Activities	(64,939,337)	(73,752,472)
EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	3,841,202	7,657,960
EFFECTS OF NET ADJUSTMENTS - BEGINNING BALANCE RECLASSIFICATION	(354,612,000)	(616,673,985)
NET INCREASE(DECREASE) IN CASH AND CASH EQUIVALENTS	622,958,052	(5,738,648,003)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	1,723,579,650	7,462,227,653
CASH AND CASH EQUIVALENTS AT END OF YEAR	2,346,537,702	1,723,579,650

See accompanying Notes to Financial Statements.