



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

## **INDEPENDENT AUDITOR'S REPORT**

### **The Board of Directors**

Duty Free Philippines Corporation  
EHA Building, Ninoy Aquino Ave.  
Parañaque City

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Duty Free Philippines Corporation (DFPC), which comprise the Statement of Financial Position as of December 31, 2013, and the Statement of Profit or Loss, Statement of Changes in Equity, and Statement of Cash Flows 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 generally accepted in the Philippines, 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.

*Opinion*

In our opinion, the financial statements present fairly in all material respects the financial position of DFPC as of December 31, 2013, and its financial performance and its cash flows for the year then ended in accordance with State accounting principles generally accepted in the Philippines.


*Emphasis of Matter*

We draw attention to Note 17 to the financial statements which describes the uncertainty related to the outcome of the decision of the Supreme Court on the appeal filed by DFPC on the disallowed 14<sup>th</sup> month bonus. Our opinion is not modified in respect of this matter.

**Report on Supplementary Information Required Under  
BIR Revenue Regulation 15-2010**

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information on taxes, duties, and license fees paid or accrued during the taxable year described in Note 18 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 management. The information has been subjected to the auditing procedures applied in our 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**

  
**HENEDINA R. OTADOY**  
Supervising Auditor  
Audit Group F - Trading and Promotions  
Cluster VI, Corporate Government Sector

June 4, 2014

