



**REPUBLIC OF THE PHILIPPINES
COMMISSION ON AUDIT
Corporate Government Sector
Cluster A – Financial**

INDEPENDENT AUDITOR'S REPORT

**The Board of Directors
DBP Data Center, Inc.
Makati City**

We have audited the accompanying financial statements of **DBP Data Center, Inc.** (a wholly-owned subsidiary of Development Bank of the Philippines) which comprise the statement of financial position as at December 31, 2011, and the statement of comprehensive income, 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 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 audit. We conducted our audit in accordance with International 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.

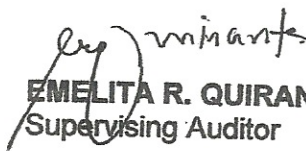
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We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of **DBP Data Center, Inc.** as at December 31, 2011, and its financial performance and its cash flows for the year then ended in accordance with Philippine Financial Reporting Standards.

COMMISSION ON AUDIT

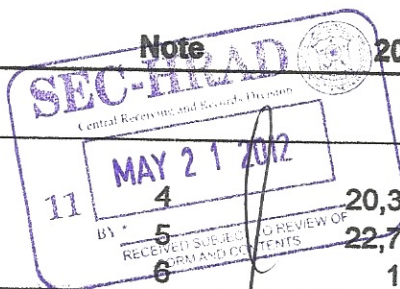

EMELITA R. QUIRANTE
Supervising Auditor

March 30, 2012

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DBP DATA CENTER, INC.
(A wholly-owned subsidiary of Development Bank of the Philippines)
STATEMENT OF FINANCIAL POSITION
December 31, 2011
(In Philippine Peso)

	Note	2011	2010 As restated
ASSETS			
Current assets			
Cash and cash equivalents		20,301,370	16,680,690
Receivables		22,725,834	24,972,059
Prepaid expenses		157,075	211,438
		43,184,279	41,864,187
Non-current assets			
Property and equipment	7	1,884,373	2,385,072
Financial asset held to maturity	8	5,000,000	5,000,000
Other assets	9	721,079	1,883,679
		7,605,452	9,268,751
TOTAL ASSETS		50,789,731	51,132,938
LIABILITIES AND EQUITY			
Current liabilities			
Payables	10	2,627,772	5,741,860
Customers' deposit		161,075	1,920,896
Accrued expenses		2,531,642	1,609,608
		5,320,489	9,272,364
Non-current liabilities			
Vacation/Sick leave payable		2,630,510	2,309,864
Past service pension cost payable		3,638,539	5,711,882
		6,269,049	8,021,746
		11,589,538	17,294,110
Equity			
Capital Stock			
Authorized - 500,000 shares, P100 par value			
Issued and outstanding - 202,800 shares	11	20,280,000	20,280,000
Retained Earnings	12	18,920,193	13,558,828
		39,200,193	33,838,828
TOTAL LIABILITIES AND EQUITY		50,789,731	51,132,938



The Notes on pages 7 to 19 form part of these financial statements.



DBP DATA CENTER, INC.
(A wholly-owned subsidiary of Development Bank of the Philippines)
STATEMENT OF COMPREHENSIVE INCOME
For the year ended December 31, 2011
(In Philippine Peso)

	Note	2011	2010
REVENUE			
Outsourcing services		55,128,176	52,257,986
Interest Income		687,180	654,345
Others	13	2,256,261	3,587,885
		58,071,617	56,500,216
EXPENSES			
Salaries, allowances and benefits	14	36,021,269	39,591,573
Service fees		9,986,272	8,770,085
Rent and utilities		1,454,375	1,336,160
Professional fees		954,329	1,045,633
Retrenchment/redundancy pay		800,016	327,574
Depreciation/amortization		664,272	833,626
Taxes and licenses		432,652	555,790
Transportation & travel		102,779	83,050
Office supplies		82,197	125,657
Repairs and maintenance		48,397	58,317
Representation		36,572	57,258
Miscellaneous		123,900	185,427
		50,707,030	52,970,150
PROFIT BEFORE TAX		7,364,587	3,530,066
Income tax expense		2,003,222	862,716
PROFIT/TOTAL COMPREHENSIVE INCOME		5,361,365	2,667,350

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DBP DATA CENTER, INC.
(A wholly-owned subsidiary of Development Bank of the Philippines)
STATEMENT OF CHANGES IN EQUITY
For the year ended December 31, 2011
(In Philippine Peso)

	Notes	Common Stock		Retained Earnings As restated	Total
		No. of Shares	Amount		
Balance, January 1, 2010		202,800	20,280,000	15,891,478	36,171,478
Profit/Total comprehensive income for 2010				2,667,350	2,667,350
Cash dividend				(5,000,000)	(5,000,000)
Balance, December 31, 2010	11,12	202,800	20,280,000	13,558,828	33,838,828
Profit/Total comprehensive income for 2011				5,361,365	5,361,365
Balance, December 31, 2011		202,800	20,280,000	18,920,193	39,200,193

The Notes on pages 7 to 19 form part of these financial statements.



DBP DATA CENTER, INC.
(A wholly- owned subsidiary of Development Bank of the Philippines)
STATEMENT OF CASH FLOWS
For the year ended December 31, 2011
(In Philippine Peso)

	Note	2011	2010
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		59,661,425	67,073,873
Other income received		16,499	3,856
Payments to suppliers		(5,581,011)	(13,099,222)
Payment for operating expenses		(50,640,243)	(47,125,297)
Interest income received		563,017	654,345
Payment for other assets		(238,293)	-
Net cash provided by operating activities		3,781,394	7,507,555
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of long-term investment		-	(5,000,000)
Purchase of computer equipment and office machine & equipment		(160,714)	(579,169)
Net cash used in investing activities		(160,714)	(5,579,169)
CASH FLOWS FROM FINANCING ACTIVITIES			
Payment of cash dividend		-	(5,000,000)
Net cash used in financing activities		-	(5,000,000)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		3,620,680	(3,071,614)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR		16,680,690	19,752,304
CASH AND CASH EQUIVALENTS, END OF YEAR	4	20,301,370	16,680,690

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